EMARKET SDIR CERTIFIED

nexi

CONSOLIDATED INTERIM FINANCIAL REPORT

AS AT 30 JUNE

2023

This is the English translation of the original Italian document "Relazione Finanziaria Semestrale Consolidata al 30 giugno 2023".
In any case of discrepancy between the English and the Italian versions, the original Italian document is to be given priority of interpretation for legal purposes.

CONTENTS

CORPORATE BODIES

At the date of the meeting of the BoD of 31 July 2023

Board of Directors

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

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

(*) Strategic Committee members

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

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

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

(+++++) Co-opted on July 31, 2023 to replace Jeffrey David Paduch. This Director will remain in office until the next Shareholders' Meeting. It should be noted that on 31 July 2023 the composition of the Board of Directors changed as reported in the "Governance and Control Structures" section.

Board of Statutory Auditors

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

Office of the General Manager

General Manager	Paolo Bertoluzzo

Financial Reporting Manager

Enrico Marchini

Independent Auditors

PricewaterhouseCoopers S.p.A.

1

CONSOLIDATED INTERIM MANAGEMENT REPORT

CONSOLIDATED INTERIM MANAGEMENT REPORT

Introduction

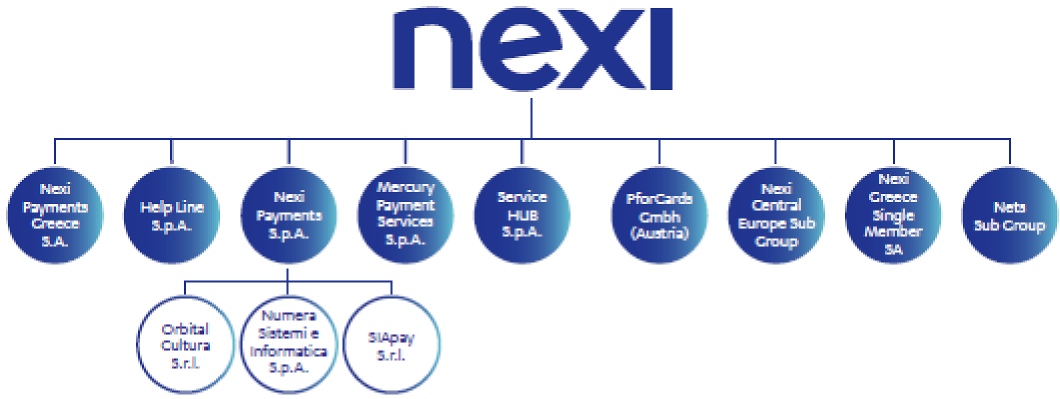
The Consolidated Interim Financial Report for Nexi Group as at 30 June 2023 (hereinafter "Interim Report"), drafted pursuant to art. 154-ter of Italian Legislative Decree 58/98, report a net income of approximately Euro 32 million.

The Interim Report as at 30 June 2023 was drafted pursuant to IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and the pertinent interpretation documents of the International Financial Reporting Interpretations Committee (IFRIC), ratified by the European Commission, as provided for by Regulation (EC) No. 1606 of 19 July 2002.
In particular, the Interim Report has been drafted pursuant to the provisions set forth under paragraph 10 of IAS 34 concerning statements in condensed form.

The Interim Report includes the interim management report, the condensed consolidated interim financial statements and, pursuant to art. 154 bis, paragraph 5 of Italian Legislative Decree 58/98 of the TUF (Italian Consolidated Law on Finance), the joint certification of the CEO and the Financial Reporting Officer.
As provided for by article 154 of the TUF, the interim report is subject to limited audit by the independent auditors PricewaterhouseCoopers SpA and is published on Nexi's website, at www.nexigroup.com.

Nexi Group

The Group's Parent Company is Nexi SpA, listed on Borsa Italiana's Euronext Milan as of 16 April 2019.
The Nexi Group remains the main operator in Italy and one of the main operators in Europe in the paytech sector, and as at 30 June 2023 is comprised of the parent company Nexi SpA and the subsidiaries listed under section 1 of the Notes. Compared to 31 December 2022, the Group's scope changed mainly as a result of the acquisitions of a controlling stake in Split Tech-Solution GmbH, in addition to the purchase of minority stakes in Computop Paygate GmbH and QRtag Sp z.o.o. (belonging to the "Nets HoldCo 1 Aps" subgroup).
Below is a list of companies directly controlled by Nexi SpA. With regard to the "Sub Group Nets" and the "Sub Group Nexi Central Europe", please refer to the aforementioned section of the Notes.



Based on representations provided pursuant to art. 120 of Italian Legislative Decree 58/98 and on further information available, as at 30 June 2023, Nexi SpA's major shareholders are:

- Evergood H&F Lux S.à.r.l: 19.91%
- Cassa Depositi e Prestiti SpA: 13.56%
- Mercury UK HoldCo Ltd: 9.42%
- Eagle (AIBC) & Cy SCA: 6.08%
- AB Europe Investment S.à.r.l: 4.01%
- Poste Italiane SpA: 3.54%
- Gic Group PTe ltd: 2.12%
- Float: 41.36%

Macroeconomic Landscape

2023 opened with a good amount of momentum that today appears to have moderated. This on the one hand due to pressures on purchasing power caused by high levels of inflation, and on the other the reduction of excess liquidity inherited from the pandemic period.
Major economic institutions agree that there will be a general slowdown in the world economy during 2023 followed by a gradual recovery in 2024.
In fact the decline in commodity prices is having differing effects on final prices in the various areas of the planet (typically, faster in the USA, slower in Europe and in Italy). If the phenomenon continues for an extended period, this could imply impacts of a different tenor on the profits of companies (on average higher) and on the real wages of households (on average lower). Moreover, the effect of rising interest rates due to continued sticky inflation is increasingly being felt throughout the economy, and a tight monetary policy, while necessary, risks further exposing financial vulnerabilities, particularly in countries with high debt.

The European Economy

In Europe, the comparison between wage increases and inflationary rates underscores a loss of purchasing power, combined with a decline in investments, held back by the cost of credit and remaining uncertainties about the prospects for energy availability and costs. The ECB is therefore faced with the choice of needing to harness the inflationary trends that are still present and the need to avoid the risk of stagnation spreading from decelerating countries (e.g. Germany) to areas that perform better but are potentially more exposed to restrictive policies (e.g. Italy). Throughout the first half of 2023 it seems to have definitely taken the first path.
Germany, together with Slovakia, is the European country that slowed the most between the end of 2022 and the first part of 2023. The depressive effect of inflation on consumption and an industrial sector still struggling with shortages of intermediate goods and energy impacts are the reasons behind the continuation of the recessionary phase – or at least stagnation – throughout 2023.

Conversely, Spain seems to be the country that is suffering the fewest exogenous impacts on the economic cycle, thanks in part to lower inflation, also due to the recent reduction in VAT. The resumption of investments will benefit from the contribution of the NRRP, despite the persistent credit restrictions.
The economic cycle of the Nordics is expected to have a profile similar to that of the EMU, with a good start to the first quarter and a slowdown in the second part of the year, especially in Sweden and Finland, due to the effects of reductions in property prices and monetary actions to counter inflation.
After the robust momentum of 2021 and 2022 due to the post-pandemic rebound, Eastern Europe appears to have slowed in 2023 due to the inflationary effects on the domestic market and the impact of the slowdown in the international cycle on exports.

The Italian Economy

The first quarter of 2023 was a pleasant surprise for Italy, especially in terms of household spending dynamics, stable compared to the expected effect due to the erosion of purchasing power. The main research institutes all had optimistic economic forecasts for 2023, maintaining greater caution for the following two years due to the worsening of financing conditions. In fact, these would have a negative impact on private investment, the slowdown of which would only be partially offset by support for the public component from NRRP funds. The foreign component, on the other hand, should maintain a positive contribution to the reduction of imports of capital goods in the face of greater yet weak export dynamics.

Reference Markets

Digital Payments and Digital Banking Solutions

The payment market trends in 2022 confirmed the pandemic's role as a watershed. While 2020 was the year of resistance to exogenous impacts, and while 2021 was the year of birth of new assumptions, 2022 was the year in which these assumptions regarding the habit of using digital for both payments and purchasing channels benefited from a full return to normal consumer behaviour. The return to free movement around the country, to communicating without using intermediate devices has in fact fully or partially restored habits that support sectors such as travel, tourism and consumption outside the home, both for families and for professional reasons. These trends, at least as regards the recomposition of total expenditures, were only partially contained by the strong inflationary impulses of the second part of the year.
The greater affinity of the demand for payments with digital instruments, somewhat facilitated in the post-pandemic period, led to a greater openness to the innovative phenomena that supply is prolifically producing within the market. This is evident in the reception that mobile payments have finally achieved in their various forms in the development of digital wallets and alternative payment systems linked to them.
These dynamics are well represented by the market trends provided by the Bank of Italy, which see digital payments growing in volume by +21%, on par with 2021. A development that took place even without the Cashback incentives of the previous year, showing a significant recomposition in the mix of instruments. In fact, after the collapse of 2020 and the "timid" recovery of 2021 (+12%, but still little more than half of the market average), credit saw growth of +20%, driven as already mentioned by the recovery of sectors that were more consistent with the product, with a vocation that was both more international and professional.
Debt showed a slight deceleration (+22% v +24% in 2021), while prepaid cards slowed sharply (+19% v +27%), also due to the partial downsizing of state minimum income contributions.
Cash withdrawals (+1% in volume v +8%), on the other hand, testify to the tendency to an increasingly reduced use of liquid money during periods of high inflation.
In 2022 the Bank of Italy reported POS stocks of 3,674 thousand units compared to 3,883 in 2021 (-5.4%). Conversely, there are 46.7 thousand ATMs (the new survey criteria do not allow comparisons with previous years).

In the international panorama of digital payments, Italy appears to be a country that is certainly still far from the most advanced levels of Northern Europe, but it has clearly embarked on a path that will close the gap.
The growth estimated by Global Data based on ECB data for 2022 in European countries sees Italy positioning itself as one of the most dynamic countries. In fact, the aforementioned +21% compares

with the expected figures of +9% for Denmark (in line with the average for the Nordic countries: +9%), +12% for DACH + Poland, +23% for the CSEE. The total of these countries is estimated to have grown by +15%, while the rest of Europe grew by +12%.

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

Significant Events during the Reporting Period

Establishment of a Long-Term Strategic Partnership with Banco Sabadell

On 27 February, Nexi S.p.A. ("Nexi") and Banco Sabadell, S.A. ("Sabadell") signed an agreement for a long-term partnership in the Spanish market.
The transaction provides for Nexi's acquisition of 80% of Sabadell's merchant acquiring business following its spin-off into PayComet SL ("PayComet"), a company wholly owned by Sabadell and an already authorized payment institution, for an upfront cash consideration of Euro 280 million, which reflects an Enterprise Value of Euro 350 million for the total 100%.
Nexi will finance the operation entirely from available cash. There is also an exclusive distribution agreement with an initial duration of 10 years, with two potential renewals of a further 5 years each.
The transaction, which has yet to close, had no impact on the Group's financial performance in the first half of the year.

Acquisition of Merchant Acquiring Activities from Intesa Sanpaolo - Croatia

As already reported in the 2022 financial report, on 2 June Nexi, through Nets CEE, a company under Croatian law belonging to the Nexi Group and controlled by Concardis Holding GmbH, reached an agreement with Privredna banka Zagreb d.d. ("PBZ Bank") and PBZ Card d.o.o. ("PBZ Card") – a company under Croatian law indirectly controlled by Intesa Sanpaolo through PBZ Bank – for the acquisition of PBZ Card's merchant acquiring business in the Croatian market.
The closing of the transaction took place on 28 February, for a consideration of Euro 197 million (price adjustment of Euro 17 million included) and Euro 155 million net of cash acquired.
The transaction above is a business combination that was accounted for in accordance with IFRS 3. For further information, please refer to section 37 of the Notes.
The costs incurred during the semester that are directly related to this transaction amounted to Euro 1.6 million.

Strategic partnership with Computop Paygate

On 22 May, Concardis Holding GmbH, a company of the Nexi Group, signed the Investment and Shareholders' Agreement for the acquisition of a stake in Computop Paygate GmbH, one of the leading payment service providers in the German e-commerce market as well as a global player, which annually manages approximately USD 30 billion of transactions in 127 different currencies.
On 30 June, the closing took place through a partial buy-out and a capital increase, which guaranteed Nexi 30% of the company. Under existing shareholder agreements, Nexi exercises joint control on Computop Paygate GmbH.

Consistent with the group strategy presented during Capital Market Day, the investment in a long-term partnership will help strengthen Nexi's position both in a key region such as DACH & Poland, especially in Germany, and in the growing e-commerce world.
This partnership will also allow Nexi to expand its portfolio with omnichannel payments for merchants.

Changes in Group Debt

The Group's financial structure changed during H1 2023 mainly due to the full drawdown of the 2022 Term Loan. In fact, on 1 February 2023 Nexi SpA received the disbursement of the residual tranche equal to Euro 150 million.

Consequently, the Group's gross financial debt at 30 June 2023 was Euro 7,211 million, and – aside from the 2022 Term Loan – mainly consisted of the following third-party financing received by the Group, specifically Nexi SpA, in the previous years:

- a bond loan issued on 6 April 2017 by Nassa Topco AS, expiring on the first business day following 6 April 2024, with a notional currently equal to Euro 220 million (the "Nassa Topco Bond Loan" and, jointly with the 2026 Bonds, the 2029 Bonds, the 2024 Bond Loan, the "Bond Loans"), having a semi-annual coupon at a fixed rate of 2.875% p.a.;
- a bond loan currently with a nominal amount of Euro 476 million, with a semi-annual coupon at a fixed rate of 1.75% p.a., issued at par by Nexi SpA on 21 October 2019 and expiring on 31 October 2024 (the "2024 Bond Loan");
- a bank loan contract signed by Nexi SpA disbursed on 23 December 2021, pursuant to which Banco BPM SpA granted a variable rate credit line for a total amount of Euro 200 million (the "BBPM Credit Line"). The BBPM Credit Line has been fully used and must be repaid in two instalments, for an amount equal to 30% of the total on 15 December 2024 and for the remaining 70% on 15 December 2025;
- a bond loan with a nominal amount of Euro 926 million, with a semi-annual coupon at a fixed rate of 1.625% p.a., issued at par by Nexi SpA on 29 April 2021 and expiring on 30 April 2026 (the "2026 Bonds");
- a bank loan contract signed by Nexi SpA and disbursed on 14 July 2022, pursuant to which BPER Banca SpA granted Nexi SpA a variable rate credit line governed by Italian law, for a total amount of Euro 50 million (the "BPER Credit Line"). The BPER Credit Line has been fully used and is to be repaid in a lump sum on 30 April 2026;
- a loan agreement signed by Nexi SpA and disbursed on 30 June 2020, pursuant to which certain lending institutions have granted a so-called variable rate term credit line, for a total current amount of Euro 366.5 million (the "Term Loan"). The Term Loan is fully used and will have to be reimbursed in a single instalment upon expiry on 30 June 2025;
- a variable rate loan agreement (the "IPO Loan") stipulated on 20 March 2019 by Nexi SpA (as subsequently amended), under which certain financial institutions have granted (i) a so-called term credit line for an amount currently equal to Euro 1,000 million (the "IPO Term Line"), fully disbursed and having a maturity in a single settlement on 31 May 2026; and (ii) a revolving credit line of Euro 350 million with the same maturity as the IPO Term Line, usable for multiple purposes and in multiple solutions, durations, currencies (the "IPO Revolving Line"), which was never used, and therefore today remains fully available. As a result of the changes in June 2021, the option was extended to other entities of the Nexi Group to become parties to the IPO Loan agreement under certain conditions;
- an equity-linked bond loan of a nominal amount of Euro 500 million, convertible into ordinary shares of Nexi SpA, issued at par on 24 April 2020, with a semi-annual coupon at a fixed rate of 1.75% p.a. and maturity on 24 April 2027 (the "2027 Convertible Loan");
- a variable rate loan contract (the "2022 Term Loan") stipulated on 2 August 2022 by Nexi SpA, under which certain financial institutions granted a credit line totalling Euro 900 million, fully used and due in a single payment on 2 August 2027. In order to limit the risk of exposure to interest rates, the 2022 Term Loan was entirely subject to a hedging transaction that qualifies for hedge accounting, and specifically as a cash flow hedge, realised through the subscription of interest rate swap derivative instruments finalised in the fourth quarter of 2022;
- an equity-linked bond loan of a nominal amount of Euro 1,000 million, convertible into ordinary shares of Nexi SpA, and issued at par on 24 February 2021, that does not pay interest and with maturity on 24 February 2028 (the "2028 Convertible Loan");
- a bond loan with a nominal amount of Euro 1,050 million, with a semi-annual coupon at a fixed rate of 2.125% p.a., issued at par by Nexi SpA on 29 April 2021 and expiring on 30 April 2029 (the "2029 Bonds").

As at 30 June all covenants provided for by the Group's medium/long-term financing (described under note 38 of the Notes) were complied with.
In summary, as at 30 June 2023, the breakdown of the gross debt was as follows:

(Amounts in million Euro)

	June 30, 2023	Dec. 31, 2022
2024 Bond Loan	476	475
2027 Convertible Bond	466	462
Term Loan	364	364
IPO Loan	998	996
2028 Convertible Bond	899	889
2026 Bonds	923	922
2029 Bonds	1,045	1,045
BBPM Loan Contract	199	199
BPER Loan Contract	50	50
2022 Term Loan	895	746
Nassa Bond	219	219
Ratepay funding	97	115
Other financial liabilities	579	490
Total	7,211	6,971

In addition to the liabilities described above, the Group's gross financial debt also included lease liabilities (Euro 199 million), as well as liabilities related to earn-outs or deferred prices connected to certain M&A transactions carried out by the Group (Euro 378 million), the negative Fair Value of hedging derivatives (Euro 2 million) and the funding contracted by the subsidiary Ratepay to finance "Buy now pay later" services (Euro 97 million).

The macroeconomic repercussions of the conflict in Ukraine

Impact on Half-Year Business Performance

During the first six months, the military conflict in Ukraine and the resulting geopolitical tensions continued to generate persistent uncertainty about the state and prospects of European economies, especially those most dependent on energy supplies and trade relations with Russia. Household spending capacity has inevitably been eroded by high inflation, double-digit increases on food, and the early effects of monetary restrictions. However, also thanks to the persistence of employment and the savings accumulated during the recent pandemic, private consumption has shown unexpected resilience, which has so far averted a recessionary downturn. On a cyclical basis, the statistics available for the first quarter show a moderate weakness in the German economy but positive performance in Poland, Croatia (which has benefited from entry into the Euro and the Schengen area) and other countries in the East, as well as Italy, though to a lesser extent. These trends seem to be by and large confirmed for the following months.

In this market environment, the Group achieved solid financial results also thanks to the increasing penetration of digital payments and a strong growth in high-impact consumption (tourism, catering) in all geographical areas.

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

As in 2022, the military conflict in Ukraine and the consequent restrictive and sanctioning measures adopted on an international scale – including the blocking of payment schemes and instruments used by natural and legal persons from Russia and Belarus – did not have any significant direct effects on the economic and financial performance during the period. Nor were specific acts of cyber aggression against the Group's systems, networks and infrastructure identified. See the section "Risks Associated with the Russia/Ukraine Conflict" of this Report for further details.

EMARKET SDIR CERTIFIED

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

Group Activities

Present in more than 25 countries, Nexi is one of the main players operating in Europe in the paytech sector by virtue of a consolidated leadership in the Italian market, further strengthened as a result of the combination with SIA in 2021, and a strong presence in the Scandinavian markets and in Central and South-Eastern Europe, primarily overseen by the activities attributable to Nets.
During the half year, directly or through its partner banks, the Nexi Group managed a total amount of approximately 18 billion transactions for the entire value chain on the acquiring front and on the issuing front, corresponding to an aggregate volume of Euro 817 billion.
The Group conducts its business through the following business lines: Merchant Solutions, Issuing Solutions and Digital Banking Solutions.

Merchant Solutions

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

The services provided by this company unit can be subdivided into payment processing services, payment acceptance services (or acquiring services), and POS management services. Nexi operates under several service models, which vary depending on the nature of the Group's relationships with partner banks, which vary and, therefore, determine value chain presence, and the relative activities are managed internally and/or outsourced depending on the service models. Payment services on the acquiring side encompass the entire range of services that allow a merchant to accept payments either through cards or other digital payment instruments belonging to credit or debit schemes. POS management services include configuration, activation and maintenance of POS terminals, their integration within merchant accounts software, fraud prevention services, dispute management, as well as customer support services via a dedicated call center.
Thanks to the breadth of services offered, the different types of payment accepted, geographical coverage and value-added services, the Nexi Group can offer a one-stop-shop model for merchants from various European countries. The offer of this business area includes end-to-end solutions aimed at guaranteeing payment acceptance, such as to allow merchants to use the Nexi Group as a single supplier.
Furthermore, a wide range of value-added services is offered to merchants based on their growth and changing needs throughout their business life cycle, including but not limited to invoice and receipt management, consumer financing (as well as for the merchants themselves), as well as loyalty and omni-channel solutions.

Issuing Solutions

Via this business line, the Group and its partner banks provide a wide range of issuing services, namely services relating to the supply, issue and management of private and corporate payment cards, with advanced fraud prevention systems ensuring fast, reliable and secure user authentication and fast payments. Furthermore, the Group provides processing and administrative services such as payment tracking and the production of monthly statements, data analysis and price-setting support services, customer service and dispute management, as well as communication and customer development services through promotional campaigns and loyalty programmes.
The Issuing Solutions division provides services for the issue of payment cards almost exclusively through partner banks (issuance in partnership with banks).
The majority of cards issued envisage monthly repayment of the exposure by the holders ("balance"), while cards that allow the holder to repay in instalments ("revolving") are used exclusively in the case of issuance in partnership in order to limit credit risk by having the partner banks assume the risk of holders' insolvency. Therefore, the credit risk in this business line is entirely shouldered by partner

banks. The Group issues a limited number of deferred debit cards and prepaid cards without the assistance of a partner bank.
This business line includes the services that Nets provides with regard to the following products: (i) Account Management Services; (ii) Core Payment Processing; (iii) Risk Management Services, (iv) Digitisation Services and (v) e-Identity Infrastructure.
The business division also includes operations and processing services provided in relation to national debit card schemes in Denmark ("Dankort") and Norway ("BankAxept").

Digital Banking Solutions

Through this business line, the Group provides ATM terminal management, clearing, digital corporate banking, as well as network services.
The Group is responsible for installing and managing ATMs on behalf of partner banks. Of the ATMs managed, more than a third are so-called "cash in" machines, which allow both withdrawing cash and making deposits. The service can provide for the complete management of the machines (so-called full fleet), or only part of the services (so-called outsourcing).
In the Italian market, the Group operates as an Automated Clearing House (ACH) for domestic and international payments pursuant to standard interbank regimes. By means of a dedicated platform, the Group offers member banks the possibility of exchanging flows containing collection and payment instructions, as well as the calculation of bilateral and multilateral balances to be settled at a later date (so-called settlement). The range is completed by the "ACH Instant Payments" service, focused on the management of instant credit transfers, which stands out for its speed of execution and continuous availability of the service. For international clearing services, the Group continues to be the platform provider of EBA Clearing (the leading European clearing house for SEPA products).

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

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

The Group also provides network and access services to the Eurosystem's Target Services.

Finally, for the Scandinavian market the business unit provides e-Security and digitisation services, which include the provision of e-Security solutions through "MitID" (Denmark), digitisation services that allow customers to simplify workflows, as well as services to support digital transformation. As described below, the contribution of this business segment is excluded from operating revenues and EBITDA referred to in the section "Group Financial and Business Performance" as it is considered "non-core" from a strategic point of view. In view of the completion of the migration from the NemID platform to MitID expected during 2023, the Group has in fact started a process of selecting a third party to develop the new platform, assuming the responsibilities and commitments for the quality, reliability and security of the service that this entails vis-à-vis local authorities and communities.

Group Financial and Business Performance

During the first half of the year closed as at 30 June 2023, the Group recorded – on a comparable basis – revenue growth of 8.1% to Euro 1,577 million and EBITDA growth of 11.6% to Euro 772 million, with the EBITDA margin improving to 49%.

Main Group indicators for I Half 2023

No. 18.0 billion transactions managed (+13.5%)	Euro 1,577 million in Revenue (+8.1%)	Euro 211 million in Capex
Euro 817 billion in transactions managed (+9.5%)	Euro 772 million in EBITDA (+11.6%)	Net Financial Position Euro (5,519) million

Note: Percentage changes on a year-on-year basis. Revenue and EBITDA are shown on a pro-forma basis (please refer to the "Group Performance" section) The Capex above does not include the effects of IFRS 16

Business Unit: Financial and Business Performance

Merchant Solutions recorded revenues of Euro 886 million in the period ending 30 June 2023, +9.8% on a year-on-year comparable basis. In the same period, the Group handled 8.8 billion transactions, up 14.9%, for a value of Euro 392 billion, up 9.7%, mainly due to the robust recovery of international schemes thanks to the resumption of tourist flows and the growth of the customer base and the number of terminals. Volumes in the e-commerce channel grew by about 8%, with particularly positive revenue generation in the Italian market and in the DACH & Poland region.
In key Nordic markets, in continuity with 2022 consumer patterns, Easy check-out solutions provided more evidence of increasing penetration and transaction volumes, supporting advanced digital propositions in E-com. As far as the physical space is concerned, Nets sold 300 SoftPay licenses to Scandinavian Airlines (SAS) for on-ground transactions. As a follow-up of the 2022 strategic agreement with leading retailer Coop Denmark, Nets was awarded a new order for 1,300 additional terminals for new shop openings. Additionally, the Group signed an agreement for the development of electronic and digital payment services for the integrated energy company Eni and its affiliates in Italy and Europe. Furthermore, the Group successfully launched the SoftPOS solution in Finland, now also available to smaller-sized merchants. Turning to the DACH & Poland region, the Group further expanded its digital onboarding solution by launching the digital SmartPay offer in Austria and, as for Poland, despite the downsizing of the local cashless program in 2023, the merchant portfolio kept growing at a fast pace. In Germany, a strategic partnership with leading on-line and omni-channel provider Computop kicked off. Looking at the Italian market, and specifically at the SME segment, the POS stock grew by a further 6% compared to June 2022. New terminal installations recorded a growing contribution of new direct non-banking channels, with a lively commercial push on mobility solutions (MPOS and Pay-by-Link) on the one hand, and on the more advanced digital SmartPOS solutions on the other. In the LAKA segment, commercial performance was particularly positive in some market sectors (petrol, catering and hotel services, travel), as well as further progress on integration projects and acceptance technologies in specific verticals. In the E-com channel, product innovation continued with new "Buy now pay later" services through new partnerships in the SME segment. Also in the Italian market, the Group achieved excellent results after the launch of the new commercial proposition for SME customers from the banking channel and on cross-selling initiatives involving Nexi customers (+65% in terms of front-book). Finally, the integration of the merchant acquiring and terminal management business units of BPER and Banco di Sardegna was completed without any operational issues.
Both in Greece, where a new client portal with advanced functionalities launched during the first half, and in Croatia, the merchant portfolio grew by 6%, contributing to a double-digit increase in payment volumes.

Issuing Solutions recorded revenues of Euro 516 million, an annual growth of 8.2%, against 9.2 billion transactions handled, an increase of 12.2% compared to the first half of 2022 and corresponding to Euro 425 billion in market value, an increase of 9.3%.

The Italian market saw a continuation of the strong momentum in the marketing of the evolved international debit product (+1.8 million cards), as well as confirmation of the recovery in credit card growth, with a focus on bank customers in Licensing. There was also strong demand for "Buy now pay later" solutions (+30% year-on-year, for more than 3.1 million plans activated since the product launch in July 2018). Mobile payment transactions more than doubled, with over 6 million payment cards registered (+1 million in the first six months of 2023). After the last Covid restrictions, spending in the Travel segment reported a further substantial recovery (Non-Euro credit Licensing +36% in value). The partnership with Acorns USA (the company that acquired GoHenry UK), of which the group already held a minority interest acquired in 2022 stipulated with the aim of launching payment products for families/young people in combination with financial education services in several European markets, will become operational in the second half of the year.
In the DACH & Poland region, the Group pressed ahead in the operational efforts towards the "go live" of the landmark partnership with Commerzbank (11 million retail customers in Germany) in credit, debit and prepaid card processing. Additionally, efforts on launching modular sales of key value-added-services from the broader Group in DACH & Poland started to bear fruit. In the Nordics, the Group recorded strong business KPIs and secured continued long-term relationships with key customers – including a renewed 7-year contract with BankAxept (covering approx. 60% of all card processing in Norway). Further, the Group has been embarking in an interesting expansion journey together with an innovative retail bank to supply BNPL and similar products across European markets – with roll-out plans firm for 2023 and onwards. Broader Nexi Group solutions have been widely appreciated in the Nordic marketplace, opening up the way for deals around Customer Value Management products designed to increase card portfolio value for issuer customers.

Digital Banking Solutions recorded revenues of Euro 174 million, up 0.3% compared to last year, which had benefited from specific project activities to support primary bank customers. During the first half of the year ATM provisioning was extended to new Italian banks and coverage of the Dynamic Currency Conversion (DCC) service was expanded, now available in Italy, Croatia, Hungary, North Macedonia, Albania, Montenegro and Greece. The volumes of the Open Banking service and the penetration of the new Identity Check service increased. The Instant Payment platform for the United Arab Emirates is close to release, SEPA processing volumes for EBA Clearing are growing, and the consolidation of transport services into ECB Eurosystem - Target Services continues.

Group Performance

Reclassified Consolidated Income Statement as at 30 June 2023

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 the Consob communication of 3 December 2015 which, in turn, encompasses the European Securities and Markets Authority (ESMA) guidelines of 5 October 2015. Please refer to the appropriate section on disclosures pursuant to said communication.

Note that, in accordance with and in implementation of the Group's new strategic plan, the subsidiary Ratepay (Germany) engaged in the "Buy now pay later" segment, and the e-Security and digitisation business unit (Denmark) are considered "non-core" from a strategic point of view[1]. The following table therefore excludes the contribution to revenues and EBITDA and shows the net result among the "non-recurring items".

[1] In the statutory financial statements the economic results of the e-Security and digitisation business unit and of the German subsidiary Ratepay are not presented as discontinued operations since IFRS5 requirements are not met.

(Amounts in million Euro)

	Reported Income Statement I Half 2023	Proforma effects I Half 2023 (**)	Proforma Income Statement I Half 2023	Reported Income Statement I Half 2022	Proforma effects I Half 2022 (**)	Proforma Income Statement I Half 2022	Delta % Reported	Delta % Proforma
Merchant Solutions	870	16	886	798	10	808	9.1%	9.8%
Issuing Solutions	515	2	516	483	(6)	477	6.6%	8.2%
Digital Banking Solutions	174	0	174	216	(42)	174	-19.3%	0.3%
Operating revenues	**1,559**	**18**	**1,577**	**1,496**	**(38)**	**1,459**	**4.2%**	**8.1%**
Personnel-related costs	(371)	(2)	(373)	(376)	22	(354)	-1.2%	5.4%
Operating costs	(429)	(3)	(432)	(430)	17	(413)	-0.3%	4.6%
Total costs	(800)	(5)	(805)	(806)	39	(767)	-0.7%	5.0%
EBITDA (*)	759	12	772	691	1	692	9.9%	11.6%
Depreciation and amortization	(439)			(351)			25.1%	
Interests & financing costs	(108)			(73)			47.9%	
Non recurring items	(75)			(99)			-24.5%	
Profit before taxes	**137**			**167**			**-18.0%**	
Income taxes	(104)			(77)			35.1%	
Minorities	(1)			(1)			-33.9%	
Profit attributable to the Group	**32**			**89**			**-63.6%**	

Note

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

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

Overall, Group revenue increased – at constant exchange rates and scope – by 8.1% to Euro 1,577 million during the half-year, driven by the positive financial performance of all three business units (as detailed below), but mainly by the growth of approximately 10% in revenue from Merchant Solutions. This business unit generated 56% of Group revenues, while Issuing Solutions and Digital Banking Solutions contributed 33% and 11% respectively.

Also thanks to synergies from the integration with SIA and Nets, total costs (excluding depreciation and amortisation) amounted to Euro 805 million, up 5.0% compared to the same period of the previous year, as a result of higher expenses due to double-digit growth in volumes, investments in human resources in strategically important areas (especially in the Nordics and DACH & Poland regions), and a procurement market with strong price pressure.

This resulted – on a comparable basis – in an 11.6% increase in EBITDA, which reached Euro 772 million in the six months under review. Thanks to the positive effect of the operating leverage, the margin (49%) improved by about 1.5 percentage points compared to the same period in 2022 (47%).

Amortisation and depreciation totalled Euro 439 million, while interest on debt and similar charges amounted on a net basis to Euro 108 million, an increase compared to 30 June 2022, as a result of the significant upward movement in market rates and the transactions carried out on the debt of the parent company Nexi SpA (see the "Changes in Group Debt" section), also with the aim of lengthening the average duration of maturities.

In the half-year, transformation, integration and other non-recurring costs recorded under EBITDA on a reported basis, and thus not directly comparable with the first half of 2022 due to differences in scope and exchange rates, amounted to Euro 75 million. The total includes digital transformation and integration costs (arising from the recent corporate transactions with SIA and Nets) of Euro 54 million, down 25% year-on-year, and non-cash expenses related to long-term incentive plans incurred by the Group and Sponsors down 46% year-on-year, as well as costs directly related to M&A transactions.

As a result of the positive business development and the other dynamics described above, in the half-year to 30 June 2023 the Group achieved a net profit of Euro 32 million.

Financial Position Highlights

The main financial position indicators are listed below.

Capex

The following table details Capex investments in H1 2023 and H1 2022.

(Amounts in million Euro)

	June 30, 2023	June 30, 2022
Purchase of owned assets on property:	211	218
Ordinary tangible and intangible assets	153	130
IT and Strategy Transformation projects	57	87
Property investments	-	-
Increase of Rights of use (IFRS 16):	79	15
Intangible assets	14	-
Tangible assets	65	15
Total Investments (Capex)	290	233

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 "Purchases of Rights of Use" refers to the "increases" in lease contracts resulting from the signing of new lease contracts as well as the extension of the term of existing lease contracts as at 31 December 2022.

Net Financial Position

The Net Financial Position did not change significantly in the first half of 2023, as shown below:

(Amounts in million Euro)

	At June 30, 2023	At December 31, 2022
A. Cash equivalents (*)	1,692	1,489
B. Cash-like items	-	-
C. Other current financial assets	-	-
D. Liquidity (A) + (B) + (C)	1,692	1,489
E. Current financial debt	(321)	(124)
F. Current portion of long-term debt	(40)	(39)
G. Current financial debt (E) + (F)	(361)	(163)
H. Net current financial debt (G) - (D)	1,331	1,325
I. Non-current financial debt	(3,041)	(2,796)
J. Debt instruments	(3,809)	(4,012)
K. Trade liabilities and other non-current financial liabilities	-	-
L. Non-current financial debt (I) + (J) + (K)	(6,850)	(6,808)
M. Net financial position (H) + (L)	(5,519)	(5,482)

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

Note that as at 30 June 2023 all covenants envisaged by the Group's medium- and long-term financing had been complied with. For a description of the covenant and negative pledge see section 38 of the Notes.
The Net Financial Position presented above ranks as an "Alternative Performance Measure" (APM), as detailed in the relevant section below.

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

(Amounts in million Euro)

	Statement of Cash Flows (1)	Reconciliation (*)	Group liquidity (2)
Profit for the year	33	-	33
Depreciation/amortisation, unpaid taxes and other non-cash items	463	-	463
Cash flow of operations	**496**	**-**	**496**
Cash flow absorbed by financial assets/liabilities	(230)	231	1
Operating cash flow	**266**	**231**	**497**
Cash flow absorbed by investment activities	(402)	-	(402)
Cash flow generated by financing activities	108	-	108
Cash flow absorbed in the period	**(28)**	**231**	**203**
Opening cash and cash equivalents	449	1,040	1,489
Closing cash and cash equivalents	**421**	**1,272**	**1,692**

(1) Consolidated Statement of Cash Flows, reporting cash available at Parent Company level only as "cash and cash equivalents".
(2) Liquidity of the Group included in the Net Financial Position: in addition to the parent company's cash, the definition of "cash and cash equivalents" also includes the liquidity available from the Operating Companies.
(*) = Difference resulting exclusively from the different definition of "cash and cash equivalents" equal to:
- The cash flow generated by operating companies during the period (Euro 233 million)
- The cash available in the operating companies at the beginning of the year, remained after the distributions made to the parent company Nexi SpA in the first half of 2023 (Euro 1,038 million). The amount distributed by the operating companies in 2023 was Euro 1.5 million.

Alternative Performance Measures

In line with guidelines published on 5 October 2015 by the European Securities and Markets Authority (ESMA/2015/1415), and subsequent updates, and for the purposes of the consolidated financial statements, Nexi Group, as well as reporting figures for income statement and net financial position envisaged under the International Financial Reporting Standards (IFRS), also submits alternative performance measures derived from the aforesaid, providing management with a further means to evaluate Group performance.
In 2023, the alternative performance measures adopted by the Group were substantially unchanged compared with the previous financial year, in terms of both definition and calculation method.
Pursuant to standing rules and regulations, the following sections further detail Group APMs.

Operating Revenues

Nexi defines Operating Revenues as the Financial and Operative Income normalised in respect of non-recurring expenses and income, excluding, where applicable, net financial charges on Bond Loans and Financing. Excluded from Operating revenues are those from non-core businesses, including companies or business units being divested. The following table details the reconciliation of the financial and operating income to Operating Revenues at June 30, 2023 and June 30, 2022.

(Amounts in million Euro)

	I Half 2023	I Half 2022
Financial and operating income	1,517	1,435
Interests and financing costs (*)	108	73
Non-recurring costs/(income) (**)	(71)	(1)
Operating costs/(income)	5	(12)
Operating Revenues	1,559	1,496

(*) For the period to 30 June 2023, the item mainly includes interest and commissions on the funding of Nexi SpA and the interest and other net financial expenses of operating companies. Such costs are reported under "Financial and operative income" in the income statement.

(**) For the period as at 30 June 30 2023, the item consisted mainly of revenues relating to businesses classified as non-core as above indicated.

Normalised EBITDA

Nexi defines normalised EBITDA as profits for the period adjusted for (i) income (loss) after tax from discontinued operations, (ii) income tax on continuing operations, (iii) profit/loss on equity investments and disposals, (iv) interest and financing costs (included in the net interest income), (v) net value adjustments/write-backs on tangible and intangible assets, and (vi) non-recurring expenses and income, including those from non-core businesses/entities.
The following table details reconciliation of Group profits and normalised EBITDA for the periods ended June, 30 2023 and 2022.

(Amounts in million Euro)

	I Half 2023	I Half 2022
Profit for the period	33	90
Profits/(losses) after tax from discontinued operations	-	(4)
Income taxes	104	77
Profit/(loss) on equity investments and disposals of investments	(1)	(4)
Interests and financing costs (*)	108	73
Net value adjustments/write-backs on tangible and intangible assets	439	349
Non-recurring financial and operating income (*)	(71)	(1)
Other non-recurring expenses/income impacting EBITDA (**)	147	110
EBITDA	759	691

(*) Please refer to the previous table.

(**) For the period as at 30 June 2023, the item mainly consisted of non-recurring administrative expenses, related to the stock grant Plan assigned by Mercury UK and the LTI Plan (Euro 11 million), integration and transformation costs (Euro 54 million), costs related to "non core" businesses and other non recurring items related to M&A transactions.

Investments (Capex)

Nexi defines investments as tangible and intangible assets acquired in the period, as listed in the relevant table in the Notes to the Interim Financial Statements, concerning changes to tangible and intangible assets. Such an Alternative Measure does not include tangible and intangible assets acquired following business combination transactions. The specific item also includes the Capex related to the Rights of Use accounted for in accordance with IFRS 16.

Net Financial Position

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

- 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" and any hedging derivatives with negative Fair Value.

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

Governance and Control Structures

Board of Directors

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

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

Below is the composition of the Board of Directors as at 30 June 2023:

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

It should be noted that on July 31, 2023 the Board of Directors' composition has been modified as indicated in the section Corporate Bodies.

Internal Board Committees

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

Remuneration and Appointment Committee (*)

Chairperson	Elisa Corghi
Members	Michaela Castelli
	Maurizio Cereda

Risk, Control and Sustainability Committee (*)

Chairperson Marinella Soldi
Members Ernesto Albanese
Michaela Castelli

Related Party Transactions Committee (*)

Chairperson Marina Natale
Members Elena Antognazza
Elisa Corghi

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

Strategic Committee

The breakdown of the Strategic Committee as at June 30, 2023 is the following:

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

It should be noted that on 31 July 2023 the Strategic Commeitee's composition has been modified as indicated in the section Corporate Bodies.

Board of Statutory Auditors

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

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

Financial Reporting Manager

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

Independent Auditors

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

Group Internal Control Systems

The half year was characterised by the introduction of the new Group organisational model starting from 01/01/2023, referred to internally as the TOM (Target Operating Model). In addition to completing the integration process of the former Nets Group, the new model guided the redesign of the Nexi Group's management processes, now divided into four Business Units (Merchant Solutions, eCommerce, Issuing Solutions, Digital Banking Solutions) and four Regions (Italy, Nordics, DACH, CSEE).
Specifically, with regard to audits, after the integration of resources from the former SIA Group in the Audit Function of Nexi Payments and Nexi SpA in 2022, an overall reorganisation was implemented to make the Audit Competence Line consistent with the TOM. Some of the actions taken include: i) the introduction of the Audit Regional Coordinator to facilitate information flows between the Legal

Entities of the Region and the Holding; ii) the redesign of the periodic and regulatory reporting flows for the Group companies with a local Audit Function; iii) the redistribution of resource consistent with the areas of responsibility to be covered; iv) the updating of the methodological and governance set of the Competence Line (i.e. Audit Charter, Group Audit Policy, Audit Manual) in order to implement the application of a consistent, uniform approach within the Group.

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 periodic evaluation of the Internal Control System during the annual planning of all audit activities and on semi-annual assessments of the risks concerning corporate activities and on the thoroughness and coverage of the ICS of the Companies in the scope.
During the period, while the Audit Function constantly refined the assessment questionnaires used, it kept the metrics adopted for the ICS evaluation unchanged, continuing with the tool and methodology already in use.

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 as in the previous period. A new integrated reporting set is also being developed to better target the main areas of attention of all Group management.
In terms of risk management, fruitful discussions and cooperation with the Group Risk Management Function as well as with the new Group Compliance structure continued.
As far as on-site audits are concerned, there was a steady increase in unplanned external audits by customers in Italy. There were also increased monitoring and assessments of the improvement actions put in place after inspections of local regulators both in Germany and in Italy. These activities, entrusted to the Local Audit Function by the Regulators, therefore required the allocation of adequate internal resources in order to ensure the prompt, proper execution of the measures enumerated in the final reports.

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

Second level controls, which aim to help define the business risk measurement methods and check that operations of individual production areas are consistent with assigned risk-return objectives and business operating rules, are entrusted to structures other than the operational ones, and specifically to:

- the Risk Management Function, at Group and local levels
- the Group Compliance Function, which is responsible for the "Compliance oversight on Italy & CSEE" Function and the "Compliance oversight on Nordics and DACH " Function.

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

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

With regard to the recurring activities carried out in H1 2023, the Function updated the ERM risk assessment in order to identify the risks that could impact the company in the next three years and continued to monitor the implementation of the plans for mitigating priority risks on a quarterly basis. Moreover, through risk management controls at the local level the Function ensured continuous monitoring of operational and IT risks (in cooperation with the CISO Area), the service risk analysis, the implementation and reporting of the reputational risks dashboard and managed the insurance package to cover the Group's main risks. Furthermore, we note the continued strengthening of credit risk assessment and monitoring, the analysis of risks related to ESG issues and analysis of third-party risks.

In H1 2023 the Group Compliance Function initiated projects aimed at developing or defining Group Guidelines and Policies in compliance with the relevant regulations, with particular reference to the regulations on Anti-Corruption and Whistleblowing.
As regards GDPR and PSD2, it launched an independent gap analysis to check compliance with the adoption of regulatory requirements by Group companies, as well as an independent assessment with respect to the regulatory requirements relating to the Digital Operational Resilience Act (DORA).

With regard to Nexi Payments, note that the Compliance Function, which includes the Anti-Money Laundering Function, the Officer Responsible for Reporting Suspicious Transactions and the Group DPO, performs the compliance control function with respect to the Regulatory Areas assigned to it according to a risk-based approach.

With regard to the relevant recurring activities, in addition to the measurement of non-compliance risks also through the execution of a multi-year risk-based plan of installation and operation tests, the Compliance 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 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.

Finally, note that during the first half of the year the Compliance Function worked hard to make the updates made to the Nexi Payments Policy for the management of compliance risk operational and effective (hereinafter also the "Policy"), approved by the Board of Directors during the session of 22 December 2022 and entered into force on 1 January 2023, updates that will become fully operational by the end of the current year.

Nexi Group Organisational Structure

As noted above, in January 2023 the new organisational model that defined the Nexi Group's new structure became operational, dividing it into:
1) Group Business Units and Corporate Functions promoting international reach, the achievement of economies of scale and long-term development;
2) Region Units promoting market and customer proximity.

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

- the Business Units (Merchant Solutions, eCommerce, Issuing Solutions, Digital Banking Solutions) promote international reach, economies of scale and innovation;
- the Group functions (Group Corporate and External Affairs & ESG, Finance, Strategy & Transformation HR, IT, Group Risk Management, Operations Transformation, Group Audit) allow centralised exploitation of the advantages of scale in technology, processing platforms, digital, operations, talent/skills through investment and process standardisation;
- the Region Units (Italy, Nordics, Dach, CSEE) ensure a strong local push to ensure proximity to customers and people, maximising opportunities for growth and involvement of people.

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

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

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

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

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

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

Finally, the "local" aspect of the new organisation is represented by the individual countries. To optimise and create synergies, a regional management level was defined to coordinate and guide the efforts of national teams. The countries were grouped according to criteria such as: relative business relevance for the Group, specificity in the payments area, commonality between the countries, shared technological platforms and competitive scenario.
The coordination between the Region/Country and the Business Units takes place through corporate governance that allows the leaders of each Region, Business Unit or Function to discuss the most critical issues and find common solutions.

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

Regulatory Compliance

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

During the year projects were launched to develop or define Group Guidelines and Policies in compliance with the following regulations:
- Anti-Corruption with the adoption of a Group Model due to be completed at the end of 2023;
- Whistleblowing: actions have been taken to improve and align the framework across the Group and will be completed in Q3 2023;
- GDPR and PSD2: launch of an independent gap analysis with respect to the adoption of regulatory requirements;
- DORA: an independent assessment with respect to the regulatory requirements of the Digital Operational Resilience Act;

Work also continued on the preparation of the Organisational Model pursuant to Legislative Decree 231/2001 for Group companies (Help Line and Service Hub).

Regulatory compliance frameworks have been established and are operational throughout the Nexi Group with varying levels of maturity. Assessments are under way to align and provide improvements where required with the support of the Group function. During the second half of the year the focus will be on updating the new business model with a focus on AML/CTF frameworks, data protection controls and adherence to PSD2 and other regulations, etc.

Group IT Systems

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

The main activities carried out in H1 2023 in addition to those put in place to ensure day-to-day operations for the management of services concern the following areas:

- Issuing Solution: Italy saw the commercial launch of the Intesa Sanpaolo Group's new digital bank, while the implementation of the new National Debit platform in partnership with BANCOMAT continued. Furthermore, there were developments in the Nordic countries in the processing and provision of digital services related to the card life cycle, while in Greece the migration of Issuing systems to the target platform continues;
- Merchant Solutions: the migration of Italian customers to the new Core Acquiring and Merchant Onboarding platforms continued. Furthermore, updates were made to ensure greater stability, security and compliance of the platforms used in the Nordic markets, and the acquiring platform used in Germany was upgraded to ensure compliance with local regulations.
- Digital Banking Solutions: implementations were carried out on the platforms in use in Italy, mainly aimed at achieving improvements in the services offered in the areas of "Application Centre", Sepa and Corporate Banking. A Europe-wide initiative was also launched to develop an anti-fraud service for SEPA payments (ordinary and instant).
- Digital: during the first six months efforts were focused on the delivery of the e-commerce platform to various countries, the implementation of the new Group Customer Value Management platform and the evolution of the Group's on-boarding Acquiring processes.
- Data & Analytics: work was aimed at optimising the time taken to access corporate data and develop Analytics tools for partner banks and business units.
- Group Corporate Systems: in Italy Intesa Sanpaolo customer contact centre services were transferred to the Nexi Italia Contact Centre.

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

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

Human Resources

The Group's workforce is as follows:

	June 30, 2023	Dec. 31, 2022
Average number of employees	10,609	10,135
Total employees	10,659	10,221

Main Risks and Uncertainties

Risks related to exogenous events with international significance

The evolution of the conflict in Ukraine, with its possible impacts on commodity prices and on the confidence of households and businesses, remains a significant source of risk. The current scenario assumes that the tensions associated with the conflict in Ukraine will not lead to further difficulties in the supply of energy commodities. This means that energy commodity prices would remain largely stable over the three-year forecast period and at much lower levels than in 2022.
In China the recovery is losing momentum again after having initially benefited from the removal of pandemic containment policies.

Risks associated with Group growth initiatives

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

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

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

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

The revenues that the Nexi Group generates depend in part on the number and volume of payment transactions (so-called volume-driven revenues). These in turn are among others linked to the penetration of digital payments and the overall level of spending by consumers, businesses and public administrations.

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

The macroeconomic situation continues to be characterised by high uncertainty. The global economy is being held back by high inflation and restrictive financing conditions. Despite the buoyant dynamics of services in the major economies, manufacturing remained weak, which contributed to lower growth prospects for international trade and lower commodity and energy prices. The lower contribution of the energy component was matched by a decline in consumer inflation in the major industrial countries. However, core inflation persists as the indirect effects of higher energy prices remain. The restrictive policy pursued by the European Central Bank involved raising reference interest rates in order to achieve a prompt return of inflation to the medium-term target of 2 per cent.

The expansion of the number of employed people continued, exceeding pre-pandemic values, while the number of unemployed decreased. Household consumption returned to growth thanks to improved confidence and a good labour market. The latter, together with expansionary interventions in the tax and transfer system, led to an increase in households' disposable income. This has resulted in a stabilisation of purchasing power, also thanks to less erosion due to inflation.

Risks Related to Customer Concentration

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

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

The rise in official rates continues to be transferred to the cost of credit. Bank loans – especially those to businesses – contracted between November and February as a result of weak demand and tighter application criteria. Since mid-January financial market conditions have also worsened in Italy, reflecting the same factors that have influenced international developments. In March, the difficulties of some intermediaries in the US and Switzerland led to downward pressure on share prices, especially in the financial sector. Euro area banks, including those in Italy, are in a much better condition than during past crises thanks to their high capitalisation, abundant liquidity and strongly recovering profitability. In the second quarter the tensions in financial markets generated by the collapse of banking intermediaries were largely reabsorbed and yields on government bonds rose.

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

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

Risks Linked to Competition Within Nexi Group's Operations

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

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

On the other hand, the Nexi Group may face increased competition with the entry into the market of new national and international players and the expansion of services by existing competitors. A growing trend in Europe involves specific initiatives for individual domestic sectors where vertical fintech specialists and integrated software vendors try to establish themselves adopting advanced digital solutions that respond quickly and flexibly to customer needs, also in the context of payment services.
With specific regard to Integrated Software Vendors, this trend is expected to increase in the medium term in Europe through the progressive growth of offers to merchants of management software combined with payment services, with the consequent risk of disintermediation of acquiring services by these companies. Further competitors are emerging among providers of non-traditional payment services such as big tech (for example, Apple, Google and Amazon), which are developing real "ecosystems" of payments that in the future could allow them to further monetise relations with customers, also taking advantage of the huge data available to them. Such potential competitors could have significantly greater financial, technological and marketing resources than the Nexi Group and greater experience gained in other markets, not to mention solid networks and a strong reputation, all highly valued by end consumers.

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

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

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

The high-skills labour market is highly competitive and the Group may not be able to hire additional staff or may not be able to replace outgoing staff with equally skilled staff and/or may not be able to retain personnel that is key to the success of growth initiatives. In that respect the Group places a special emphasis on selecting, recruiting and training its human resources, with a view to maintaining the utmost standards.

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

Operational Risks

Risks Linked to Personal Data Storage and Processing

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

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

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

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

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

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

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

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

Finally, the Nexi Group employs hybrid working arrangements for its employees and contractors, alternating working from home with working in the office. The use of teleworking and remote links may bring about an increase in IT security risks for enterprises. In such a context, it is becoming increasingly important to be prepared to deal with cyberattacks in order to minimise impact. To face teleworking-related cyber threats, Nexi has implemented specific IT security measures and enhanced training and information concerning risks and the relevant conduct to be followed. Besides, the Group has continued to put in place the IT security measures provided for by the strategic plan for mitigating IT risks, and it has regularly monitored their implementation.
With regard to the Russia/Ukraine conflict, there was no increase in suspicious activities or cyber threats at the group level.

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

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

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

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

Malfunctions can be caused by migrations to new technological or application environments, in the case of significant changes in the production environment, or by human error, insufficient and incomplete testing, cyber-attacks, unavailability of infrastructure services (e.g. electrical or network connectivity) or natural phenomena (e.g. floods, fires or earthquakes). In this regard, in general, it should be noted that Nexi has been identified as a "systemic operator" in the financial sector by the Bank of Italy and for this reason participates in CODISE (structure established in 2003 for the coordination of operational crises in the Italian financial system). This circumstance implies that Nexi itself is required to guarantee the ability to restore its systemic services extremely rapidly in the event of any type of possible malfunction as exemplified above. Such incidents, if not promptly reinstated, could have a practical impact on the availability of ATM cash withdrawals and the ability to process bank transfer transactions.
With particular regard to malfunctions attributable to migrations to new technological or application environments, note that, due to the integration with the acquired companies, the Nexi Group undertook an extensive process of IT rationalization. Therefore, it will be necessary, among other things, to migrate certain technological systems from the platforms owned by the respective corporate groups to the target platforms identified by the Nexi Group, as an entity resulting from the Mergers.

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

Risks Associated with Dependence on Suppliers

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

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

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

Risks Linked to Exposure to Credit/Counterparty Risk

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

– Acquiring activities, and specifically in the form of:

- chargeback risk: in the event of non-delivery of a product/service purchased on a prepaid basis, the cardholder may receive an advance from the acquirer, who only then sees reimbursement from the merchant;

- return risk: if a cardholder decides to exercise the right of withdrawal for online purchases of products/services, the acquirer is obliged to make the refund and only then is the amount settled with the merchant;

- risk associated with non-payment of fees (i.e. Merchant Fees) in cases where Net Settlement is not applied.

– Issuing activities. Nexi manages "Retail" credit cards (in the name of individuals) and "Corporate" credit cards (in the name of legal entities). Nexi debits the expenditures of credit card customers on a date that is later than the date on which the payments were made, thus establishing a receivable due from the cardholders.

– Buy now pay later ("BNPL") activities where the credit risk is inherent in the type of service provided.

– Processing activities, and in particular in relation to trade receivables generated by non-payment of invoices to non-banking customers.

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

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

The Nexi Group may incur liabilities and may suffer damages, including reputational ones, related to fraudulent digital payment transactions, fraudulent receivables claimed by merchants or other parties, or fraudulent sales of goods and services, including fraudulent sales by merchants of the Group in the Merchant Solutions and Issuing Solutions business lines.
Examples of commercial fraud may include phishing attacks, the sale of counterfeit goods, the malicious use of either stolen or counterfeit credit or debit cards, use by merchants or other parties of payment card numbers or of other card details to register a false sale or transaction, the processing of an invalid card, and the malicious failure to deliver goods or services sold within the scope of an otherwise valid transaction.

The parties engaging in criminal counterfeiting and fraud resort to increasingly sophisticated methods. Failure to identify thefts and the failure to effectively manage fraud risk and prevention may increase the Group's charge-back liability or cause the Group to incur other liability, including fines and sanctions. Although the Group is equipped with sophisticated monitoring and detection systems to alert its competent offices and has implemented additional authentication steps in the process (SCA requirements), these may not be able to prevent all cases of fraud or be subject to technical malfunction. Considering the increasing fraud attempts, the Group could be exposed not only to an economic impact in terms of increased charge-backs or other liabilities, but also to a worsening of the online customer experience and a significant reputational impact that would affect consumer confidence in using digital payment systems.

Compliance Risks

Risks Linked to Continuous Developments in the Regulatory Environment

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

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

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

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

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

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

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

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

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

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

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

In recent years some companies belonging to the Nexi Group have been subject to inspections or administrative procedures, both of an ordinary nature (mostly) and of an extraordinary nature by competent authorities including the German Federal Financial Supervisory Authority (BaFin), the Danish Financial Supervisory Authority (FSA) and the Polish Financial Supervisory Authority (KNF) in relation to various areas, including anti-money laundering.
Note also that in 2022 Nexi Payments was subjected to two inspections by the Bank of Italy on general issues and in relation to the provisions introduced by PSD2 with a generally positive outcome.

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

Financial Risks

Risks Linked to Debt Refinancing

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

With respect to such debt, Nexi incurs high financial charges that could generate negative effects on the Group results and on its capacity to generate cash flows and distribute any 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.

Currently, however, no significant critical issues were identified with regard to the Group's funding liquidity risk.

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

Risks Related to Interest Rate Fluctuations

At 30 June 2023 approximately 24% of the Nexi Group's medium- to long-term Financial Liabilities expressed at nominal values net of the effect of hedging transactions by means of outstanding derivative instruments were exposed to sources of funding at a variable interest rate, and specifically to the Euribor index. Nexi periodically monitors the forward curves of the variable rates of reference, paying particular attention to trends relating to the 1/3/6-month Euribor rate, which the Group is primarily exposed to. Also in light of this monitoring – taking into consideration the maturity of the relative debts – in the second half of 2022 the Nexi Group decided to implement certain interest rate risk hedging transactions, qualifying as hedge accounting (so-called cash flow hedges) realised through interest rate swaps.

Also in the wake of the Russia/Ukraine crisis, there was a marked change in the economic environment, especially with regard to inflation, which led the European Central Bank (ECB) to revisit its monetary policies. In fact, during H1 2023 the Governing Council of the ECB decided among other things to raise the three reference interest rates by a total of 150 basis points each.
These measures are considered essential by the ECB in order to ensure a return of inflation to its 2% target in the medium term, in line with its mandate to preserve price stability, in an environment characterised by a current level of inflation judged still to be too high and projected to remain above that target for a prolonged period of time. The future development of reference rates will be driven by data and how these will change the ECB's assessment of the outlook for prices in the medium term.

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

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

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 collect capital from 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 in time. The rating assigned to Nexi and the Bond Loans by the rating agencies could be influenced by several factors, including external factors such as any worsening of the yield differential of Italian government bonds (spreads) compared to other reference European government bonds and/or the rating attributed to the Italian State as well as the performance of the national and international macroeconomic context. In this sense, even the worsening of Italy's sovereign rating could lead to the decrease of one or more ratings attributed to Nexi or to the 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

The exit from the recent pandemic, geopolitical tensions heightened by the crisis in Ukraine, the return of inflation and the new monetary and fiscal policies make the economic outlook for households and businesses uncertain. According to the most recent forecasts, after the sharp slowdown observed since mid-2022, the second half of the current year should benefit from the gradual cooling of price pressures, a consequent improvement in consumer confidence and, especially in the countries of Southern Europe, the definitive recovery of international tourism after the Covid restrictions. In Germany, recent substantial wage renewals will increasingly support consumer spending. However, some countries, especially in Northern Europe, are faced with weaker prospects due to household indebtedness in a context of rising interest rates. In general, significant downside risks arise from central banks' monetary tightening stance and the resulting effects on the conditions for supplying credit to the real economy.

In this uncertain economic situation, the Group remains committed to the execution of its medium-long term business plan, which is reflected in the continuous improvement of its products and services for the benefit of consumers, companies and Public Administrations, the strategic review of its business portfolio and ultimately the growth of its main economic and financial indicators.

The financial targets for the current year are part of the strategic development and medium- to long-term growth process envisaged in the 2021-25 Business Plan, approved in September 2022 and aimed at achieving the Group's full value creation potential through: 1) differentiation, through scale and proximity to the target market and customers; 2) accelerated and targeted growth in the SME, e-commerce and Advanced Digital Issuing sectors; and 3) achievement of strong synergies and continuous operating leverage.
Over the course of the plan, Nexi aims to accelerate organic revenue growth and generate enough cash flow to open up strategic opportunities to create value for shareholders (for further details see the notice issued on 27 September 2022).

Related-party transactions

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

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

Information pertaining to financial and economic transactions between Nexi Group companies and related parties are detailed under the specific section of the Notes to the Interim Financial Statements (section 35 of the Notes), to which reference should be made.

Unusual or non-recurring transactions

No unusual or non-recurring transactions, other than those described under section "Significant Events during the Reporting Period", were carried out in 2023.

Research & development

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

Treasury shares

As at 30 June 2023 the parent company Nexi SpA held no. 796,950 for a market value of Euro 7,504 thousand.

At 30 June 2023 no treasury shares of the Nexi Group were held by the other companies of the Group.

Financial Instruments

In addition to receivables arising from the activities of the operating companies, the Group holds Visa Class C shares, which are convertible into ordinary shares, listed shares of Banca Monte dei Paschi di Siena, unlisted shares of the company Acorns and entered into a number of derivative contracts in 2022 to hedge the interest rate risk associated with outstanding floating-rate financing, as well as certain derivative contracts on equity investments in subsidiaries and jointly controlled companies. Furthermore, the Group has two convertible bond loans outstanding as at 30 June 2023. For further information see the Notes.

Registered Office

The registered office of the Parent Company is Corso Sempione 55, Milan. The parent company has no secondary offices.

Going Concern

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

There were no significant operational or economic impacts resulting from the Russia/Ukraine conflict. However, as per its business continuity procedures, the Group organised a special Crisis Management Team in the earliest days of the conflict to closely monitor the evolution of the crisis and to implement the necessary actions to protect the customers and the business. In fact, the areas under continuous monitoring are people, business continuity, cyber risk, business impact and regulatory compliance.

Rating

In 2023, also following the completion of the merger with Nets and SIA and the consequent improvement of the business and financial profiles, the rating agencies Standard & Poor's and Fitch revised the rating of Nexi and the Bonds upwards one notch compared to 31 December 2022.
Nexi ratings at reporting date are listed in the table below.

	Moody's	S&P Global Ratings	Fitch Ratings
LT Corporate Family Rating			
LT Issuer Credit Rating	Ba1	BB+	BB+
LT Issuer Default Rating			
Outlook	Stable	Positive	Stable
Last Review Date	4 Aug 2023	10 Mar 2023	4 Jul 2023

Significant Events after the Reporting Period

Note that the non-executive and non-independent Board Member Mr Jeffrey David Paduch resigned from office effective as of 31 July 2023 due to unforeseen professional commitments. The entire Board of Directors expresses its sincere thanks to Mr Jeffrey David Paduch for his commitment and contribution to the Company. Based on disclosures to the Company and the public, Mr Jeffrey David Paduch did not hold any shares in the Company at the time of his resignation.
In view of the foregoing, the Board of Directors on July 31, 2023, with the favourable opinion of the Board of Statutory Auditors, co-opted Mr Francesco Casiraghi as a new non-executive and non-independent member. His curriculum vitae is available on the website at the following link www.nexigroup.com/en/group/governance/corporate-bodies/.
The new director will remain in office until the next shareholders' meeting, and as of the date of this publication does not own any shares of the Company.

Reconciliation Summary

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

(Amounts in thousand Euro)

	Shareholders' equity	Profit for the period
Balance of accounts for Parent Company at June 30, 2023	13,058,249	504,378
Effect of consolidation of subsidiaries	(680,873)	120,525
Effect of measurement at equity method	3,143	584
Other adjustments including comprehensive income	(195,175)	-
Dividends collected in the period	-	(593,024)
Balance of consolidated accounts at June 30, 2023	12,185,344	32,463

Milan, 31 July 2023
The Board of Directors

2

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1

Consolidated Interim Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousand Euro)

ASSETS	Notes	June 30, 2023		Dec. 31, 2022 Restated	
Cash and cash equivalents	3		420,865		448,778
Financial assets at Fair Value	4		160,605		146,904
Financial assets measured at amortised cost:	5		3,974,765		4,358,386
a) loans and receivables with banks		1,868,630		1,875,404	
b) loans and receivables with financial entities and customers		2,106,135		2,482,982	
Hedging derivatives	6		6,673		870
Equity investments	7		73,060		41,820
Tangible assets	8		593,286		563,354
Intangible assets	9		17,934,048		18,049,835
of which: Goodwill		13,079,291		13,039,637	
Tax assets	10		211,813		210,818
a) current		10,232		14,896	
b) deferred		201,581		195,922	
Non-current assets held for sale and discontinued operations	11		2,378		2,471
Other assets	12		1,672,987		1,724,483
Total assets			25,050,480		25,547,719

(Amounts in thousand Euro)

LIABILITIES	Notes	June 30, 2023		Dec. 31, 2022 Restated	
Financial liabilities measured at amortised cost	13		9,393,068		9,649,341
a) due to banks		3,519,083		3,495,963	
b) due to financial entities and customers		1,845,709		2,141,864	
c) securities issued		4,028,276		4,011,514	
Financial liabilities at Fair Value through profit or loss	14		265,455		246,885
Hedging derivatives	6		1,780		256
Tax liabilities	10		1,357,513		1,262,323
a) current		241,784		106,715	
b) deferred		1,115,729		1,155,608	
Liabilities associated with non-current assets held for sale and discontinued operations	11		726		721
Other liabilities	15		1,659,277		1,951,924
Post-employment benefits	16		30,359		30,996
Provisions for risks and charges	17		136,732		148,186
Share capital	18		118,647		118,583
Treasury shares (-)	18		(7,504)		(4,440)
Share premium	18		11,587,260		11,587,260
Reserves	18		644,374		484,491
Valuation reserves	18		(189,896)		(90,226)
Profit (loss) for the period	19		32,463		138,995
Equity attributable to non-controlling interests (+/-)	18		20,226		22,423
Total liabilities and equity			25,050,480		25,547,719

CONSOLIDATED INCOME STATEMENT

(Amounts in thousand Euro)

INCOME STATEMENT	Notes		I Half 2023		I Half 2022
Fees for services rendered and commission income	20		2,777,447		2,449,979
Fees for services received and commission expense	21		(1,110,002)		(931,556)
Net fee and commission income			**1,667,445**		**1,518,423**
Interest and similar income	22		55,188		26,128
Interest and similar expense	23		(171,952)		(105,768)
Net interest income			**(116,764)**		**(79,640)**
Profit (loss) on hedging/financial assets and liabilities at Fair Value through profit or loss / derecognition of assets and liabilities at Amortised cost	24		2,034		810
Dividends and profit (loss) from investments and sale of assets at Fair Value through other comprehensive income	25		(35,687)		(4,320)
Financial and operating income			**1,517,028**		**1,435,273**
Administrative expenses	26		(943,046)		(927,734)
Personnel-related costs	*26.1*	*(415,114)*		*(419,302)*	
Other administrative costs	*26.2*	*(527,932)*		*(508,432)*	
Other operating income/expenses, net	27		3,086		(2,673)
Net value adjustments on assets measured at amortised cost	28		(1,403)		(10,976)
Net accruals to provisions for risks and charges	29		(879)		14,281
Net value adjustments/write-backs on tangible and intangible assets	30		(438,507)		(349,336)
Operating margin			**136,279**		**158,835**
Profit (loss) from equity investments and disposals of investments	31		595		4,001
Profit (loss) before taxes from continuing operations			**136,874**		**162,836**
Income taxes	32		(103,542)		(76,625)
Income (loss) after tax from discontinued operations	-		-		4,224
Profit (loss) for the period			**33,332**		**90,435**
Profit (loss) for the period attributable to the parent company			**32,463**		**89,130**
Profit (loss) for the period attributable to non-controlling interests	33		869		1,305
Basic earnings per share	39		**0.03**		**0.07**
Diluted earnings per share	39		**0.02**		**0.06**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(Amounts in thousand Euro)

	I Half 2023	I Half 2022
Profit (Loss) for the period	33,332	90,435
Items that will not be reclassified subsequently to profit or loss		
Equity instruments measured at Fair Value through other comprehensive income	11,706	13,031
Defined benefit plans	(61)	4,053
Items that will be reclassified subsequently to profit or loss		
Exchange rate changes	(115,253)	(122,961)
Cash flow hedges	3,984	-
Other comprehensive income (net of tax)	(99,624)	(105,877)
Total comprehensive income	(66,292)	(15,442)
Consolidated comprehensive income attributable to non-controlling interests	915	1,369
Consolidated comprehensive income attributable to the parent company	(67,207)	(16,811)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN H1 2023

(Amounts in thousand Euro)

	Balance as at January 1, 2023	Change in opening balance	Balance as at January 1, 2023 Restated	Allocation of prior year profit		Changes in the period		2023 Comprehensive income		Shareholders' equity as at June 30, 2023
				Reserves	Dividends	Change in Reserves	Transaction on net equity	Profit (loss) for the period	Other comprehensive income items	
1. Group equity:	12,219,590	15,073	12,234,663	-	-	-	17,888	32,463	(99,670)	12,185,344
Share capital	118,583		118,583				64			118,647
Tresuary shares	(4,440)		(4,440)				(3,064)			(7,504)
Share premium	11,587,260		11,587,260							11,587,260
Reserves	468,390	16,101	484,491	138,995			20,888			644,374
Valuation reserves	(90,226)		(90,226)						(99,670)	(189,896)
Profit for the period	140,023	(1,028)	138,995	(138,995)				32,463		32,463
2. Shareholders' equity attributable to non-controlling interests:	18,147	4,276	22,424	-	(3,144)	-	31	869	46	20,226
Total shareholders' equity	12,237,737	19,349	12,257,087	-	(3,144)	-	17,919	33,332	(99,624)	12,205,570

Note: for further information see section 18.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN 2022

(Amounts in thousand Euro)

	Balance as at January 1, 2022	Change in opening balance	Balance as at January 1, 2022 Restated	Allocation of prior year profit		Changes in the year		2022 Comprehensive income		Shareholders' equity as at December 31, 2022
				Reserves	Dividends	Change in Reserves	Transaction on net equity	Profit (loss) for the year	Other comprehensive income items	
1. Group equity:	12,315,980	(17,223)	12,298,757	-	-	(92,235)	-	140,023	(126,955)	12,219,590
Share capital	118,452		118,452				131			118,583
Tresuary shares	(4,493)	-	(4,493)			53				(4,440)
Share premium	11,587,260		11,587,260							11,587,260
Reserves	523,080		523,080	37,729		(92,288)	(131)			468,390
Valuation reserves	41,448	(4,719)	36,729						(126,955)	(90,226)
Profit for the year	50,233	(12,504)	37,729	(37,729)				140,023		140,023
2. Shareholders' equity attributable to non-controlling interests:	9,411	-	9,411	-	(1,502)	7,054	-	3,025	159	18,147
Total shareholders' equity	12,325,391	(17,223)	12,308,168	-	(1,502)	(85,181)	-	143,048	(126,796)	12,237,737

CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD)

(Amounts in thousand Euro)

	I Half 2023	I Half 2022
A. OPERATING ACTIVITIES		
1. Operations	495,997	486,299
Profit for the period	33,332	90,435
Net losses on financial assets held for trading and other financial assets/liabilities measured at Fair Value through profit or loss and hedged assets	(2,034)	-
Net accruals to provisions for risks and charges and other costs/revenues	879	(8,075)
Amortisation, depreciation and net impairment losses on tangible and intangible assets	438,507	349,336
Unpaid taxes, duties and tax assets	86,437	60,789
Other adjustments (***)	(61,124)	(6,186)
2. Cash flows generated/(used) by financial assets	461,466	98,535
Loans and receivables with banks	14,085	223,660
Loans and receivables with customers	393,575	(59,633)
Other assets	53,806	(65,492)
3. Cash flows generated/(used) by financial liabilities	(691,772)	(74,450)
Payables to banks	(111,007)	(158,063)
Payables to customers	(358,423)	(31,030)
Other liabilities	(222,342)	114,643
Net cash flows generated by operating activities	265,691	510,384
B. INVESTING ACTIVITIES		
Acquisitions of tangible assets	(64,324)	(50,058)
Acquisitions of intangible assets	(146,318)	(167,489)
Sale/purchase of subsidiaries, business units and other non-current assets	(191,081)	(244,470)
Net cash flows used in investing activities	(401,723)	(462,017)
C. FINANCING ACTIVITIES		
Repayments of loans and securities (*)	(37,763)	(923,092)
Dividends (paid)/received	617	1,897
Issues/purchases of equity instruments	(4,735)	-
Issues of debt instruments and new loans (**)	150,000	-
Net cash flows generated/(used) by financing activities	108,119	(921,195)
NET CASH FLOWS GENERATED/(USED) FOR THE PERIOD	(27,913)	(872,828)
Net cash generated/used during the period	(27,913)	(872,828)
Cash and cash equivalents at the start of the period	448,778	1,546,116
Cash and cash equivalents at the end of the period	420,865	673,288

(*) Composed mainly of repayment of lease debt (Euro 20.4 million) and repayment of funding to support the BNPL solution (Euro 17.4 million).
(**) Consisting of the last drawdown of the 2022 Term Loan.
(***) Mainly comprised of non-cash costs/revenues related to LTI/Stock Grant plans (about Euro 11 million), amortised cost and other interest not collected/paid (around Euro 18 million), offset by the negative effect of changes in net working capital

2.2

Notes to the Interim Financial Statements

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Preparation

In accordance with the provisions of art. 154 of Italian Legislative Decree no. 58 of 24 February 1998, the Group has prepared these Condensed Consolidated Interim Financial Statements as at 30 June 2023 in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the relevant interpretations of the International Financial Interpretations Committee (IFRIC), as approved by the European Commission and transposed into Italian Law via Legislative Decree 38/2005 pursuant to Regulation (EC) 1606/2002. The contents of these Condensed Consolidated Interim Financial Statements as at 30 June 2023 were drafted in keeping with international accounting standard pertaining to interim financial statements (IAS 34). Based on paragraph 10 of IAS 34, the Group opted to prepare these Consolidated Interim Financial Statements in condensed form.

The Condensed Consolidated Interim Financial Statements as at June 30, 2023 comprise the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes detailing the criteria employed in preparing said financial statements. The Condensed Consolidated Interim Financial Statements also include the Board of Directors' Management Report addressing the Group's operating performance, its economic results and its equity and financial position.
In addition to the amounts for the reporting period, the Financial Statements and Notes present comparative figures as at June 30, 2022 for the income statement and December 31, 2022 for the financial position, which were restated as a result of the Purchase Price Allocation relating to the acquisitions of Nexi Payments Greece and BPER merchant book described in section 37.2.

The Condensed Consolidated Interim Financial Statements as at June 30, 2023 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 accounting principles adopted for the preparation of these Condensed Consolidated Interim Financial Statements with respect to the stages of classification, recognition, measurement and derecognition of assets and liabilities in the financial statements, as well as for the methods of recognising revenues and costs, remained unchanged from those adopted for the preparation of the 2022 Consolidated Financial Statements, to which reference should be made for a complete presentation. Note also that no derogations were made from the IAS/IFRS standards.

The following changes in accounting principles apply from 1 January 2023:

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

  • a specific adjustment for contracts with direct participation (the variable fee approach);

  • a simplified approach (the premium allocation approach) mainly for short-term contracts.

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

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

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

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

- *Definition of accounting estimate – Amendments to IAS 8 – In February 2021 the IASB issued amendments to IAS 8, introducing a definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.*
- *Disclosures of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to disclosures of accounting policies. The amendments aim to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. Moreover, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.*
- *Deferred taxes relating to assets and liabilities arising from a single transaction - Amendments to IAS 12 - In May 2021 the IASB issued amendments to IAS 12, narrowing the scope of the initial recognition exception included in IAS 12, which is no longer to be applied to those transactions that give rise to taxable and deductible temporary differences in equal measure. The changes are applied to transactions occurring after or at the beginning of the comparative period presented. Furthermore, at the beginning of the comparative period presented, deferred tax assets (if there is sufficient taxable income) and deferred tax liabilities must be recognised for all deductible and taxable temporary differences associated with leases and restoration provisions.*

These changes had no impact on the Group.

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

IASB 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 IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22/09/2022
Amendment to IAS 12 "Income Taxes": International Tax Reform — Pillar Two Model Rules	23/05/2023
Amendment to IAS 7 "Statement of Cash Flows": Supplier Finance Arrangements	25/05/2023
Amendment to IFRS 7 "Financial Instruments: Disclosures": Supplier Finance Arrangements	25/05/2023

Since none of them were approved by the European Union, they had no impact on the Consolidated Interim Financial Report as at 30 June 2023.

These Condensed Consolidated Interim Financial Statements include the CEO and the Financial Reporting Manager's joint certification as mandated by article 154 bis of the TUF, and are subject to a limited audit by PricewaterhouseCoopers SpA.

Contents of the accounting statements

Statement of Financial Position and Income Statement

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

Statemenent of Coprehensive Income

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

Statement of Changes in Equity

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

Statement of Cash Flows

The statement of cash flows provides information on cash flows for the period under review and the previous period, and has been prepared using the indirect method whereby, in reporting cash flows from operating activities, profit or loss is adjusted for the effects of non-monetary transactions.
Cash flows are broken down into those generated by operating, investing and financing activities. Note that as required by IAS 7.43, cash flows from investing activities were excluded that did not require the use of cash or cash equivalents, including lease transactions.
The cash flows generated in the period are indicated with no sign, while the cash flows absorbed in the period are preceded by the minus sign.

Contents of the Notes

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

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

Consolidation criteria

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

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

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 Interim Financial Statements as at June 30, 2023 required the use of i) the annual financial statements of the parent company Nexi SpA and ii) the accounting as at June 30, 2023 of the in-scope companies, approved by the competent corporate bodies and functions.

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

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

The differences resulting from the above adjustments, if positive, are recognised after any allocation to items of the assets or liabilities of the subsidiary as goodwill or as other intangible assets in the item "Intangible Assets" as at the date of first consolidation. Any negative differences are recognised in the Income Statement.
Intragroup assets and liabilities, off-balance sheet transactions, income and expenses, as well as profits and losses are eliminated.

Acquisitions of companies are accounted for according to the "acquisition method" envisaged in IFRS 3, on the basis of which the identifiable assets acquired and the identifiable liabilities assumed (including potential liabilities) are to be recognised at their respective Fair Values at the acquisition date. Moreover, for each business combination, any non-controlling interest in the acquiree may be recognised at Fair Value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. Any excess of the consideration transferred (represented by the Fair Value of the assets sold, liabilities incurred and equity instruments issued) and the Fair Value of the minority interests over the Fair Value of the assets and liabilities acquired is recognised as goodwill. If the price is lower, the difference is recognised in the income statement. The Group applies the Partial Goodwill method and therefore accounts for minority interests at the carrying amount.
The "acquisition method" is applied from the date of acquisition, i.e. when control of the acquired company is effectively obtained. Therefore, the economic results of a subsidiary acquired during the reporting period are included in the consolidated financial statements from the date of its acquisition. Similarly, the results of operations of a transferred subsidiary are included in the consolidated financial statements up to the date on which control ceased. The difference between the sale consideration and the carrying amount at the date of disposal (including exchange rate differences recognised in equity at the time of consolidation) is recognised in the income statement.In a multi-stage business combination, the Fair Value at the acquisition date must also be determined by reference to the interests in the acquiree previously held by the acquirer.

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

According to IAS 28, equity investments in companies that are jointly controlled under IFRS 11 are also valued using the equity method described above.

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

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

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

Scope of Consolidation

The following table shows the list of subsidiaries in the Nexi Group as at 30 June 2023:

Company	Structure	Currency	investor	% ownership	Registered office
Nexi Payments SpA (*)	subsidiary	EUR	Nexi SpA	99,49	Milan, Italy
Nexi Payments Greece S.A. (*)	subsidiary	EUR	Nexi SpA	90,01	Athens, Greece
Mercury Payment Services SpA	subsidiary	EUR	Nexi SpA	100	Milan, Italy
Help Line SpA	subsidiary	EUR	Nexi SpA	69,24	Milan, Italy
Help Line SpA	subsidiary	EUR	Nexi Payments SpA	1,06	Milan, Italy
Orbital Cultura srl (ex Bassmart)	subsidiary	EUR	Nexi Payments SpA	95	Florence, Italy
Service HUB SpA	subsidiary	EUR	Nexi SpA	100	Milan, Italy
SIApay S.r.l. (*)	subsidiary	EUR	Nexi Payments SpA	100	Milan, Italy
Nexi Central Europe AS	subsidiary	EUR	Nexi SpA	100	Bratislava, Slovakia
Nexi Greece Single Member SA	subsidiary	EUR	Nexi SpA	100	Athens, Greece
Numera Sistemi e Informatica SpA	subsidiary	EUR	Nexi Payments SpA	100	Sassari, Italy
PforCards GmbH (Austria)	subsidiary	EUR	Nexi SpA	100	Wien, Austria
Nexi RS d.o.o. Beograd	subsidiary	RSD	Nexi Central Europe a.s.	100	Beograd, Serbia
SIA Croatia d.o.o.	subsidiary	HRK	Nexi Central Europe a.s.	100	Zagreb, Croatia
Nexi Czech Republic, s.r.o.	subsidiary	CZK	Nexi Central Europe a.s.	100	Prague, Czech Republic
SIA Payment Services	subsidiary	EUR	Nexi Central Europe a.s.	100	Bratislava, Slovakia
BillBird S.A. (*)	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	100	Krakow, Poland
Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	subsidiary	PLN	Rementi Investments S.A.	100	Tajęcina, Poland
Checkout Finland Oy (*)	subsidiary	EUR	Paytrail Oyj	100	Tampere, Finland
Concardis GmbH	subsidiary	EUR	Concardis Holding GmbH	100	Eschborn, Germany
Concardis Austria GmbH	subsidiary	EUR	Concardis GmbH	100	Vösedorf, Austria
Concardis Holding GmbH	subsidiary	EUR	Evergood Germany 1 GmbH	100	Eschborn, Germany
CPG Sales GmbH	subsidiary	EUR	Concardis Holding GmbH	100	Köln, Germany
eCard S.A. (*)	subsidiary	PLN	P24 Dotcard Sp. Z o.o.	100	Warszawa, Poland
GfliB Wireless GmbH	subsidiary	EUR	Orderbird GmbH	98,15	Berlin, Germany
Orderbird AT GmbH	subsidiary	EUR	Orderbird GmbH	98,15	Wien, Austria
Split Tech-Solutions GmbH (**)	subsidiary	EUR	Orderbird GmbH	98,15	Frankfurt, Germany
Evergood Germany 1 GmbH	subsidiary	EUR	Nets Holdco 1 ApS	100	Eschborn, Germany
Nassa Topco AS	subsidiary	DKK	Nets A/S	100	Oslo, Norway
Nets A/S	subsidiary	EUR	Nets Holdco 5 AS	100	Ballerup, Denmark
Nets Cards Processing A/S	subsidiary	DKK	Nets Denmark A/S	100	Ballerup, Denmark
Nexi Croatia Ltd (*)	subsidiary	HRK	Concardis Holding GmbH	100	Zagreb, Croatia
Nets CEE d.o.o. (Slovenia)	subsidiary	EUR	Nexi Croatia Ltd	100	Ljubljana, Slovenia
Nets DanID A/S	subsidiary	DKK	Nets Denmark A/S	100	Ballerup, Denmark
Nets Denmark A/S (*)	subsidiary	DKK	Nassa Topco AS	100	Ballerup, Denmark
Nets Estonia AS	subsidiary	EUR	Nets Denmark A/S	100	Tallinn, Estonia
Nets Holdco 1 ApS	subsidiary	DKK	Nexi SpA	100	Ballerup, Denmark
Nets Holdco 5 AS	subsidiary	DKK	Nets Holdco 1 ApS	100	Oslo, Norway
Nets Sweden AB	subsidiary	SEK	Nets Denmark A/S	100	Stockholm, Sweden
Nets Schweiz AG	subsidiary	CHF	Concardis GmbH	100	Wallisellen, Switzerland
Orderbird GmbH Germany (ex Orderbird AG)	subsidiary	EUR	Concardis GmbH	98,15	Berlin, Germany
Paytech Payment Provider GmbH	subsidiary	EUR	Concardis GmbH	100	Eschborn, Germany
P24 Dotcard Sp. Z o.o.	subsidiary	PLN	Nets Denmark A/S	100	Warszawa, Poland
PayPro S.A.(*)	subsidiary	PLN	P24 Dotcard Sp. Z o.o.	82	Poznań, Poland
PayPro S.A.(*)	subsidiary	PLN	eCard S.A.	18	Poznań, Poland
Paytrail Oyj (*)	subsidiary	EUR	Nets Denmark A/S	100	Jyväskylä, Finland
Paytrail Technology Oy	subsidiary	EUR	Paytrail Oyj	100	Jyväskylä, Finland

Polskie e Platnosci Sp. z o.o. (*)	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	100	Jasionka, Poland
Nexi Digital Finland Oy	subsidiary	EUR	Nets Denmark A/S	100	Espoo, Finland
Poplatek Payments Oy	subsidiary	EUR	Nets Denmark A/S	100	Espoo, Finland
Ratepay GmbH (*)	subsidiary	EUR	Concardis Holding GmbH	100	Berlin, Germany
Rementi Investments S.A.	subsidiary	PLN	Nets Denmark A/S	100	Warszawa, Poland
Signaturgruppen A/S	subsidiary	DKK	Nets Denmark A/S	100	Aarhus, Denmark
TopCard Sp. z o.o.	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	100	Tajęcina, Poland
Team4U Sp. z o.o.	subsidiary	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	75	Bydgoszcz, Poland

(*) = companies conducting regulated activities subject to restrictions under local supervisory regulations
(**) = companies included in the scope of full companies included in the scope of full consolidation in 2023

Note that in 2023 the consolidation area changed mainly due to the acquisition of control of Split Tech-Solutions GmbH, a SaaS company based in Frankfurt, Germany, that offers innovative solutions in the catering industry. The transaction price was approximately Euro 2 million. The transaction represents a business combination that was accounted for in accordance with IFRS 3. For further information, please refer to section 37 of the Notes.

The consolidation area of the financial statements of Nexi Group as at June 30, 2023 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
QRTAG Sp. z.o.o. (**)	significant influence/joint control	PLN	Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A.	45	Poznań, Poland
Rs Record store (in liquidation)	significant influence/joint control	EUR	Nexi Payments SpA	30	Genova, Italy
e-Boks Development A/S	significant influence/joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
e-Boks GCC ApS	significant influence/joint control	DKK	e-Boks International A/S	50	Hellerup, Denmark
e-Boks Group A/S	significant influence/joint control	DKK	Nets Denmark A/S	50	Hellerup, Denmark
e-Boks International A/S	significant influence/joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
e-Boks Nordic A/S	significant influence/joint control	DKK	e-Boks Group A/S	50	Hellerup, Denmark
WEAT Electronic Datenservice GmbH (*)	significant influence/joint control	EUR	Concardis GmbH	40	Düsseldorf, Germany
Computop Paygate GmbH (**)	significant influence/joint control	EUR	Concardis Holding GmbH	30	Bamberg, Germany
Computop inc. (USA) (**)	significant influence/joint control	USD	Computop Paygate Gmbh	30	Delaware, United States
Computop ltd. (UK) (**)	significant influence/joint control	GBP	Computop Paygate Gmbh	30	London, United Kingdom
Computop Shanghai Co.Ltd (**)	significant influence/joint control	CNY	Computop Paygate Gmbh	30	Shanghai, China
Computop Finance GmbH (Germany) (**)	significant influence/joint control	EUR	Computop Paygate Gmbh	30	Bamberg, Germany
Nexi Digital S.r.l.	significant influence/joint control	EUR	Nexi SpA	49	Bari, Italy
Nexi Digital Polska sp z o.o.	significant influence/joint control	PLN	Nexi Digital Srl	49	Warszawa, Poland

(*) = companies conducting regulated activities subject to restrictions under local supervisory regulations
(**) = companies acquired in 2023
(***) = for indirect investee companies with significant influence/joint control, the percentage pertaining to Nexi was indicated

Significant assessments and assumptions made to determine the scope of consolidation

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

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

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

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

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

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

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

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

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

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

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

Significant restrictions

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

based on the risks taken. The ability of such companies to distribute capital or dividends is, therefore, subject to compliance with the relevant provisions on equity requirements.
Conversely, there are no significant limitations or restrictions to the exercise of voting rights held in subsidiaries.

Other Information
No accounting records of subsidiaries used in preparing the consolidated financial statements refer to a date other than that of the consolidated financial statements.
At the date of the Consolidated Financial Statements, no other undertakings connected to equity investments in associated companies are in place with reference to the regulation in force.

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

Use of Estimates and Assumptions in Preparing the Consolidated Financial Statements

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

Estimates are based on available information and subjective evaluations, often founded on past experience, which are used to formulate reasonable assumptions to be made in measuring operating events. In the presence of significant uncertainties and/or activities subject to measurement of particular materiality, the valuation is supported by fairness opinions of external experts/appraisers.

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

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

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

While stressing that the use of reasonable estimates is key when drafting the Interim Financial Statements, without this factor being held to affect their reliability, below are the items in which the use of estimates and assumptions is most significant, both in terms of the materiality of the values to be recognised in the balance sheet and impacted by such policies, and in terms of the complexity of the measurements, which entails the resorting to estimates and assumptions by Corporate Management:
- valuation of the financial assets and liabilities measured at Fair Value not listed on active markets;
- Fair Value measurement of assets and liabilities within the Purchase Price Allocation processes carried out following the completion of business combinations as described in the specific section;
- measurement of the financial assets measured at amortised cost and loan commitments;
- measurement of inventory;
- quantification of the useful life of intangible assets with a finite useful life and tangible assets;
- estimate of the recoverable amount of goodwill for impairment testing purposes;
- quantification of employee benefits and share-based payments;
- quantification of provisions made for risks and charges and payables for Loyalty programmes;
- assessment of the recoverability of deferred taxation.

For some of the cases listed above, the main factors can be identified that are subject to estimates by the Group and therefore contribute to determining the value at which assets and liabilities are recognised in the financial statements. Without claiming to be exhaustive, note that:
- to determine the Fair Value of financial instruments not listed on active markets, when it is necessary to use parameters that cannot be deduced from the market, the the main estimates concern, on the one hand, the development of future cash flows (or even income flows,

in the case of equities), possibly conditioned by future events and, on the other hand, the level of certain input parameters not listed on active markets;

- to determine the value of goodwill and other intangible assets with a finite useful life arising from business combinations, with regard to the Cash Generating Units (CGUs) of the Group, the future cash flows in the analytical forecast period and the flows used to determine the so-called terminal value generated by the CGU are estimated separately and appropriately discounted. The cost of capital is also included in the estimated elements;

- to quantify employee benefits requiring actuarial valuation, the present value of the obligations is estimated taking into account the appropriately discounted flows resulting from historical statistical analyses, and the demographic curve;

- when quantifying provisions for risks and charges, where possible an estimate is made of the amount of disbursements required to fulfil obligations, taking into account the actual likelihood of having to use resources;

- to determine deferred taxation items, the probability of actual future taxable income (taxable temporary differences) and the degree of reasonable certainty – if any – of future taxable income at the time when tax deductibility will arise (deductible temporary differences and tax loss carryforwards) is estimated.

Events after the reporting period

No events occurred after the date of the interim report that had an impact on the financial statements. For a full description of the significant events that occurred after the end of the period, see 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 is determined according to the following method:

- for bonds issued: Fair Value obtained from active markets where the liability is traded;

- for assets and liabilities at fixed rates in the medium/long-term (other than securities issued): discounting of future cash flows at a rate obtained from the market and rectified to include the credit risk;

- for variable rate, on demand assets or those with short-term maturities: the carrying amount recognised net of the analytical and collective impairment is considered a good approximation of the Fair Value, insofar as it incorporates the change in rates and the change in the counterparty's credit risk;

- for variable rate and short-term fixed rate liabilities: the carrying amount is considered a good approximation of the Fair Value, for the reasons given above.

Qualitative Disclosure

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

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

Assets and Liabilities measured at Fair Value on a recurring basis

At the date of the consolidated financial statements, the following instruments valued at Fair Value were mainly in place:

- Preferred Class C Visa Shares: these are measured according to the market value of Visa Inc Class A shares, listed on active markets where the portfolio shares (class C) will be converted, adjusting the value to reflect both the liquidity risk of class C shares and the potential adjustments to the conversion ratio, as communicated by Visa under the specific section of the company's website, which varies depending on potential future liabilities of Visa Europe related to European merchants, a company that has been incorporated into Visa Inc US;
- Acorns shares in portfolio, valued according to the price of the recent transaction that led to the sale of shares in GoHenry, the value of which was settled by receiving Acorns shares;
- Monte dei Paschi di Siena shares in portfolio, listed on active markets and valued according to market prices;
- 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.
- Derivatives based on the shares of unlisted companies: the Fair Value with respect to the call option sold on the minority shares of Nexi Payments Greece is estimated using models generally used by market operators (Black & Scholes) calculated where possible using parameters taken from the market. However, due to the nature of the instrument underlying the option, the valuation model was also provided with parameters not derived from the market. Specifically: volatility was determined based on the historical volatility of shares of comparable companies; the equity value of Nexi Payments Greece ("NP Greece" or "NPG") was estimated by means of a DCF model; and the discount rate was estimated by also taking into account NPG's Cost of Equity. The forward contracts and the put/call agreement relating to the purchase of a second and third tranche of the shareholding in Computop, since they will be settled at a price substantially equal to the purchase price of the first tranche on 30 June 2023, have a Fair Value substantially equal to zero as at the date of this interim report.
- Hedging derivatives: outstanding derivatives consist of plain vanilla interest rate swaps, the Fair Value of which is estimated using valuation models in line with market practice. Specifically, since these derivatives are not listed on active markets and are not subject to Credit Support Annexes (CSA), the Fair Value is determined as the sum of the risk-free (mid-market) reference value and the Credit Value Adjustment (CVA), understood as the counterparty risk premium linked to the possibility that the counterparties to the contract may not honour their commitments. The CVA is calculated using valuation models that take into account the Loss Given Default (LGC) and Probability of Default (PD), which are determined on the basis of market information, where available.

Assets and Liabilities measured at Fair Value on a non-recurring basis

Financial instruments not measured at Fair Value (FV), including loans and receivables with customers and banks are not managed on a Fair Value basis. For said assets, Fair Value is calculated solely for the purpose of complying with the request of disclosure to the market and has no impact on the financial statements or on profit and loss. Furthermore, since these assets are not generally traded, the determining of Fair Value is based on the use of internal parameters not directly detectable on the market, as defined under IFRS 13.

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

Measurement process and sensitivity

The Nexi Payments Greece share option is a Level 3 Fair Value instrument. Specifically, the volatility of the option's Fair Value as the main non-market parameters change is provided below:

Discount Rate/Volatility	2%	Base	-2%
1%	74%	23%	-20%
Base	51%	0%	-33%
-1%	20%	-20%	-51%

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.

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 Euro)

ASSETS

3. Cash and cash equivalents

	June 30, 2023	Dec. 31, 2022
a) Cash	51	47
b) Deposits and current accounts	420,814	448,731
Total	420,865	448,778

The item "Deposits and current accounts" refers to the liquid funds in the current accounts of Nexi SpA, and is included in the Net Financial Position presented in the Management Report.

4. Financial Assets measured at Fair Value

4.1 BREAKDOWN OF FINANCIAL ASSETS MEASURED AT FAIR VALUE

	June 30, 2023	Dec. 31, 2022
Financial assets measured at Fair Value through profit or loss	4,360	3,083
Financial assets measured at Fair Value through OCI	156,245	143,821
Total	160,605	146,904

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

	June 30, 2023	Dec. 31, 2022
Financial assets held for trading	-	-
Financial assets measured at Fair Value	4,360	3,083
Other financial assets mandatorily valued at Fair Value	-	-
Total	4,360	3,083

The item "Financial assets measured at Fair Value through profit or loss" includes Euro 1.7 million of Fair Value of Visa Shares held through the Nets Group and related to Financial liabilities measured at Fair Value, as well as other minor investments in equity instruments that do not confer any influence on the investee company.

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

	June 30, 2023	Dec. 31, 2022
Debt instruments	-	-
Equity instruments	156,245	143,821
Financing	-	-
Total	156,245	143,821

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

	June 30, 2023	Dec. 31, 2022
a) Banks	23,061	19,241
b) Financial institutions	127,523	118,920
- Visa Inc.	*97,109*	*86,599*
- Other financial companies	*30,414*	*32,321*
c) Non-financial institutions	5,660	5,660
Total	156,245	143,821

The item "Financial assets at Fair Value through OCI" mainly refers to Visa Inc. shares held by the Group's operating companies (Euro 97 million), Acorns shares (Euro 29 million) – received in 2023 following the acquisition of GoHenry – and Monte dei Paschi di Siena shares (Euro 23 million). With respect to these equity investments, the Group does not exercise control, joint control or significant influence.
With regard to the Visa shares in the portfolio, note that they are composed of Class A Preferred Shares and Series C Visa shares, eligible for conversion into Visa Class A ordinary Shares at a variable conversion rate dependent on expenses arising from contingent liabilities associated with the former Visa Europe. Note that the Class A Preferred shares in the portfolio result from the conversion that took place in the second half of 2022 of approximately 50% of the Visa Series C shares previously held. Visa Preferred Class A shares are immediately available for sale in the market.

5. Financial assets measured at amortised cost

5.1 LOANS AND RECEIVABLES WITH BANKS: BREAKDOWN BY PRODUCT

	June 30, 2023					Dec. 31, 2022				
	Carrying amount		Fair Value			Carrying amount		Fair Value		
	Stages 1 & 2	Stage 3	Level 1	Level 2	Level 3	Stages 1 & 2	Stage 3	Level 1	Level 2	Level 3
Loans and receivables with banks										
Deposits and current accounts	1,591,315	-	-	1,591,315	-	1,549,870	-	-	1,549,870	
Prepaid cards liquidity	45,095	-	-	45,095	-	47,855	-	-	47,855	
Restricted deposits	144,823	-	-	144,823	-	159,886	-	-	159,886	
Other assets	87,398	-	-	87,398	-	117,793	-	-	117,793	
Total	1,868,630	-	-	1,868,630	-	1,875,404	-	-	1,875,404	-

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

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

The item "Time deposits" includes the escrow accounts connected with the Nexi Payments factoring transactions on the balances of credit cards (Euro 3.2 million) as well as Euro 48.1 million in deposits to guarantee deferred payments made to merchants as part of the acquiring activity. A Euro 0.5 million pledge in favour of the factoring company is attached to said restricted accounts. The item also includes time deposits related to the operations of the Nets Group (amounting to Euro 65 million).

The total of the item includes Euro 1,272 million of liquidity in the operating companies' bank accounts, which has been included in the Group's Net Financial Position in the Management Report.

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

	June 30, 2023						Dec. 31, 2022					
	Carrying amount			Fair Value			Carrying amount			Fair Value		
		Stage 3						Stage 3				
	Stages 1 & 2	Purchased	Other	Level 1	Level 2	Level 3	Stages 1 & 2	Purchased	Other	Level 1	Level 2	Level 3
Ordinary credit cards	139,360	-	-	-	139,360	-	191,140	-	-	-	191,140	-
Receivables from schemes	1,326,929	-	-	-	1,326,929	-	1,561,833	-	-	-	1,561,833	-
Revolving credit cards	225,542	-	1,140	-	225,542	1,140	278,441	-	1,216	-	278,441	1,216
Receivables from "Buy Now Pay Later" solution	109,808	-	17,558	-	109,808	17,558	103,281	-	18,019	-	103,281	18,019
Receivables from merchants	144,848	-	-	-	144,848	-	131,987	-	-	-	131,987	-
Other assets	139,506	-	1,443	-	139,506	1,443	196,296	-	766	-	196,296	766
Total	2,085,993	-	20,141	-	2,085,993	20,141	2,462,980	-	20,002	-	2,462,980	20,002

The "Ordinary credit cards" item refers to charge cards and is the balance at the end of each month of the amount cumulatively spent up to that date by the cardholders during the last operative month. Via the partner banks this amount is generally debited to the current accounts of holders on the 15th day of the following month. The group adopts a model according to which the receivables deriving from ordinary credit cards are the object of factoring operations that envisage the daily sale of receivables. The balance at 30 June 2023 included Euro 70.5 million worth of receivables sold on a with recourse basis and which therefore have not been derecognised.

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

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

The item "Buy now pay later receivables" refers to receivables arising from the "Buy Now Pay Later" solution provided through the Nets Group.

The item "Receivables from merchants" refers to trade receivables from merchants for commissions to be collected.

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

"Other assets" mainly include the amount due from the factoring company of Nexi Payments SpA of Euro 73.9 million connected with the balance to be settled daily with the counterparty.

6. Hedging derivatives

During 2022 Nexi SpA entered into cash flow hedging transactions related to certain outstanding variable-rate financing. These transactions fall under the type of cash flow hedges envisaged by IFRS 9.
At the reporting date the derivatives stipulated had the following values:

	Carrying amount	Fair Value June 30, 2023			Carrying amount	Fair Value Dec. 31, 2022		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Derivatives with positive Fair Value								
Fair Value hedge	-	-	-	-	-	-	-	-
Cash flow hedge	6,673	-	6,673	-	870	-	870	-
Total	6,673	-	6,673	-	870	-	870	-
Derivatives with negative Fair Value								
Fair Value hedge	-	-	-	-	-	-	-	-
Cash flow hedge	1,780	-	1,780	-	256	-	256	-
Total	1,780	-	1,780	-	256	-	256	-

The negative Fair Value of hedging derivative, amount of Euro 2 million, has been included in the Net Financial Position

7. 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%	37,977
Computop Paygate GmbH	Concardis GmbH	30%	29,950
B. Companies subject to significant influence			
QRTAG Sp. z.o.o.	Polskie ePlatści S.A.	45%	1,216
Sanoma	Paytrail Oyj	N/A	50
Nexi Digital	Nexi SpA	49%	934
Rs-Record Store into liquidation	Nexi Payments SpA	30%	-
WEAT Electronic Dataservice GmbH, Germany (*)	Concardis GmbH	40%	2,933
Total			73,060

During the first half of the year, this item increased mainly as a result of the following transactions:

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

8. Tangible assets

8.1 TANGIBLE ASSETS: BREAKDOWN OF ASSETS BY DESTINATION

	June 30, 2023	Dec. 31, 2022
Property and equipment	591,726	561,747
Investment property	1,561	1,607
Total	593,286	563,354

8.2 PROPERTY AND EQUIPMENT: BREAKDOWN

	June 30, 2023	Dec. 31, 2022
Owned		
a) Land	42,430	42,430
b) Buildings	68,684	71,184
c) POS and ATM	154,697	138,636
d) Machinery and electronic equipment/systems	120,541	128,316
e) Furniture and furnishings	7,847	8,697
f) Other	6,619	7,130
Rights of use from leasing contracts		
a) Land	-	-
b) Buildings	127,890	108,339
c) POS and ATM	13,573	17,458
d) Machinery and electronic equipment/systems	27,069	17,825
e) Furniture and furnishings	-	-
f) Other	22,375	21,731
Total	591,726	561,747

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

The value of real estate includes the effect of the write-back to Fair Value of the assets acquired in 2015 with the establishment of the Mercury Group, as a result of the completion of the price allocation process (PPA);

The item "POS and ATM" refers to assets acquired by the Group and covered by contracts with customers;

- the item "electronic machinery and systems" mainly includes hardware used by the Group's operating companies. The amount entered is net of depreciation up until the reporting date.

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

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

8.3 PROPERTY AND EQUIPMENT: CHANGES

June 30, 2023	Land	Buildings	POS and ATM	Machinery and electronic equipment/systems	Furniture and furnishings	Other	Total
A. Opening balance - Gross	44,643	282,222	403,389	410,374	19,101	45,482	1,205,210
A.1 Depreciation Fund	(2,213)	(102,699)	(247,295)	(264,233)	(10,403)	(16,621)	(643,464)
A.2 Net Opening balance	42,430	179,523	156,094	146,141	8,697	28,861	561,747
B. Increases	-	35,560	40,725	50,063	174	5,178	131,699
B.1 Purchases	-	172	37,726	25,282	173	970	64,324
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	-	35,388	888	24,781	-	4,207	65,264
of which of Rights of use	-	*35,388*	*888*	*24,731*	-	*4,207*	*65,214*
B.8 Currency translation adjustment	-	-	2,111 -		-	-	2111
C. Decreases	-	18,510	28,549	48,593	1,024	5,045	101,721
C.1 Sales	-	-	159	-	-	-	159
C.2 Depreciation	-	15,657	24,833	41,774	975	3,661	86,900
of which of Rights of use	-	*12,942*	4,565	*5,383*	-	*2,452*	25,342
C.3 Impairment losses	-	-	-	-	-	-	-
C.4 Negative Fair Value adjustments	-	-	-	-	-	-	-
C.5 Business combination	-	-	-	-	-	-	-
C.6 Transfers	-	-	- -	102	-	- -	102
a) investment property	-	-	*0*	-	-	-	-
b) non-current assets held for sale and discontinued operations	-	-	*0* -	*102*	-	- -	*102*
C.7 Other decreases	-	1,207	3,556	6,044	36	1,001	11,844
C.8 Currency translation adjustment	-	1646	1	877	14	384	2,921
D. Closing balance - Gross	44,643	314,930	440,399	453,618	19,225	49,275	1,322,090
D.1 Depreciation Fund	(2,213)	(118,356)	(272,129)	(306,008)	(11,378)	(20,281)	(730,363)
D.2 Net Closing balance	42,430	196,574	168,270	147,611	7,847	28,994	591,726

8.4 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

	June 30, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Owned								
a) land	339	-	-	-	339	-	-	-
b) buildings	1,222	-	-	-	1,268	-	-	-
2. Rights of use acquired through leasing								
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	1,561	-	1,614	-	1,607	-	1,614	-

The item includes the following properties:

- Strada delle Frigge 6, Monteriggioni (Siena), owned by Nexi Payments SpA;

- Via Nazionale 3, San Giovanni al Natisone (Udine), owned by Help Line SpA.

These investments are recorded in accordance with IAS 40 and include properties held 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.

8.5 INVESTMENT PROPERTY: CHANGES

	June 30, 2023		
	Land	Buildings	Total
A. Opening balance - Gross	339	1,803	2,142
A.1 Depreciation Fund	-	(535)	(535)
A.2 Net Opening balance	339	1,268	1,607
B. Increases	-	-	-
B.1 Purchases	-	-	-
B.2 Capitalised improvement costs	-	-	-
B.3 Reversals of impairment losses	-	-	-
B.4 Positive Fair Value adjustments	-	-	-
B.5 Business combination	-	-	-
B.6 Transfers from property and equipment	-	-	-
B.7 Other increases	-	-	-
of which of Rights of use	-	-	-
B.8 Currency translation adjustment	-	-	-
C. Decreases	-	46	46
C.1 Sales	-	-	-
C.2 Depreciation	-	46	46
of which of Rights of use	-	-	-
C.3 Impairment losses	-	-	-
C.4 Negative Fair Value adjustments	-	-	-
C.5 Business combination	-	-	-
C.6 Transfers	-	-	-
a) property and equipment	-	-	-
b) non-current assets held for sale and discontinued operations	-	-	-
C.7 Other decreases	-	-	-
C.8 Currency translation adjustment	-	-	-
D. Closing balance - Gross	339	1,803	2,142
D.1 Depreciation Fund	-	(581)	(581)
D.2 Net closing balance	339	1,222	1,561

9. Intangible assets

9.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

	June 30, 2023		Dec. 31, 2022 Restated	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill		13,079,291		13,039,637
A.2 Intangible assets - Customer contracts	3,522,562		3,647,188	
A.3 Other intangible assets	1,332,195		1,363,010	
- internally generated assets	742,238		740,029	
- externally purchased assets	576,307		622,981	
- leased intangible assets	13,650		-	
Total	4,854,757	13,079,291	5,010,198	13,039,637

Goodwill as at 30 June 2023 mainly arose from the following transactions:

- goodwill arising from the acquisition of the Nets Group amounting to Euro 7,062 million, already net of the Purchase Price Allocation process completed in 2022. Note that goodwill was reduced by Euro 83 million in 2023 due to the translation of goodwill allocated to currencies other than the Euro;

- goodwill from the acquisition of the SIA Group, amounting to Euro 2,394 million net of the Purchase Price Allocation process completed in 2022;

- goodwill related to book acquiring acquired in previous years by Nexi Payments for Euro 1,357 million, already net of the Purchase Price Allocation process;

- goodwill arising from the acquisition of Intesa Sanpaolo's acquiring book in Croatia, amounting to Euro 122 million, already net of the preliminary effects of the Purchase Price Allocation process described in section 37, which will be completed by the end of 2023;

- goodwill arising from the acquisition in 2022 of Bper's acquiring book and the company Numera amounting to Euro 247 million, already net of the provisional valuation of intangible assets related to contracts with customers as described in Section 37 and for which the Purchase Price Allocation process has not yet been concluded;

- acquisition of Nexi Payments and Help Line in 2018 (Euro 931 million, already net of the Purchase Price Allocation process);

acquisition of Mercury Payment Services in 2017 (Euro 590.8 million, already net of the purchase price allocation process)

- goodwill recognised in the financial statements of Nexi Payments amounting (for the Group's share) to Euro 123 million referring mainly to the payment branch acquired from DEPObank in 2018 following the corporate reorganisation of the Nexi Group;

- goodwill of Euro 153 million related to the 2022 acquisition of Nexi Payments Greece, already net of the Purchase Price Allocation process concluded in 2023 as described in section 37;

- goodwill in the amount of Euro 99 million related to the acquisitions made in 2022 of Orderbird, PayTech and Team4U already net of the Purchase Price Allocation process and the 2023 acquisition of Split Tech-Solutions GmbH;

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

The other intangible assets consist of:

- purchases of software and technological developments; the item also includes the effects of software revaluations performed as part of the Purchase Price Allocation Processes. Note that ongoing projects not yet completed amount to Euro 269 million;
- intangible assets with a finite useful life resulting from the Purchase Price Allocation processes described above as follows:
    - customer contracts and customer relationships resulting from the Purchase Price Allocation processes already completed in previous years, amounting to Euro 3,333 million, of which Euro 1,591 million related to SIA PPA and Euro 1,126 million to the Nets PPA;
    - contracts with customers and customer relationships resulting from the Purchase Price Allocation processes concluded during 2023 amounting to Euro 190 million as better described in Section 37.

9.2 INTANGIBLE ASSETS: CHANGES

June 30, 2023	Goodwill	Customer Contracts	Other intangible assets: other internally generated assets	Other intangible assets: other externally purchased assets	Other intangible assets: other leased intangible assets	Total
A. Net opening balance	13,039,637	3,647,188	740,029	622,981	-	18,049,835
B. Increases	122,834	55,404	133,337	15,256	13,650	340,482
B.1 Purchases	-	-	133,049	13,269	-	146,318
B.2 Reversals of impairment losses	-	-	-	-	-	-
B.3 Positive Fair Value adjustments	-	-	-	-	-	-
B.4 Business combination	122,834	55,404	-	1,987	-	180,225
B.5 Other increases	-	-	288	-	13,650	13,938
of which of Rights of use	-	-	-	-	*13,650*	*13,650*
B.6 Currency translation adjustment	-	-	-	-	-	-
C. Decreases	83,180	180,029	131,129	61,929	-	456,268
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation	-	171,154	130,602	49,851	-	351,607
of which of Rights of use	-	-	-	-	-	-
C.3 Impairment losses	-	-	-	(2)	-	(2)
C.4 Business combination	-	-	-	-	-	-
C.5 Negative Fair Value adjustments	-	-	-	-	-	-
C.6 Transfers to non-current assets held for sale and discontinued operations	-	-	-	(2)	-	(2)
C.7 Other decreases	-	1	17	6	-	24
C.8 Currency translation adjustment	83,180	8,874	510	12,076	-	104,641
D. Net closing balance	13,079,291	3,522,562	742,237	576,308	13,650	17,934,048

9.3 INTANGIBLE ASSETS: IMPAIRMENT TESTING

As required by international accounting standard IAS 36.12, the Nexi Group verified the presence of any impairment indicators with respect to goodwill and intangible assets with a finite useful life deriving from business combinations.

With regard to intangible assets with a finite useful life, no indicators of impairment emerged. Conversely, with regard to goodwill, it was necessary to perform an impairment test because the market capitalisation of Nexi S.p.A. as at 30.06.2023 was lower than the Group's book equity.

The goodwill is allocated to the following Cash Generating Units.

(Amounts in million Euro)

Name of the CGU	Goodwill (*)	Carrying amount
Merchant Solutions	9,386	11,836
Issuing Solutions	3,399	4,732
Digital Banking Solutions	485	1,136
Total	13,270	17,704

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

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

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

The impairment test is passed if one of the two configurations (value in use or Fair Value) is higher than the carrying amount of the CGUs goodwill is allocated to.

For the purposes of this impairment test, the value in use of the CGUs defined above was estimated.
Regarding the determination of the Value in Use, the method of discounted cash flow in the unlevered version ("DCF") was adopted. Such method is based on the general concept that the value of a company is equivalent to the discounted amount of:

- the cash flows it will generate within the specific forecast horizon;
- residual value, i.e. the value of the income that the business is expected to generate beyond the explicit forecast period.

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

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

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

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

$$Ke = Rf + \beta * (Rm - Rf)$$

where:

- Rf = risk-free rate, equal to the average yield to maturity of 10-year government bonds over the last six months weighted by the countries the Group operates in for each CGU identified;
- Beta = beta coefficient expressing systematic risk. This parameter was estimated based on an analysis of the betas of comparable companies
- Rm - Rf = equity risk premium, namely the additional return requested by a risk averse investor compared with the return of risk-free assets; it is equivalent to the difference between the average return of the stock market and the risk-free rate. The risk premium considered is 5.92%, applicable to European companies (source: Berec BoR (23) 90).

The debt cost must be considered net of the tax rate "t", in order to take into account the tax shield on interest costs. This parameter was estimated based on an analysis of bond yields of comparable companies, consistent with the target financial structure assumed in the WACC calculation.
For the purpose of estimating the long-term growth rate (g rate), the long-term inflation rate of the countries in which the CGUs operate estimated by IMF (World Economic Outlook) as at April 2023 was used.

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

- CGU Merchant Solutions: wacc = 9.65% and g =1.89%.
- CGU Issuing Solutions: wacc = 9.83% and g = 1.98%.
- CGU Digital Banking Solutions: wacc = 9.59% and g = 1.93%.

The estimate of the recoverable amount is obtained starting from the H2 2023 result (estimated by the difference between the 2023 Forecast and the H1 2023 result) and the 2024-2027 Plan (Base Plan) approved by the Nexi SpA Board of Directors.

In light of economic trends, a worst-case scenario was developed by management to reflect the volatility arising from the current macroeconomic environment. This scenario is developed based on worst-case macroeconomic assumptions provided by external bodies, to which further downward adjustments are made in order to take into account the possible variability of these parameters (double-stressed scenario).
The checks, carried out by means of the above impairment testing, have shown that the book values can be fully recovered, even in the worst-case scenario.

Since the Value in Use is determined through estimates and assumptions that may feature elements of uncertainty, sensitivity analyses were conducted – as provided for by IAS/IFRS standards – for verifying the sensitivity of the results obtained upon variation of some basic parameters and hypotheses.
Specifically, the sensitivity analysis was performed with respect to the base plan considering the following ranges of variability:

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

This sensitivity analyses did not reveal any indicators of impairment.

In order to make the value in use equal to the value of the invested capital (breakeven case), the following changes (also extended to the terminal value) in the key parameters would be required:

Name of the CGU	Increase of WACC	Decrease of growth rate (g)	Parallel downward shift in EBITDA
Merchant Solutions	+0.67%	(0.88%)	(6.38%)
Issuing Solutions	+0.96%	(1.28%)	(9.22%)
Digital Banking Solutions	+0.57%	(0.75%)	(6.09%)

10. Tax Assets and Liabilities

10.1 CURRENT TAX ASSETS AND LIABILITIES

As of 30 June 2023, the Financial Statements show Euro 10.2 million (Euro 14.9 million as at 31 December 2022) related to current tax assets and Euro 241.8 million (Euro 106.7 million as of 31 December 2022) related to current tax liabilities.
Current tax assets mainly consist of receivables for IRES and IRAP of Italian subsidiaries and receivables for taxes paid abroad.
Current tax liabilities include payables for the balance of the domestic tax consolidation as well as taxes owed by foreign subsidiaries.
Note that the current national tax consolidation scheme refers not just to the parent company Nexi SpA, but extends to subsidiaries Mercury Payment Services SpA, Nexi Payments SpA, Help Line SpA, Service Hub SpA and SIApay Srl.

10.2 DEFERRED TAX ASSETS: BREAKDOWN

	June 30, 2023	Dec. 31, 2022
Deferred taxes assets		
- of which: recognised in equity	2,282	2,267
- of which: recognised in profit and loss	199,299	193,654
Total	201,581	195,922

Deferred tax assets amounted to Euro 202 million and were composed as follows:

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

As at 30 June 2023 the Group had unused tax losses of Euro 114 million, of which Euro 4 million can be carried forward over 3 years and Euro 110 million over more than 3 years.
With regard to these tax losses, according to available estimates, deferred tax assets of Euro 15 million were recognised. The assessment of the recoverability of tax loss assets is based on the positive taxable income expected within the next three to five years.

Unrecognised tax assets, for which there is no evidence of short-term use, were not recognised and amounted to Euro 10 million, corresponding to tax losses of approximately Euro 47 million.

10.3 DEFERRED TAX LIABILITIES: BREAKDOWN

	June 30, 2023	Dec. 31, 2022 Restated
Deferred tax liabilities		
- of which: recognised in equity	4,860	4,216
- of which: recognised in profit and loss	1,110,869	1,151,391
Total	1,115,729	1,155,607

Deferred tax liabilities amounted to Euro 1,116 million (Euro 1,156 million being the 2022 restated figure) and consisted mainly of deferred taxes recognised as a result of the Purchase Price Allocations, specifically of Nets and SIA completed in previous years.
Specifically:

- tax recognised in Equity mainly arising from deferred tax relative to the Fair Value measurement of the Visa 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 business combinations carried out by the Group.

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

	June 30, 2023	Dec. 31, 2022
A. Assets held for sale		
A.1 Financial assets	552	621
A.2 Tangible assets	816	681
A.3 Intangible assets	20	269
A.4 Other assets	989	900
Total (A)	2.378	2.471
B. Liabilities associated with assets held for sale		
B.1 Financial liabilities	223	259
B.2 Other liabilities	503	462
Total (B)	726	721

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

12. Other assets

	June 30, 2023	Dec. 31, 2022
Tax receivables	65,574	71,251
Other assets for commissions to be collected	701,210	750,542
Deferred costs	259,197	199,559
Inventory	50,696	53,699
Unsettled transactions	562,724	617,255
Other receivables	33,585	32,176
Total	1,672,987	1,724,483

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

The item "Other assets for commissions to be collected" refers to receivables net of the relevant risk provisions.
The inventory mainly refers to ATMs, POSs and spare parts net of the relevant depreciation.
The "Deferred costs" item includes deferred expenses relating to costs to fulfil contracts with customers and similar items for Euro 110 million and deferred expenses for costs paid but not yet accrued equal to Euro 148 million.
The item "Unsettled transactions" refers to transaction associated with different processing stages of the settlement of transactions generally completed in the first days of the following month.

LIABILITIES

13. Financial liabilities measured at amortised cost

13.1 FINANCIAL LIABILITIES DUE TO BANKS (BREAKDOWN BY PRODUCT)

	June 30, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	3,329,086	-	3,329,086	-	3,230,728	-	3,230,728	-
2. Other liabilities	189,747	-	189,747	-	263,080	-	263,080	-
3. Lease liabilities	250	-	250	-	2,155	-	2,155	-
Total	3,519,083	-	3,519,083	-	3,495,963	-	3,495,963	-

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

- the IPO Term line for Euro 998 million. The carrying amount as at the reporting date included direct residual transactions costs, not yet amortised, for Euro 6.5 million;
- the Term Loan for Euro 364 million. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 2 million.
- the BBPM Credit Line for Euro 199 million. The carrying amount as at the reporting date included direct residual transaction costs, not yet amortised, of Euro 1 million;
- the 2022 Term Loan for Euro 895 million. The carrying amount as at the reporting date included direct residual transaction costs of Euro 4.9 million, not yet amortised. The last drawdown of Euro 150 million was made during the first half of 2023 (Euro 149 million net of the related direct transaction costs).
- the BPER loan agreement amounting to Euro 50 million;
- the payable to Alpha Bank in the amount of Euro 116 million for the deferred payment of the purchase of Nexi Payments Greece.

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

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

The item total includes Euro 2,720 million in bank financing included in the Net Financial Position discussed in the Management Report.

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

	June 30, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Financing	139,690	-	139,690	-	223,054	-	223,054	-
2. Other liabilities	1,507,066	-	1,507,066	-	1,759,780	-	1,759,780	-
3. Lease liabilities	198,953	-	198,953	-	159,030	-	159,030	-
Total	1,845,709	-	1,845,709	-	2,141,864	-	2,141,864	-

The item "Financing" mainly refers for Euro 73.2 million to payables to the factoring company for advances on ordinary credit cards sold with recourse. The item also includes payables to merchants related to the Buy now pay later product (which are included for the purpose of calculating the effects of working capital) in the amount of Euro 38 million (net of the associated escrow accounts) (Euro 24 million as at December 2022).

The item "Other liabilities" mainly includes settlement payables of the acquiring business arising from the activities of the foreign operating companies, as well as balances related to prepaid cards.
The item "Lease liabilities" of Euro 199 million includes the liability deriving from the application of IFRS 16 to operating leases, equal to the current value of the payment flows envisaged by current contracts and is entirely included in the Net Financial Position.

13.3 SECURITIES ISSUED: BREAKDOWN BY PRODUCT

	June 30, 2023				Dec. 31, 2022			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Fixed rate securities	4,028,276	-	3,600,598	-	4,011,514	-	3,535,460	-
2. Floating rate securities	-	-	-	-	-	-	-	-
Total	4,028,276	-	3,600,598	-	4,011,514	-	3,535,460	-

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

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

- the 2026 Bonds in the amount of Euro 922 million, including direct transaction costs not yet amortised in the amount of Euro 6 million;
- the 2029 Bonds in the amount of Euro 1,045 million, including direct transaction costs not yet amortised in the amount of Euro 9 million;
- the 2027 Convertible Loan, in the amount of Euro 466 million, including direct transaction costs not yet amortised in the amount of Euro 4 million attributed to the "Payable" component;
- the 2028 Convertible Loan, in the amount of Euro 899 million, including direct transaction costs not yet amortised in the amount of Euro 8 million attributed to the "Payable" component;
- the 2024 Bond Loan in the amount of Euro 476 million, including direct transaction costs not yet amortised in the amount of Euro 1.5 million;
- the Nassa Topco Bond Loan, in the amount of Euro 219 million.

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

14. Financial liabilities at Fair Value through profit or loss

14.1 FINANCIAL LIABILITIES AT FVTPL: BREAKDOWN

	June 30, 2023				Dec. 31, 2022 Restated			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial liabilities measured at Fair Value	1,006	-	1,006	-	1,133	-	1,133	-
Other financial liabilities mandatorily measured at Fair Value	264,449	-	264,449	-	245,752	-	245,752	-
Total	265,455	-	265,455	-	246,885	-	246,885	-

The item "Financial liabilities measured at Fair Value" refers to the liability linked to Visa shares as described in more detail in section 4.2.
The item "Other financial liabilities mandatorily measured at Fair Value" refers to the contingent considerations provided for by contracts with reference to the business combination transactions.
The item also includes the Fair Value of the call option granted to Alpha Bank in connection with the purchase of an additional 39% of Nexi Payments Greece.
This item is included in the Net Financial Position in the amount of Euro 262 million discussed in the Management Report.

15. Other liabilities

	June 30, 2023	Dec. 31, 2022
Tax liabilities and social security debts	34,638	51,325
Payables due to employees	142,499	180,063
Other liabilities for fees and commissions	702,497	731,248
Unsettled transactions	692,273	912,364
Deferred loyalty fees and other revenues	83,001	76,013
Other debts	4,368	911
Total	1,659,277	1,951,924

Accounts relative to e-money settlements are excluded from the calculation of the working capital, and are presented, instead, under "Unsettled transactions", above. It should be noted that the items "Other assets" and "Other liabilities" were adjusted in order to exclude the effects of business combinations, for a total amount of 1 million.

The item "Other liabilities for fees and commissions" includes payables to suppliers and other counterparties for commercial services received.
The item "Deferred loyalty fees and other revenues" mainly includes liabilities associated with Loyalty programmes in place, worth Euro 39.7 million, aside from the liabilities deriving from customer contracts, worth Euro 43.1 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 "Unsettled transactions" refers to transaction associated with different processing stages of the settlement of transactions in the first days of the following month.

16. Defined benefit plans for personnel

	June 30, 2023	Dec. 31, 2022
Defined benefit plan	30,359	30,996
Contribution plan	-	-
Total	30,359	30,996

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

17. Provisions for Risks and Charges

17.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	June 30, 2023	Dec. 31, 2022 Restated
1. Internal pension funds	-	-
2. Other provisions for risks and charges	136,732	148,186
2.1 Legal and tax disputes	55,311	55,133
2.2 Employees expenses	2,445	1,801
2.3 Other provisions	78,976	91,253
Total	136,732	148,186

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

The item "Other provisions" of Euro 79 million (Euro 91 million as at 31 December 2022 restated) mainly refer to:

a. Provisions for contractual commitments made during the acquisition of the equity investment held in Bassilichi, for about Euro 6 million, in line with the previous year;

b. Provision to cover the cost of divesting the Bassilichi Group's non-core equity investments, amounting to Euro 1 million in line with the previous year;

c. Provisions for risks connected with transactions placed on hold and other disputes relating to routine operations, for approximately Euro 10 million, consistent with the previous year;

d. Provision for fraudulent transactions, mainly in issuing, of Euro 1 million in line with the previous year;

e. Provision to cover charge back and other risks related to the acquiring business of approximately Euro 23 million inclusive of Euro 6 million accounted for as a result of the Purchase Price Allocation of Nexi Payments Greece;

f. Provisions to cover risks recorded as an adjustment to the opening balances related to the merger with Nets and with SIA equal to Euro 31 million (Euro 34 million as at 31 December 2022), the reduction of which is related to uses for the period;

g. Provisions related to onerous contracts and contractual penalties amounting to Euro 7 million (Euro 13 million as at 31 December 2022), the reduction of which is related to uses for the period.

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

On 15 December 2022 a tax audit report was served to the Parent Company contesting its failure to apply withholding tax as withholding agent on dividends distributed in 2018 to the shareholder Mercury UK Ltd amounting to approximately Euro 126.2 million. Based on the opinion issued by its consultants appointed for the defence, without prejudice to the right of recourse, the Company believes that it can successfully litigate the reasons for the correctness of the company's actions and is still in the process of initiating formal discussions with the Revenue Agency to explain its reasoning.

On 25 May 2023 the three notices of assessment for IRES, IRAP and VAT related to the 2017 tax year were settled, the Revenue Agency having contested to the subsidiary Nexi Payments the tax relevance of a settlement agreement entered into by the merged company Bassilichi with a counterparty (and in relation to which the company had formalised a petition for assessment with settlement). The potential burden resulting from these notices was estimated at approximately Euro 15.2 million for taxes and Euro 7.3 million for penalties, plus interest. The total amount (taxes, penalties and interest) paid by the subsidiary to the Revenue Agency for the aforementioned settlement amounted to approximately Euro 1.7 million, which was accounted for in the 2023 income statement.
Lastly, note that a facilitated settlement is under way for an insignificant amount already set aside in the financial statements for VAT litigation related to the subsidiary Nexi Payments pending in Corte di Cassazione (after two levels of judgement, both favourable to the company), dating back to the years 2007, 2008, and 2011 of the merged SIA SpA.

The Group's operating companies are also involved in tax disputes totalling Euro 14 million, as well as other legal disputes totalling Euro 31 million, which the Group believes it can successfully litigate in the courts.

18. Shareholders' equity

	June 30, 2023	Dec. 31, 2022 Restated
Share capital	118,647	118,583
Treasury shares	(7,504)	(4,440)
Share premium	11,587,260	11,587,260
Reserves	644,374	484,491
Valuation reserves	(189,896)	(90,226)
Profit (Loss) for the period	32,463	138,995
Equity attributable to non-controlling interests (+/-)	20,226	22,423
Total Shareholders' Equity	12,205,570	12,257,087

The "Equity attributable to non-controlling interests" item of Euro 20.2 million- mainly refers to minority stakes in Nexi Payments SpA (Euro 13 million), Help Line SpA (Euro 1.6 million) and Nexi Payments Greece (Euro 5.2 million).
As at 30 June 2023 the share capital was comprised of no. 1,312,350,527 ordinary shares, all fully paid up.
The treasury shares in portfolio amounted to no. 796,950.

The item "Reserves" increased mainly due to the effects of share-based plans (approximately Euro 11 million) and the carry-forward of the profit from the previous period.

The change in the item "Valuation reserves" is mainly related to the Conversion Reserve, whose decrease was partially offset by the increase in the Valuation Reserve related to Visa shares in portfolio.

19. Income Statement

(Amounts in thousand Euro)

20. Fees for services rendered and commission income

	I Half 2023	I Half 2022
Issuing & Acquiring fees:	1,789,261	1,600,219
- fees and commissions from counterparties	*1,400,812*	*1,211,113*
- fees and commissions from cardholders	*388,449*	*389,106*
Revenues from services	988,186	849,760
Total	2,777,447	2,449,979

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.

21. Fees for services received and commission expense

	I Half 2023	I Half 2022
Bank charges:	(910,614)	(719,510)
- *fees due to correspondents*	*(742,789)*	*(532,526)*
- *fees due to banks*	*(167,825)*	*(186,984)*
Other fees	(199,389)	(212,046)
Total	(1,110,002)	(931,556)

This item mainly comprises:

- the item "Fees due to correspondents", mostly consisting of interchange fees and other charges debited by the schemes;

- the item "Fees due to banks", mainly consisting of fees paid to partner banks and commissions retroceded within the framework of the master and distribution agreements in place with regard to acquiring books acquired in recent years.

22. Interest and similar income

	I Half 2023	I Half 2022
Interest income related to Financial assets measured at amortised cost:	34,178	12,201
Interest income related to Financial assets measured at FVTPL:	-	299
Interest income related to Other assets	2,179	4
Other financial income	18,832	13,624
Total	55,188	26,128

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

23. Interest and similar expense

	I Half 2023	I Half 2022
Interest expenses related to Financial liabilities measured at amortised cost:	(143,778)	(101,018)
- *lease contracts*	*(4,505)*	*(4,636)*
- *due to banks and customers*	*(95,570)*	*(48,766)*
- *securities issued*	*(43,703)*	*(47,616)*
Interest expenses related to Financial liabilities at Fair Value through profit or loss:	(11,891)	-
Differentials related to Hedging derivatives	(2,082)	-
Interest expenses related to Other liabilities/provisions	-	(4,750)
Other financial charges	(14,201)	-
Total	(171,952)	(105,768)

Interest expense mainly refers to:

- recourse credit facilities attached to the factoring agreement entered in 2018 by Nexi Payments SpA, included in the item "Financial liabilities measured at amortised cost";

- securities issued as described in the Directors' Report and Section 36;

- outstanding financing as described in the Directors' Report and section 14.1.

24. Gains/Losses on hedging activities/financial assets and liabilities measured at Fair Value with impact on profit or loss/reversal of assets and liabilities at amortised cost

	I Half 2023	I Half 2022
Net result of financial assets measured at FVTPL	-	-
Net result of financial liabilities measured at FVTPL	1,790	810
Net hedging income	244	-
Net result on derecognition of asset and liabilites at Amortised cost	-	-
Total	2,034	810

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

25. Dividends and profit (loss) from investments and sale of assets at Fair Value through other comprehensive income

	I Half 2023	I Half 2022
Dividends	292	235
Profit/(loss) from disposal of financial assets at FVTOCI	(35,980)	(4,555)
Net income	(35,687)	(4,320)

The item's balance mainly refers to, under the scope of the factoring contract, expense due to transfer without recourse by Nexi Payments SpA of a significant portion of the loans portfolio attached to credit cards issued. It also includes dividends distributed by the Group's investee companies, other than subsidiaries and associates, which are classified as "Financial assets at Fair Value through OCI". The increase is related to the rise in market rates.

26. Administrative Expenses

26.1 STAFF-RELATED COST: BREAKDOWN

	I Half 2023	I Half 2022
1) Employees		
a) wages and salaries	(289,491)	(285,208)
b) social security charges and similar cost	(67,638)	(64,981)
c) post-employment benefits	(16,330)	(19,182)
- defined contribution plans	*(6,023)*	*(7,477)*
- defined benefit plans	*(10,308)*	*(11,706)*
d) costs of share-based payment plans	(10,905)	(21,100)
e) other employee benefits	(16,664)	(13,679)
2) Other personnel	(14,086)	(15,152)
Total	(415,114)	(419,302)

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 section 36.
Furthermore, capitalised personnel costs amounted to Euro 51.3 million.

26.2 OTHER ADMINISTRATIVE COSTS: BREAKDOWN

	I Half 2023	I Half 2022
1. Third-party services	(153,407)	(149,946)
2. Lease and building management fees	(8,649)	(10,025)
3. Insurance	(5,576)	(3,207)
4. Rentals	(2,720)	(16,900)
5. Maintenance	(80,630)	(59,399)
6. Shipping costs	(10,957)	(16,391)
7. Telephone and telegraph	(17,854)	(15,986)
8. Cards and accessories	(7,863)	(3,572)
9. Printed matter and stationery	(2,049)	(3,114)
10. Other taxes	(14,335)	(6,238)
11. Legal, notary and consultancy services	(83,728)	(92,528)
12. Agents' commissions and expense reimbursement	(73)	(74)
13. Advertising	(4,292)	(5,669)
14. Promotional materials and competition prizes	(19,425)	(15,824)
15. Other commercial costs	(5,171)	(2,955)
16. Other general expenses	(111,202)	(106,605)
Total	(527,932)	(508,432)

27. Other operating income, net

	I Half 2023	I Half 2022
Other operating income	6,959	6,721
Other operating expenses	(3,874)	(9,394)
Total	3,086	(2,673)

28. Net value adjustments on assets measured at amortised cost

	Impairment losses		Reversals of Impairment losses		I Half 2023	I Half 2022
	Stages 1& 2	Stage 3	Stages 1& 2	Stage 3	Total	Total
A. Loans and receivables with banks	-	-	1,200	-	1,200	-
B. Loans and receivables with customers	(1,523)	(1,148)	-	68	(2,603)	(10,976)
Total	(1,523)	(1,148)	1,200	68	(1,403)	(10,976)

The item refers to the net value adjustments applied to receivables due from customers mainly connected with direct issuing and acquiring operations carried out by the Group’s operating companies.

29. Net Accruals to Provisions for Risks and Charges

	I Half 2023	I Half 2022
Provisions for risks and charges	(1,046)	(753)
Releases	167	15,034
Total	(879)	14,281

The item reflects changes to the provision for risks and charges

30. Impairment losses and reversals of impairment losses on tangible and intangible assets

	I Half 2023	I Half 2022
Depreciation and net impairment loss on tangible assets	(86,900)	(78,276)
Amortisation and net impairment loss on intangible assets	(351,607)	(271,060)
Total	(438,507)	(349,336)

31. Profit (loss) from equity investments and disposals of investments

	I Half 2023	I Half 2022
Profit		
Profits on equity investments	595	4,134
Profits on sale of investments	16	3
Loss		
Loss on equity investments	-	-
Loss on sale of investments	(17)	(136)
Net Result	595	4,001

32. Income tax for the period on current operations

	I Half 2023	I Half 2022
Current taxes	(154,371)	(89,785)
Changes in current taxes in previous years	114	-
Change in deferred tax assets	23,198	(9,131)
Change in deferred tax liabilities	27,517	22,291
Total	(103,542)	(76,625)

Income taxes amounted to Euro 104 million, compared to Euro 77 million in the previous period.

33. Profit/loss for the period attributable to minority interests

These are minorities mainly referring to Nexi Payments SpA for Euro 1 million, Nexi Payments Greece negative for Euro 0.4 million and Help Line SpA for Euro 0.2 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 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, which could also affect Nexi's creditworthiness and consequently the cost of raising financial resources on the capital market.

The European Central Bank, which expects inflation to remain high for an extended period of time, began significantly raising interest rates starting last year. At its last meeting in June 2023, the Governing Council decided to raise the ECB's three key interest rates by 25 basis points, i.e. the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility, which were respectively raised to 4.00%, 4.25% and 3.50%. In total, the increase in rates in H1 2023 amounted to 150 basis points.
Future ECB decisions will ensure that key interest rates are set at levels that are sufficiently restrictive in order to achieve a prompt return of inflation to the 2% target over the medium term and kept at those levels as long as necessary, following a data-driven approach to determine the appropriate level and duration of the tightening.

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 30 June 2023 approximately 24% of the Nexi Group's medium- to long-term Financial Liabilities expressed at nominal values net of the effect of rate risk hedging transactions were exposed to sources of funding at a variable interest rate, and specifically to the Euribor index. Nexi periodically monitors the forward curves of the variable rates of reference, paying particular attention to trends relating to the 1/3/6-month Euribor rate, which the Group is primarily exposed to. Also in light of this monitoring – taking into consideration the maturity of the related debts – in the second half of 2022 the Nexi Group decided to execute certain interest rate risk hedging transactions, qualifying as hedge accounting (so-called cash flow hedges) and realised through interest rate swaps.

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

In light of the foregoing, it cannot be excluded that there may be an increase in the financial charges, with consequent significant impacts on the Nexi Group's results and prospects. Moreover, with specific reference to the Group's funding liquidity risk, while no critical elements were identified as of the date of these Notes to the Financial Statements, considering the current maturity of the existing financial debt, it cannot be excluded that in the future the level of this risk may increase, even significantly, to the point of generating significant impacts on the results and prospects of the Nexi Group itself. The Group has set up procedures aimed at identifying, monitoring and managing liquidity and interest rate risks, which among others 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.

Operational risk

Operational risks relate to the performance of business processes in an inefficient and/or ineffective manner, including ICT, security, legal and contractual risks, which could adversely affect the Company's operations and/or performance.

The reliability, operational performance, integrity and continuity of the ICT infrastructure of the Nexi Group and the technological networks are crucial to the Group's business, prospects and reputation. Particularly important in the context of the ICT infrastructure in question are the merchant acquiring and card issuing platforms. The availability of such platforms and other systems and products may be compromised by damage or malfunctions to the Group's or its third-party service providers' ICT systems. Malfunctions can be caused by migrations to new technological or application environments, in the case of significant changes in the production environment, or by human error, insufficient and incomplete testing, cyber-attacks, unavailability of infrastructure services (e.g. electrical or network connectivity) or natural phenomena (e.g. floods, fires or earthquakes).
In line with the high degree of technological innovation of the services supplied by the Group and given the sensitive nature of operations involving the management of payment data, specific policies and methods have been set in place to identify and manage IT risk (including cybersecurity risk) and specific organisational measures have been implemented under the scope of the Information Security Management System for line controls and risk management control.

Other significant risks worthy of consideration are that the Group may incur liability and, therefore, may suffer damages, including to its reputation, in connection with fraudulent digital payment transactions, fraudulent loans made by merchants or other parties or fraudulent sales of goods or services, including fraudulent sales made by Group merchants.

Examples of fraud may include the intentional use of stolen or counterfeit debit or credit cards, of payment card numbers or other credentials to book sales or false transactions by merchants or other parties, the sale of counterfeit goods, the intentional failure to deliver goods or services sold under the scope of a transaction that is otherwise valid. Failure to identify thefts and the failure to effectively manage fraud risk and prevention may increase the Group's charge-back liability or cause the Group to incur other liability, including fines and sanctions.

The Group has sophisticated systems in place for transaction control and detection and suitable organisational measures to prevent fraud and control risk management.

For operational risks, the risk management objective is mitigation of the impact and/or probability from a cost/benefit perspective, in line with the defined risk appetite. Nexi has adopted policies, processes and instruments to identify, manage and monitor these risks, in line with the national and international regulatory provisions and requirements and best practices in the sector.

Impacts of the Russia/Ukraine conflict on operational risk

The economic and political tensions generated by the conflict between Russia and Ukraine undoubtedly pose threats to the operational continuity of many companies. As per its business continuity procedures, Nexi Group organised a special Group Crisis Management Team in the earliest days to closely monitor the evolution of the crisis and to implement the necessary actions to protect the customers and the business. In fact, the areas under monitoring are people, business continuity, cyber risk, business impact and regulatory compliance.
As far as the Nexi Group is concerned, there were no significant operational or economic impacts. In fact, the company has no production or personnel in Russia, Belarus or Ukraine, and has no direct business relations with companies based in those countries. There are also no reported impacts of any sanctions on the company's business.

With regard to cyber risk, no suspicious activities or cyber threats were identified at a group level. However, a dedicated task force was set up at a group level in order to:

- monitor unusual events in all companies;
- define preventive measures to be implemented (e.g. offline backup of critical systems, mapping of network connections to warring countries, preparation of filters based on geographical locations, etc.);
- coordinate with intelligence providers, both national and European.

Nexi also has Disaster Recovery and Business Continuity plans and procedures for critical services to be triggered in the event of a crisis.
Finally, with regard to the risk of fraud, there has been no change in the level of fraud in the recent period due to the Russia/Ukraine conflict.

Credit risk

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

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

Credit risk mitigation and monitoring

The Group is committed to assessing and implementing all mitigation measures deemed necessary and/or most effective depending on the specific circumstances, based on risk-return analyses.
The main mitigation measures that the Group can adopt include the following:

- request for bank, insurance or cash collateral guarantees from the customer;
- inclusion of contractual provisions requiring bank or insurance guarantees if the customer exceeds certain risk thresholds.

Moreover, with specific reference to acquiring, we note the following:

- use of net settlement to credit the merchant with the amounts due, net of commissions, chargebacks, any refunds;
- deferral of payments due, depending on business model and characteristics of the merchants.

In selected cases, following a risk-based analysis, the Group may also decide to reduce or terminate the relationship with the customer.

Within each Legal Entity, the first-level functions are responsible for the continuous monitoring of credit risk, initiating the appropriate mitigation and/or escalation measures in the event of signs of anomalies. Moreover, the second-level Risk Management functions contribute to the definition of credit risk governance policies, ensure proper monitoring of risk performance and provide adequate information to the Corporate Bodies on the outcome of the activities carried out.
The Nexi Group works very hard to estimate the current and future risk levels in the most vulnerable economic sectors, intensifying the monitoring of exposures.

At the date of these Notes to the Financial Statements, while faced with situations that are still potentially critical stemming from the Russian-Ukrainian conflict and the recent macroeconomic turbulence, timely risk management, monitoring and applicable mitigation actions are effective tools in maintaining a low risk profile.

More specifically, with regard to the first half of 2023 note that:

- The trend of charge-backs was stable compared to H1 2022.
- The value of outstanding amounts from merchants, gross of recoveries, was stable compared to the same period of 2022. Therefore, no relevant risks are foreseen in the short term.

- Insolvencies in the Buy now pay later business are decreasing compared to the same period of 2022.

Market risk (price and exchange rate risk)

The Nexi Group is exposed to the risk of unfavourable movements in the price of shares in its portfolio, especially the Visa Inc. Class A and C shares, as well as negative effects on the value of said shares due to movements in the EUR/USD exchange rate. The Class C shares (convertible into Visa ordinary Class A shares at a conversion factor that varies based on the costs deriving from potential liabilities of the former Visa Europe, acquired by Visa Inc.), are also illiquid financial instruments and, as such, are characterised by possible obstacles (in law or de facto) or restrictions on divestment within a reasonable time and at fair market conditions.

As at the reference date of these Notes, based on the measurement at Fair Value of the stock in the current context of the reference markets, it was deemed unnecessary to hedge the market risk described above via financial instruments.
For the moment it appears that market risks have not been significantly impacted by the Russia/Ukraine conflict.
The Italian Group companies are also marginally exposed to the exchange rate risk, to the extent that the payments and collections, respectively for transactions to be paid or collected in relation to the Mastercard and Visa schemes, are mainly denominated in euros.

However, note that some of the Group's foreign companies operate mainly in Northern and Central Europe, and consequently the Group is exposed to exchange rate risk arising from its operations in DKK (Danish krone), NOK (Norwegian krone), SEK (Swedish krona) and PLN (Polish zloty), 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.

Climate risk

In accordance with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and the European Commission's Non-Binding Guidelines on Climate Information Reporting, the Nexi Group conducted an analysis to identify and assess the risks and opportunities related to climate change in Nexi, although no risk area related to environmental aspects was identified.
Climate-related risks are integrated into the company-wide risk management process and evaluated regularly through analyses covering multiple time horizons, short, medium and long term. The identified risks did not exceed the materiality threshold that would have determined their inclusion in ERM assessments. However, climate change risks are important to the Group given the potentially high strategic and reputational impacts such risks could have on the company and the speed with which such changes could occur.

35. Related Parties

The purpose of IAS 24 (Related party disclosure) is to make sure that the financial statements of an entity contain the additional information necessary to highlight the possibility that the equity-financial position and economic results may have been altered by the existence of related parties and transactions and balances applicable with said parties.

In accordance with these indications, applied to the organisational and governance structure of the Nexi Group, the following are considered as related parties:

a) parties that directly or indirectly, de jure or de facto, including through subsidiaries, trusts or intermediaries, exercise significant influence over Nexi; note that these parties include Bain Capital Investors LP, Advent International Corporation, Hellman & Friedman LLC, Cassa Depositi e Prestiti and its direct parent company represented by the MEF (Italian Ministry of Finance);

b) the subsidiaries or entities under the joint control of the entities listed at the point above;

c) the subsidiaries, associates or entities under the joint control of Nexi SpA;

d) key management personnel of the Nexi Group and its direct Parent Company and its subsidiaries, entities under its joint control or subject to its significant influence;

e) close family members of the natural persons included under letters a) and d) above;

f) the complementary pension fund established in the favour of employees of Nexi SpA or its related entities.

35.1 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 Euro)

	Directors	Board of Statutory Auditors	Executives holding strategic responsibility
Corporate bodies remunerations	755	217	-
Short-term benefits	-	-	1,706
Benefits subsequent to the termination of employment	-	-	266
Other long-term benefits	-	-	-
Indemnities for termination of employment	-	-	-
Total	755	217	1,973

35.2 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 Euro)

	Controlling company	Other related parties	Directors, Executives and other Supervisory Bodies
Financial asset measured at amortised cost		12,129	
Financial asset at Fair Value		23,020	
Tangible assets		-	
Intangible assets		517	
Other assets		70,218	
Financial liabilities measured at amortised cost		180,669	
Other liabilities		14,434	
Fees for services rendered and commission income		76,347	
Fees for services received and commission expense		2,599	
Interest and similar expense		354	
Other administrative expenses		13,748	
Other operating income/expenses			1

Credit and debit balances with related parties as of June 30, 2023 were not material with respect to the size of the Group's balance sheet. Likewise, the impact of income and expenses with related parties on the consolidated operating result was not material, nor was the impact of these transactions on the Group's cash flows.

The main contracts, all of which falling within ordinary operations, mainly refer to financing received from and services provided by related parties (especially consulting services, software development and card production) and services provided related to the ordinary business carried out by the group to customers falling within the definition of related parties, regulated by conditions in line with market conditions and in any case based on assessments of mutual economic convenience.

36. Share-based payments

36.1 STOCK GRANT

Mercury UK HoldCo Ltd ("Mercury UK") in 2019 adopted two incentive plans (the "Plans"), based on the shares of Nexi SpA ("Nexi"), which ended in 2021.

In addition, during 2020, 2021 and 2023, Mercury UK together with other financial sponsors of Nexi adopted some new incentive plans based on the shares of Nexi SpA ("Nexi") and with a vesting period until April 16, 2022, December 31, 2022 and July 1, 2024. These plans are reserved for selected employees (the "Beneficiaries") of Group companies. These plans provide for Additional Shares assignable to employees depending on the market price of Nexi shares.

On the basis of the provisions of IFRS 2, although not having made any commitments to Beneficiaries, as the Nexi Group is the entity that receives the services (the "receiving entity"), it must book, in its consolidated financial statements, the Plans in question on the basis of the accounting rules envisaged for the "plans settled with equity instruments".
More specifically, IFRS 2 establishes that, in the plans settled with equity instruments with employees, the entity must:

- measure the cost for the services it has received on the basis of the Fair Value of the representative instruments as at the assignment date;

- book the Fair Value of the services received, throughout the accrual period, making a counter-entry as an increase in Equity on the basis of the best estimate available of the number of equity instruments expected to accrue;

- review this estimate, if the subsequent information indicates that the number of equity instruments to be accrued differs from previous estimates.

For 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.

Below are the changes in the rights (conventionally measured in terms of the number of based shares) relating to the aforementioned plans:

Description	Number of Based shares
Outstanding rights to receive shares at the grant date	10,603,896
Rights assigned definitively in accordance with the Plans	(9,195,680)
Rights forfeited from the Plans	(161,833)
Otustanding rights at June 30, 2023	1,246,383

Based on the above, the overall cost of the Plans for H1 2023 is Euro 3 million.

36.2 LONG TERM INCENTIVES

In 2019 a medium- to long-term incentive plan (hereinafter the First LTI Plan) was approved, implementing the remuneration policy adopted by the Company. The Plan was structured into three cycles, each with a three-year duration (2019-2021/2020-2022/2021-2023) and envisaged the assignment of rights to receive ordinary shares in the Company once a year. These shares are not subject to any restrictions to voting rights or dividend distribution.
In 2022 the Shareholders' Meeting of Nexi Spa approved a Second Long-Term Incentive Plan (hereinafter referred to as the Second LTI Plan). In keeping with the First LTI Plan, this second plan envisages the free assignment of a number of incentives to selected employees over a medium-long-term time horizon, divided into three three-year cycles (2022-2024, 2023-2025 and 2024-2026).
These plans, according to the provision of IFRS 2 described above with reference to the Stock Plan, must be accounted for as a transaction with employees to be settled with equity instruments of the entity.
As of the date of these financial statements, all three cycles of the First LTI Plan have been assigned (for the first cycle 2019-2021 vested shares have already been granted, for the remaining two cycles the vesting period expires on December 31, 2022 and December 31, 2023, respectively), as has the first cycle of the Second Plan for which the vesting period expires on December 31, 2024.
More specifically, the process of assigning the rights to receive shares was carried out as follows:

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

- Third tranche (First Plan): for most of the employees, in July 2021, and for new hires, in October 2021. With regard to this tranche, there was also the allocation in January 2022 to former SIA employees.
- First tranche (Second Plan): for most of the employees, in July 2022, and for new hires, in October 2022.

These dates are the grant dates for the purpose of IFRS 2.

The rights to be assigned in the context of the LTI plan are divided up into:

- Performance Share Rights, i.e. the rights to receive ordinary shares in the Company, which accrue (and the same applies to the attribution of the related shares to the employee) only upon achieving predetermined business performance objectives, referring to a specific period of time;
- Restricted Share Rights, i.e. the rights to receive ordinary shares in the Company, which accrue (and the same applies to the attribution of the related shares to the employee) regardless of whether or not the predetermined business performance objectives are achieved. These rights will accrue after the vesting period, subject to the beneficiary remaining in the Company.

A condition for the accrual of the rights and, therefore, the attribution of the shares for both the types described above is that the employee remains in service until the delivery date of the share attribution letter.

More specifically, with reference to Performance Share Rights:

- accrual is first and foremost subject to achieving - at the end of the vesting period of each Cycle - at least 80% of the Operating Cash Flow Target (the "Entry Gate");
- once the Entry Gate is satisfied, accrual of Performance Shares Rights is also subject to achieving specific objectives at the end of the related vesting period, comprising two components:
- a market-based component, linked to the achievement of objectives related to the performance of the market price of Nexi shares with respect to a benchmark, during the measurement period (weighing for 50%). The benchmark is determined as the mathematical average of three market indicators identified in the Plan regulation;
- a non-market-based component, linked to the achievement of the Company's performance objectives in terms of Operating Cash Flow (weighing for 50%).

Changes in the number of rights assigned for the three cycles are reported below:

Description	No. of Performance Share Rights	No. of Restricted Share Rights	Total
Outstanding rights to receive shares at the grant date	3,852,943	2,172,528	6,025,471
Right assigned definitively in accordance with the Plans	(1,631,621)	(719,355)	(2,350,976)
Rights forfeited from the Plans	(218,780)	(177,950)	(396,730)
Outstanding rights at June 30, 2023	2,002,542	1,275,223	3,277,765

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 (υ) 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 of the First LTI Plan and 42% and 37% for the first tranche of the Second LTI Plan (reasonable estimates based on historical volatility as at the measurement date).

At the grant date the simulation delivered a unit value of Euro 11.9, Euro 11.6 for the first tranche, around Euro 25.87 and Euro 25.71 for the second tranche and Euro 20.17, Euro 17.63 and Euro 10.81 for the third tranche (respectively, with reference to the shares issued in July and September 2021 and January 2022) of the First LTI Plan and Euro 7.41 and Euro 9.57 for the first tranches of the Second LTI Plan (respectively, with reference to the rights granted in July and October 2022).

As for the likelihood of beneficiaries leaving, the annual exit probability was assumed to be zero. In accordance with IFRS 2, the non-market-based component is a condition that rather than be measured at the time of assignment is to be updated periodically at each reporting date, so as to take into account the expectations in relation to the number of rights that may accrue. For these components the unit Fair Value is Euro 9.57 and Euro 9.36 for the first tranche, Euro 15.59 and Euro 17.12 for the second and Euro 18.22 and Euro 17.03 for the third tranche (respectively, with reference to the shares issued in July and September) of the First LTI Plan and Euro 7.842 and Euro 8.514 (respectively, with reference to the rights assigned in July and October 2022).

The overall cost of the plan for H1 2023 was about Euro 8 million.

37. Business Combination Operations

37.1 Transactions carried out during the period

Below are the transactions carried out during the period that, falling within the definition of business combinations, have been accounted for in accordance with the provisions of IFRS 3: Business Combinations. Specifically, the latter defines a business combination as "a transaction or other event in which an acquirer obtains control of one or more businesses" and states that any assets acquired (including any intangible assets not featured in the acquiree's statements at the date of acquisition) and any liabilities assumed or contingent are subject to Fair Value consolidation as at the acquisition date, also calculating the value of the minority interests of the entity acquired, and that the same applies for measurement at goodwill of the difference between the Fair Value of the net assets acquired and the considerations transferred during the transaction.

Acquisition of Merchant Acquiring Activities from Intesa Sanpaolo - Croatia

The acquisition of Intesa Sanpaolo's merchant acquiring business in Croatia was completed on 28 February 2023.
The transaction was carried out through the acquisition by Nexi Croatia d.o.o. (a company incorporated under Croatian law belonging to the Nexi Group and controlled by Concardis Holding GmbH) of the merchant acquiring business unit of PBZ Card d.o.o. ("PBZ Card"), a company incorporated under Croatian law indirectly controlled by Intesa Sanpaolo S.p.A. ("ISP") through Privredna banka Zagreb d.d. ("PBZ Bank").
The agreement also provides for a long-term business partnership between Nets CEE, PBZ Card and PBZ Bank in the marketing and distribution of Nexi products in the Croatian market. The transaction is substantially in line with the broader multi-year industrial partnership between the Nexi Group and the ISP Group in the Italian merchant acquiring business, launched with the acquisition of the merchant acquiring business unit owned by ISP, completed on 30 June 2020.
The Purchase Price Allocation process, as also permitted by the international accounting standard IFRS 3, will be completed within 12 months from the date of closing. In this regard, note that the Purchase Price Allocation process was provisionally carried out as at 30 June 2023 and will be concluded with the closing of the consolidated financial statement as at 31 December 2023.
Specifically, the price allocation process mainly concerned the valuation of customer contracts, the Fair Value of which was determined using the Multi-Period Excess Earnings method (MPEEM), which calculates the value of customer relationships based on the present value at the acquisition date of the extra-earnings over the remaining life of the customer relationships. The extra-income from customer relationships is derived from total income minus income from other assets (so-called contributory assets). Furthermore, the provisional Fair Value of the earn-out envisaged in the agreement with ISP was calculated, estimated at Euro 19.4 million and included in the overall transaction price.
Following an accounting for the effects of the provisional Purchase Price Allocation, the goodwill arising from said business combination totals about Euro 122 million broken down as follows:

(Amounts in thousand Euro)

	Carrying amount	Adjustments	Provisional Fair Value
Cash consideration paid	196,840	-	196,840
Contingent consideration/deferred price	2,154	19,397	21,551
Minority interests	-	-	-
Cash and cash equivalents	42,250	-	42,250
Intangible assets	1,691	54,121	55,813
Other assets	100,759	-	100,759
Other liabilities	(102,450)	-	(102,450)
Net assets	42,250	54,121	96,372
Goodwill	156,744	(34,725)	122,019
Cash consideration	198,994	19,397	218,391
Cash acquired	42,250	-	42,250
Net cash consideration	156,744	19,397	176,141

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

Acquisition of the company Split Tech-Solutions GmbH

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

The Purchase Price Allocation was provisionally determined on 30 June, which led to the revaluation of the IT platforms owned by the company.

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

(Amounts in thousand Euro)

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

37.2 Retrospective adjustments

Purchase Price Allocation Nexi Payments Greece

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

This process requires the acquirer to allocate the cost of the combination to the identifiable assets acquired, including any intangible assets not recognised in the financial statements of the acquiree, to the liabilities assumed measured at their Fair Values at the acquisition date, and to recognise the value of non-controlling interests in the acquired entity. The Fair Values of the above intangible assets were determined, with the support of an independent expert, using income methods (income approach). Specifically:
the price allocation process concerned the valuation of contracts with customers, whose Fair Value was determined using the MPEEM method (Multi-Period Excess Earnings), the valuation of the provision for risks and charges related to the so-called chargebacks, estimated based on the methodology adopted by the group for this type of risk, as well as the estimate of the Fair Value of the earn-outs envisaged in the contract.
The Purchase Price Allocation process led to the identification of the following adjustments shown in the table with respect to the carrying amounts of the assets and liabilities of the acquired company.
The residual goodwill from the business combination amounts to approximately Euro 153 million, broken down as follows:

(Amounts in thousand Euro)

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

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

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

Purchase Price Allocation Acquisition of Bper merchant acquiring and Numera Sistemi e Informatica S.p.A.

On 30 June 2023 the Purchase Price Allocation process relating to the 31 December 2022 acquisition of the two merchant acquiring business units of BPER Banca S.p.A. and Banco di Sardegna S.p.A. was provisionally completed. At the same time, Nexi Payments S.p.A. acquired 100% of Numera Sistemi e Informatica S.p.A., a company that manages POSs, held with a total shareholding by Banco di Sardegna S.p.A.

The price allocation process involved the provisional valuation of customer contracts included in the book acquiring, whose Fair Value was determined using the Multi-Period Excess Earnings (MPEEM) method. Furthermore, the provisional Fair Value of the earn-out envisaged in the agreement with BPER was calculated, estimated at Euro 8.6 million and included in the overall transaction price. The Purchase Price Allocation will be concluded by 31 December 2023.

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

(Amounts in thousand Euro)

	Carrying amount	Adjustments	Provisional Fair Value
Cash consideration paid	313,750	-	313,750
Contingent consideration/deferred price	-	8,624	8,624
Minority interests	(1,538)	267	(1,271)
Cash and cash equivalents	-	-	-
Financial assets	4,896	-	4,896
Tangible assets	5,072	-	5,072
Intangible assets	149	91,172	91,322
Tax assets	541	-	541
Other assets	5,449	-	5,449
Financial liabilities	(16)	-	(16)
Tax liabilities	-	(30,151)	(30,151)
Other liabilities	(3,902)	-	(3,902)
Net assets	12,188	61,022	73,210
Goodwill	300,024	(52,131)	247,893
Cash consideration	313,750	8,624	322,374
Cash acquired	-	-	-
Net cash consideration	313,750	8,624	322,374

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

37.3 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 Euro million)

	Income Statement I Half 2023	ISP Croatia	Exchange rate impact	Proforma I Half 2023
Operating revenues	1,559	5	13	1,577
Operating costs	(800)	(1)	(4)	(805)
EBITDA	759	4	9	772

37.4 Transactions after the reporting period

Nothing to report.

38. Group funding transactions

As noted in the Management Report, there were no new material funding transactions on the capital market in H1 2023. In fact, gross financial debt increased compared to 31 December 2022 mainly due to the last drawdown of the 2022 Term Loan, which took place on 1 February 2023 for Euro 150 million.
See the Management Report for the Group's Net Financial Position.

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 primarily include:

- financial maintenance covenant: at each "test date" (i.e. June 30 and December 31 of each year), respect for a financial leverage ratio at a consolidated level (essentially the "leverage ratio", the ratio of net debt and consolidated LTM – last twelve months – EBITDA), that will be tested with respect to the consolidated financial statements and consolidated half-yearly reports and must not exceed the specific periodic thresholds indicated in the contracts of the IPO Loan, the Term Loan, the BBPM Credit Line, the BPER Credit Line and the 2022 Term Loan;
- negative pledge: Nexi SpA must abstain from establishing or allowing for the maintenance (and must ensure that no other member of the Nexi Group establishes or maintains) liens or collateral against its assets, with the exception of certain expressly permitted guarantees and restrictions;
- prohibition against dispositive actions related to assets (sales, leases, transfers or other dispositive actions), except as expressly permitted under the relevant contracts.

Note that as at 30 June 2023 all the obligations envisaged in the loan agreements described above have been met.

39. Earnings per Share

The share capital of Nexi SpA is made up entirely of ordinary shares.
The indicator "Earnings per share" (or "EPS") is presented on both basic and diluted basis: the basic EPS is calculated by considering the ratio of profit theoretically attributable to shareholders to the weighted average of the shares issued, whilst the diluted EPS also takes into account the effects of any future issues.

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

BASIC EARNINGS PER SHARE

	I Half 2023	I Half 2022
Profit from continuing operations attributable to the company's ordinary shares	0.03	0.07
Income (Loss) after tax from discontinued operations	0.00	0.00
Total Basic earnings per share attributable to the company's ordinary shares	0.03	0.07

DILUTED EARNINGS PER SHARE

	I Half 2023	I Half 2022
Profit from continuing operations attributable to the company's ordinary shares	0.02	0.06
Income (Loss) after tax from discontinued operations	0.00	0.00
Total Diluted earnings per share attributable to the company's ordinary shares	0.02	0.06

PROFIT ATTRIBUTABLE TO ORDINARY SHARES

(Amounts in thousand Euro)

	I Half 2023	I Half 2022
Profit from continuing operations	33,332	86,211
Income (Loss) after tax from discontinued operations	-	4,224
Total net income	33,332	90,435

AVERAGE NUMBER OF ORDINARY DILUTED SHARES

(Amounts in thousand Euro)

	I Half 2023	I Half 2022
Average number of ordinary shares used to compute basic earnings per share	1,311,144	1,310,144
Deferred Shares (*)	70,807	69,818
Average number of ordinary and potential shares used to compute diluted earnings per share	1,381,951	1,379,962

(*) 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 on June 29, 2020 and February 17, 2021.

40. Segment Reporting

The segment disclosure has been prepared in compliance with the IFRS 8 international accounting standard.
As previously described in Section 9.3 "Intangible Assets: Impairment Testing", starting from the financial statements for the year ended 31 December 2022 new operating segments were identified that coincide with the Group's business units and with the CGUs used for the purpose of the Impairment Testing of intangible assets with indefinite lives.
Consistent with the Group's organisational structure as well as the related management reporting methods, the following Operating Sectors were thus identified:

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

- Issuing Solutions: through this business line, working with its partner banks the Group provides a broad spectrum of issuing services, i.e. relating to the procurement, issuing and management of payment cards;

- Digital Banking Solutions: through this business line, the Group provides ATM terminal management, clearing, digital corporate banking, as well as network services.

The geographical breakdown of revenues is also provided.

Paragraph 41.2 presents a reconciliation between the Income Statement with segment reporting and the Income Statement prepared for the Financial Statements.

EMARKET SDIR CERTIFIED

40.1 SEGMENT REPORTING: INCOME STATEMENT FOR THE PERIOD

(Amounts in million Euro)

	Merchant Solutions	Issuing Solutions	Digital Banking Solutions	Total segment
Operating revenues	870	515	174	1,559
Personnel expenses	(217)	(106)	(48)	(371)
Other administrative expenses	(234)	(134)	(66)	(433)
Adjustments and net operating provisions	3	1	1	5
Operating costs net of amortization	(448)	(239)	(113)	(800)
EBITDA	422	276	61	759
Amortization and depreciation				(439)
Operating margin				320
Interest and financial costs				(108)
Non-recurring items				(75)
Profit before taxes				137
Income taxes				(104)
Profit for the period				33
Profit for the period attributable to non-controlling interests				(1)
Profit attributable to the Group				32

The EBITDA presented above is the "normalised EBITDA" as described in the "Alternative Performance Indicators" section of the Management Report.
The breakdown of revenues by geographical area is as follows.

(Amounts in million Euro)

	Italy	Nordics & Baltics	DACH & Poland (*)	SE Europe & Other	Total
Merchant Solutions	435	202	184	48	870
Issuing Solutions	353	84	19	59	515
Digital Banking Solutions	133	2	3	36	174
Total Operating Revenues	921	288	206	144	1,559

(*) DACH includes Germany, Austria and Switzerland

40.2 SEGMENT REPORTING: RECONCILIATION OF SEGMENT REPORTING ON THE INCOME STATEMENT WITH INCOME STATEMENT FOR THE PERIOD

(Amounts in million Euro)

	Total segment reporting	Reconciliation	Financial statements
Operating revenues/Financial and operating income	1,559	(42)	1,517
Personnel expenses	(371)	(44)	(415)
Other administrative expenses	(433)	(95)	(528)
Adjustments and net operating provisions	5	(4)	1
Operating costs net of amortization	(800)	800	
EBITDA	759	(759)	
Amortization and depreciation	(439)	-	(439)
Operating margin	320	(320)	
Interest and financial costs	(108)	108	-
Non-recurring items	(75)	75	1
Profit before taxes	137	-	137
Income taxes	(104)	-	(104)
Profit for the period	33	-	33
Profit for the period attributable to non-controlling interests	(1)	-	(1)
Profit attributable to the Group	32	-	32

EMARKET SDIR CERTIFIED

41. Restatement of the 2022 financial statements

In 2023 the Purchase Price Allocation (PPA) for the business combination related to the acquisition of Nexi Payments Greece was completed and the provisional effects of the PPA connected to the BPER business combination were accounted for, a process that will be completed by the end of 2023. As required by IFRS 3, the Group recognised the adjustments to the provisional amounts shown above as if the accounting for the business combination had been completed at the acquisition date, and then adjusted the comparative information for the 2022 financial year.

The effects on the 2022 financial statements are shown below:

(Amounts in thousand Euro)

ASSETS	Dec. 31, 2022	PPA NPG	PPA Bper	Dec. 31, 2022 Restated
Cash and cash equivalents	448,778			448,778
Financial assets at Fair Value	146,904			146,904
Financial assets measured at amortised cost	4,358,386			4,358,386
a) loans and receivables with banks	1,875,404			1,875,404
b) loans and receivables with financial entities and customers	2,482,982			2,482,982
Hedging derivatives	870			870
Equity investments	41,820			41,820
Tangible assets	563,354			563,354
Intangible assets	17,977,577	33,216	39,042	18,049,835
of which: Goodwill	13,104,984	(13,216)	(52,131)	13,039,637
Tax assets	210,818			210,818
a) current	14,896			14,896
b) deferred	195,922			195,922
Non-current assets held for sale and discontinued operations	2,471			2,471
Other assets	1,724,483			1,724,483
Total assets	25,475,461	33,216	39,042	25,547,719

LIABILITIES	Dec. 31, 2022	PPA NPG	PPA Bper	Dec. 31, 2022 Restated
Financial liabilities measured at amortised cost	9,649,341	-		9,649,341
a) due to banks	3,495,963			3,495,963
b) due to financial entities and customers	2,141,864			2,141,864
c) securities issued	4,011,514			4,011,514
Financial liabilities at Fair Value through profit or loss	230,428	7,834	8,624	246,885
Hedging derivatives	256			256
Tax liabilities	1,232,172		30,151	1,262,323
a) current	106,715			106,715
b) deferred	1,125,457		30,151	1,155,608
Liabilities associated with non-current assets held for sale and discontinued operations	721			721
Other liabilities	1,951,924			1,951,924
Post-employment benefits	30,996			30,996
Provisions for risks and charges	141,886	6,300		148,186
Share capital	118,583			118,583
Treasury shares (-)	(4,440)			(4,440)
Share premium	11,587,260			11,587,260
Reserves	468,390	16,101		484,491
Valuation reserves	(90,226)			(90,226)
Profit (loss) for the year	140,023	(1,028)		138,995
Equity attributable to non-controlling interests (+/-)	18,147	4,009	267	22,423
Total liabilities and equity	25,475,461	33,216	39,042	25,547,719

3

CERTIFICATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS OF ITALIAN LEGISLATIVE DECREE 58/98

Certification of the Condensed consolidated interim financial statements pursuant to art. 154-bis, par. 5 of Legislative Decree 58/1998 and to art. 81-ter of Consob Regulation 11971/1999 and subsequent amendments and additions

1. The undersigned Paolo Bertoluzzo, as Chief Executive Officer, and Enrico Marchini, as Financial Reporting Manager of Nexi S.p.A. pursuant also to provisions under art. 154-bis, par. 3 and 4, of Legislative Decree no. 58 dated February 24th, 1998, hereby certify as to:

- the adequacy with respect to the nature of company and
- the effective application

of the administrative and accounting procedures adopted in the drafting of the condensed consolidated interim financial statements as at June 30th, 2023.

2. With reference to the latter, no significant issues were encountered.

3. We also certify that:

3.1 the condensed consolidated interim financial statements:

a) were drafted pursuant to the international accounting standards applicable within the European Union pursuant to the Regulation (EC) No. 1606/2002 of the European Council and of the Council dated July 19th, 2002, and more specifically pursuant IAS 34;

b) are true to accounting records and entries;

c) are suitable to providing a truthful and accurate representation of the assets and liabilities, financial position and profit or loss of both the issuer and the consolidated companies;

3.2 the interim management report features reliable analysis of the relevant and major events that occurred during the first half of the year and of their effects upon the condensed consolidated interim financial statements, as well as a review of the main risks and uncertainties impinging on the remaining half of the year. The interim management report also includes reliable analysis of information pertaining to material related party transactions.

Milan, July 31, 2023

Paolo Bertoluzzo
(Chief Executive Officer)

Enrico Marchini
(Financial Reporting Manager)

4

REPORT OF THE INDEPENDENT AUDITORS

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Nexi SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Nexi SpA and its subsidiaries (the Nexi Group) as of 30 June 2023, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Nexi Group as of 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 4 August 2023

PricewaterhouseCoopers SpA

Signed by

Lia Lucilla Turri
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Nexi SpA

Corso Sempione 55, 20149 Milan
T. +39 02 3488.1 • F. +39 02 3488.4180
www.nexigroup.co
m Milan, Monza Brianza and Lodi Company Register, tax code
09489670969 Nexi VAT Group Representative VAT no.
10542790968
Share Capital €
118.647.177 fully paid in

Concept, graphic design and production:

mercurio GP

www.mercuriogp.eu