



GENERAL
FINANCE

HALF-YEARLY REPORT
as at 30 June 2025

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Half-Yearly Report on Operations as at 30 June 2025

Foreword

The half-yearly report as at 30 June 2025 was prepared in compliance with IAS 34 “Interim Financial Reporting”, which defines the minimum amount of information and identifies the accounting and valuation standards to be applied to the condensed financial statements.

The standards and interpretations used to prepare the interim financial statements, with reference to classification, recognition, measurement and derecognition of financial assets and liabilities, as well as the methods for recognising the related revenues and costs, are in line with those adopted by Generalfinance for the preparation of the financial statements as at 31 December 2024, prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as established by EU Regulation no. 1606 of 19 July 2002.

The valuation policies and the estimation methods adopted have also not changed significantly with respect to those applied in the preparation of the financial statements as at 31 December 2024.

The half-yearly condensed financial statements as at 30 June 2025 consist of the following documents: Balance Sheet and Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the related explanatory notes, which contain information on fair value, details of the main balance sheet and income statement aggregates, information on risks and hedging policies and information on transactions with related parties.

The half-yearly condensed financial statements are also accompanied by the Directors' Report on Operations.

Management Report of the Board of Directors on operations for the period ended 30 June 2025

The financial report as at 30 June 2025 has been drafted in compliance with the layouts and instructions issued by the Bank of Italy on 17 November 2022 on the “financial statements of IFRS intermediaries other than banking intermediaries”, in execution of the provisions of Art. 9 of Italian Legislative Decree no. 38/2005 as amended, as well as in consideration of the additional specific provisions regarding the determination of non-performing items, contained in Circular no. 217 of 5 August 1996 and subsequent updates.

The evaluations and opinions of the Directors were formulated in the assumption of the company as a going concern, in the light of the positive historical income and financial data – also confirmed by the results of the financial report as at 30 June 2025 – recorded by the Company and in respect of the general principles of correct representation of events and prudent evaluation of data, in the context of the current economic-financial scenario.

THE MACROECONOMIC CONTEXT AND THE FACTORING MARKET IN 2025¹

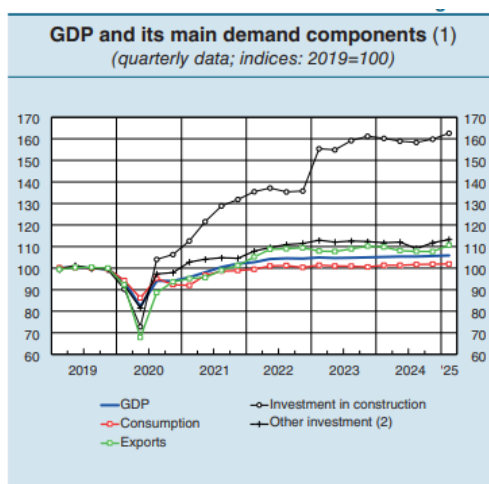
Macroeconomic context

In the first quarter of 2025, Italy's GDP continued to expand at a moderate pace, supported by both domestic and foreign demand. As in other countries, exports increased markedly, particularly to the United States, presumably in anticipation of the introduction of new tariffs. According to our estimates, the Italian economy grew further in the second quarter, albeit decelerating slightly. Activity increased in both industry and services. Consumer spending remained subdued, while investment growth eased, reflecting persistent uncertainty.

At the beginning of 2025, Italy's GDP maintained its moderate upward trajectory. GDP rose by 0.3% compared with the previous quarter, driven by domestic demand and, to a lesser extent, by net foreign demand.

Investment recorded robust growth across all major components, particularly in machinery and equipment. Consumer spending, broadly in line with the previous quarter, was supported by a recovery in purchasing power; higher expenditure on services was offset by a decline in purchases of durable goods, likely due to increased uncertainty over the economic outlook. Exports resumed their upward trend, with the biggest gains recorded in shipments to the United States; according to our estimates, the front-loading of US purchases ahead of tighter trade measures accounted for more than one-third of the increase in goods exports. However, higher imports partially offset the impact on GDP.

Value added in manufacturing rose by 1.1%, largely reflecting a rebound in production in energy-intensive sectors. Stronger demand from the United States did not translate into a significant rise in output in the sectors most exposed to that market and may have been met, at least in part, through a drawdown of inventories. Activity grew more markedly in construction (up 1.4%), partly driven by the implementation of projects linked to the National Recovery and Resilience Plan (NRRP). By contrast, value added in services stagnated, weighed down by a decline in trade and tourism-related segments.



Source: Based on Istat data.
(1) Chain-linked volumes; adjusted for seasonal and calendar effects. –
(2) Includes investment in plant, machinery and arms (which also include transport equipment), as well as cultivated biological resources and intellectual property products.

Source: Bank of Italy, Economic Bulletin no. 3/2025

Based on our estimates, GDP rose again in the second quarter of 2025, albeit to a lesser extent than in the previous period. Value added grew in both industry and services. Consumer spending remained subdued, as in previous months, while investment growth eased following two particularly favourable quarters.

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¹ The chapter refers to and/or reports extensive excerpts from the Bank of Italy's "Economic Bulletin no. 3/2025" and Assifact statistical circular no. 30-25 "Factoring in figures – Summary of the March 2025 data".

According to our macroeconomic projections published last June, GDP is expected to increase by 0.6% this year, by 0.8% in 2026 and by 0.7% in 2027.

GDP and its main components (1) (percentage change on previous period and percentage points)					
	2024	2024			2025
		Q2	Q3	Q4	Q1
GDP	0.7	0.2	0.0	0.2	0.3
Imports of goods and services	-0.7	0.6	1.3	-0.2	2.6
National demand (2)	0.4	0.9	0.5	0.2	0.2
National consumption	0.6	0.0	0.3	0.2	0.1
Household spending (3)	0.4	-0.2	0.4	0.2	0.2
General government spending	1.1	0.6	0.3	0.1	-0.3
Gross fixed investment	0.5	-0.3	-1.4	1.6	1.6
Construction	2.0	-0.8	-0.4	1.0	1.7
Capital goods (4)	-1.2	0.3	-2.7	2.4	1.4
Change in inventories (5)	-0.2	0.9	0.6	-0.3	-0.3
Exports of goods and services	0.4	-1.5	-0.4	-0.1	2.8
Net exports (6)	0.4	-0.7	-0.5	0.0	0.1

Source: Istat.

(1) Chain-linked volumes; the quarterly data are seasonally and calendar adjusted. – (2) Includes the item 'changes in inventories, including valuables'. – (3) Includes non-profit institutions serving households. – (4) Include investment in plant, machinery and arms (which also include transport equipment), cultivated biological resources and intellectual property products. – (5) Includes valuables; contributions to GDP growth on previous period; percentage points. – (6) Difference between exports and imports; contributions to GDP growth on previous period; percentage points.

Source: Bank of Italy, Economic Bulletin no. 3/2025

Businesses

In the second quarter, industrial production and activities in services grew slightly. The construction sector continued to expand, albeit at a slower pace, supported by resilience in the non-residential segment. Investment also slowed, reflecting heightened uncertainty and the low degree of capacity utilisation in manufacturing. Against the backdrop of elevated geopolitical instability and persistent trade tensions, the outlook remains uncertain.

In the first quarter, industrial production increased for the first time to a significant extent since spring 2022. This positive performance was driven by a rebound in energy-intensive sectors such as metallurgy and the manufacture of chemical products and paper, which had been hardest hit by exceptional energy price rises in the two-year period 2022-23.

According to our estimates, the increase in output of goods destined for the US market made only a limited contribution to this result.

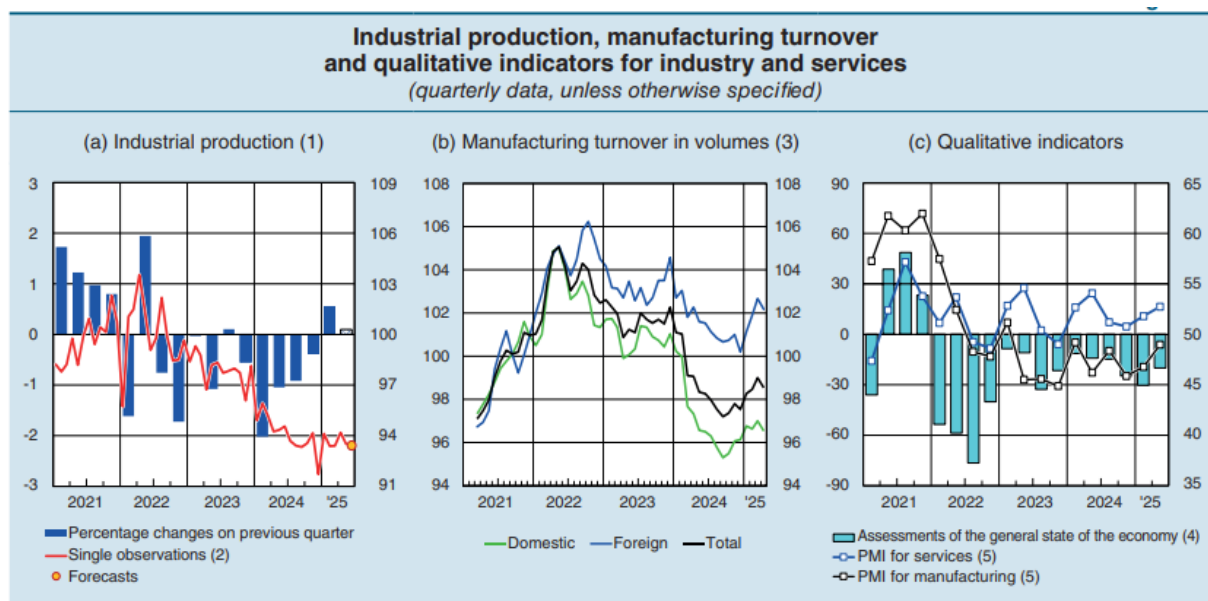
In the April-May two-month period, industrial production grew at a slower pace. Volume-based turnover indicators for April point to a deceleration in activity compared with the winter months, also for the foreign component, consistent with a partial reabsorption of US demand. On average over the second quarter, the manufacturing PMI, which picked up particularly in the components relating to current output and new orders, nevertheless remained below the expansion threshold.

Business confidence in manufacturing, as measured by ISTAT, improved slightly but remains at historically low levels.

Manufacturers participating in the Bank of Italy's Survey on Inflation and Growth Expectations, conducted between May and June, were marginally more optimistic about their short-term operating conditions than in the first-quarter survey, despite the adverse effects of US trade policy measures.

Sales expectations remain stable and positive, although they have weakened among companies with greater exposure to foreign markets. Based on our June estimates, drawing on both quantitative and qualitative indicators, industrial activity as a whole posted slight growth in the second quarter, but slowed compared with the preceding three months.

Looking ahead, manufacturing continues to be exposed to the exceptional uncertainty stemming from the current phase of geopolitical and trade instability.



Sources: Based on data from Banca d'Italia, Istat, Markit and Terna.

(1) Data adjusted for seasonal and calendar effects. The yellow dot indicates the forecast for June 2025, the last bar represents the forecast for the second quarter of 2025. – (2) Monthly data. Index: 2021=100. Right-hand scale. – (3) Monthly data, volumes, 3-month moving average ending in the reference month. – (4) Balance, in percentage points, between the responses 'better' and 'worse' to the question on the general state of the economy (see 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 8 July 2025). – (5) Average quarterly data. Diffusion indices for economic activity in the sector. Right-hand scale.

Source: Bank of Italy, Economic Bulletin no. 3/2025

After two quarters of stagnation, the spring months saw tentative signs of recovery in the services sector. The latest turnover data and qualitative indicators, such as PMI indices and ISTAT surveys, point to increases in current activity and new orders, alongside improved business confidence, particularly in transport and warehousing services. Rising flows of both domestic and international travellers, together with higher tourism spending, suggest a modest rebound in this segment. Business services are also expected to support economic activity. The service companies interviewed in the Bank of Italy surveys reported a significant expansion in demand in the second quarter, partly mitigated by a slight weakening in the foreign component.

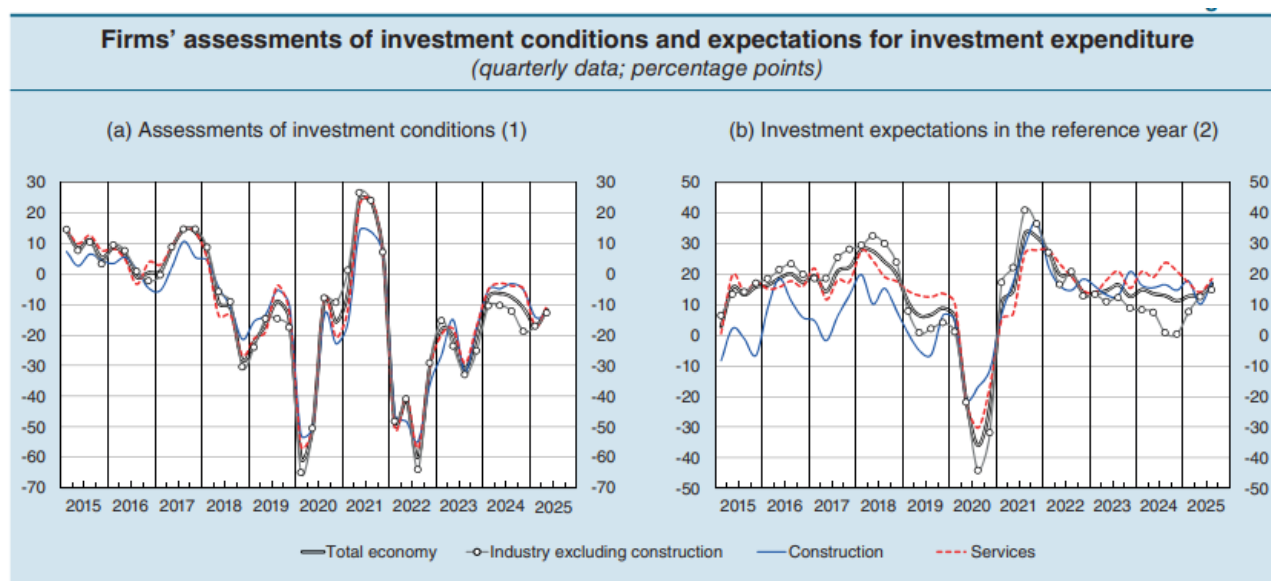
In the early months of the year, growth in the construction sector remained strong; in spring, a more moderate pace is expected, still supported by the implementation of projects under the National Recovery and Resilience Plan (NRRP). Business confidence remains high, particularly in civil engineering. According to Bank of Italy surveys, construction companies report further improvements in demand and operating conditions and continue to express more positive expectations than those in other sectors. The share of companies expecting to benefit, directly or indirectly, from NRRP measures remains stable at well over 50%.

In the first quarter, investment continued to grow at the solid pace recorded in the previous three months, with all major components posting positive changes. Expenditure on machinery and equipment continued to rise, reaching a level slightly above that of the first quarter of last year. Data from the Italian Leasing Association (Assilea) on lease contracts signed during the quarter show robust growth in transport equipment other than cars, and an increase in investment in renewable-energy facilities. The construction sector also performed well, driven in particular by investment in non-residential buildings.

The most recent information indicates that investment growth slowed in the second quarter, weighed down by heightened uncertainty and by manufacturing capacity utilisation remaining well below its historical average. Confidence among producers of capital and investment goods also remains low. According to Bank of Italy surveys, however, the majority of companies still plan to increase or maintain their nominal spending on fixed investments in renewable energy plants in 2025.

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Source: 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 8 July 2025.

(1) Balance of opinion between positive and negative assessments compared with the previous quarter. – (2) Balance between expectations of an increase and of a decrease compared with the previous year. The first expectations for the reference year are surveyed in the fourth quarter of the preceding year.

Source: Bank of Italy, Economic Bulletin no. 3/2025

Credit and loan conditions

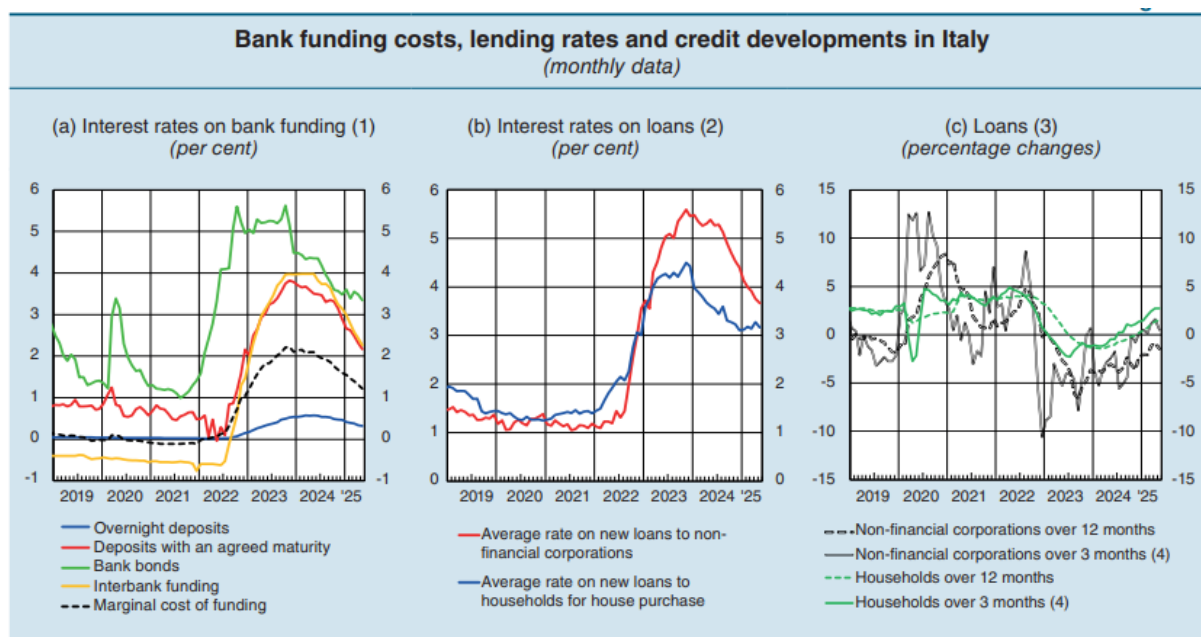
The cost of bank funding continued to decline, in line with recent cuts in official interest rates. Lending rates to businesses fell further. The contraction in loans to non-financial companies has eased, although it remains significant for smaller businesses. In a climate of heightened uncertainty, credit demand remains subdued, and lending policies are still characterised by caution.

Between February and May, the marginal cost of bank funding fell by 24 basis points, to 1.2%, reflecting mainly the decline in deposit yields and the reduction in interbank market rates. The contraction in bank funding came to a halt. Resident deposit growth remained robust, supported by sight deposits; this trend was favoured by the narrowing of the yield differential between such deposits and those with a fixed term, with precautionary motives likely also playing a role in the context of high uncertainty.

The transmission of lower official rates to borrowing costs for non-financial companies continued. In May, interest rates on new loans to businesses fell to 3.7% (from 4.0% in February), in line with the drop in the short-term risk-free benchmark rate. The average cost of outstanding loans also continued to fall, owing to the large share of variable-rate transactions. Between February and May, the average cost of new mortgage lending to households remained broadly unchanged at 3.2%, reflecting the increase in the long-term benchmark rate, which rose sharply in early March following announcements of higher public spending on defence and infrastructure in Germany.

In May, loans to non-financial companies continued to contract year-on-year, although at a much slower pace than in February (-1.4%, compared with -2.1%). The decline remains sharper for smaller firms (-8.7%, versus -0.9% for larger companies) and in the manufacturing and construction sectors. The contraction reflects a fall in long-term lending, which more than offset increases in short- and medium-term loans. In particular, exporting companies, more exposed to the unpredictability of trade policies, increased their demand for short-term financing while reducing longer-term borrowing, likely deferring investment until uncertainty recedes.

Between February and May, lending to households accelerated to 1.5% (from 0.7%), reflecting stronger mortgage growth; consumer credit continued to expand at a steady pace.



Sources: Based on data from Banca d'Italia, Bloomberg and ICE Bank of America Merrill Lynch.

(1) The marginal cost of funding is calculated as the weighted average of the costs of banks' various funding sources, using their respective outstanding amounts as weights. This is the cost that a given bank would incur to increase its balance sheet by one unit, drawing on funding sources in proportion to the composition of its liabilities at that time. – (2) Average values. Rates on loans refer to euro-denominated transactions and are collected and processed in accordance with the Eurosystem's harmonized methodology. – (3) Includes bad debts, repos and loans not reported in banks' balance sheets because they have been securitized. The percentage changes are net of reclassifications, exchange rate variations, value adjustments, and other variations not due to transactions. 3-month percentage changes are annualized. – (4) Data are seasonally adjusted following a methodology that is in accordance with the guidelines of the European Statistical System.

Source: Bank of Italy, Economic Bulletin no. 3/2025

According to intermediaries surveyed in March in the euro-area Bank Lending Survey (BLS), loan demand at the start of the year remained unchanged at modest levels, following the slight increase recorded at the end of 2024. Greater recourse to self-financing more than offset the expansionary effect of lower interest rates.

In the first quarter, lending policies remained cautious, reflecting banks' heightened perception of risk in the context of a worsening economic outlook. Surveys of firms confirm that credit access conditions have not undergone significant changes.

In May, growth in corporate bond issuance remained robust (at 3.5% year on year). Between February and May, yields on bonds issued by Italian non-financial companies were broadly stable at 3.5%. Net financing through venture capital remained limited.

Factoring market – last quarterly report

In the first quarter of 2025, the factoring market recorded turnover of almost EUR 66 billion, up 3.07% on the previous year, net of purchases of tax credits arising from construction-related bonus schemes. The share of non-recourse transactions, at 83%, has reached its highest level in recent years. Advances and fees disbursed outstanding continued to grow, rising by 2.62% year-on-year to over EUR 51 billion.

Cumulative turnover from supply chain finance transactions amounted to EUR 6.43 billion, down 6.88% compared with the same period in 2024, largely due to a decline in reverse factoring (-11.92%), while confirming activities continued to grow (+25.96%).

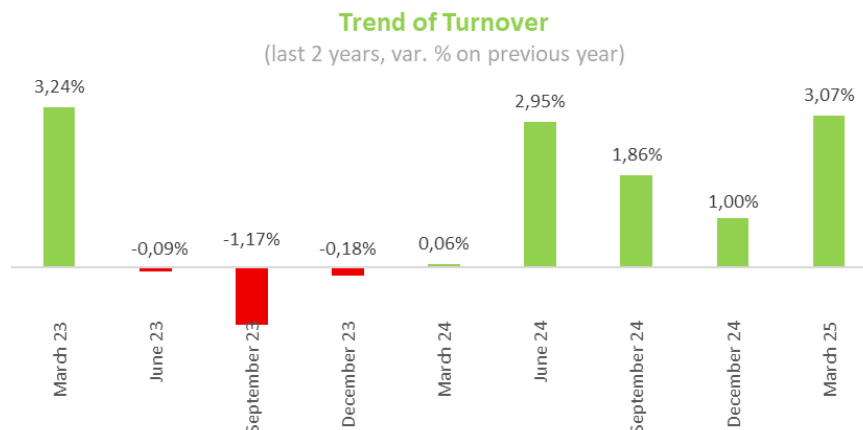
For 2025, industry operators expect further growth in volumes, with an average projected growth rate of 2.44%, following a positive first half-year forecast at +1.02%. International turnover in the first quarter of the year drove the market, recording annual growth of 20.25% compared with the first quarter of 2024.

Trade receivables purchased in the first quarter of 2025 from the PA amounted to EUR 4.78 billion (up 2.48% YoY). As at 31 March 2025, outstanding receivables amounted to EUR 7.03 billion, of which EUR 2.8 billion past due in relation to the notoriously long payment times of Public Entities.

Credit quality, with reference to gross exposures to private-sector firms, remains very high, with non-performing loans accounting for only 2.45% of the total.

Data in thousands of euro		Share % of total	% change from previous year
Cumulative Turnover	65,859,075		3.07%
With Recourse	11,324,375	17%	
Without Recourse	54,534,700	83%	
Outstanding	62,481,643		0.72%
With Recourse	14,350,787	23%	
Without Recourse	48,130,856	77%	
Exposures	51,040,773		2.62%
of which turnover from Supply Chain Finance operations	6,427,497	10%	-6.88%

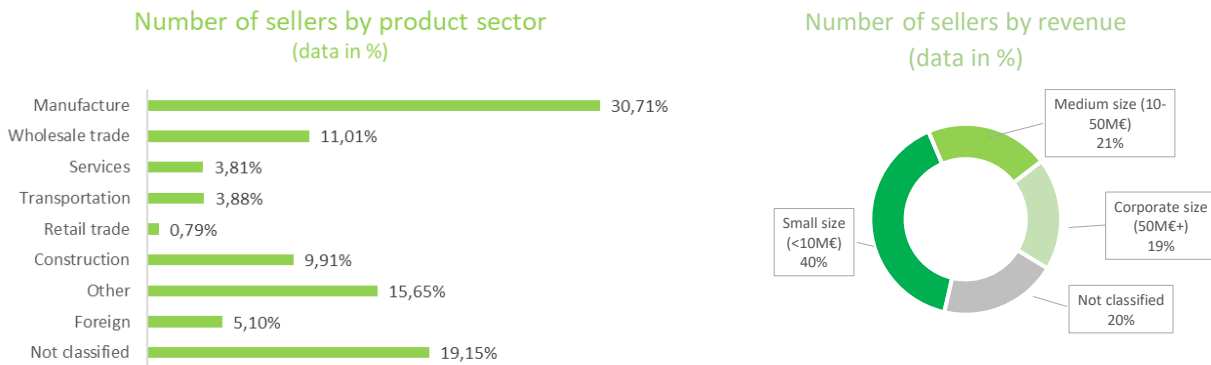
Source: Assifact, statistical circular 30-25 "Factoring in figures – Summary of March 2025 data". Values in thousands of euro.



Source: Assifact, statistical circular 30-25 "Factoring in figures – Summary of March 2025 data".

In the first quarter of 2025, there was a recovery in the turnover growth rate compared to the same period of the previous year, equal to +3.07%. The turnover trend shows a recovery in the growth rate despite the fact that economic activity is still weak. During the second quarter of 2025, operators expect an increase in turnover compared to the same period of 2024, equal to +1.02%.

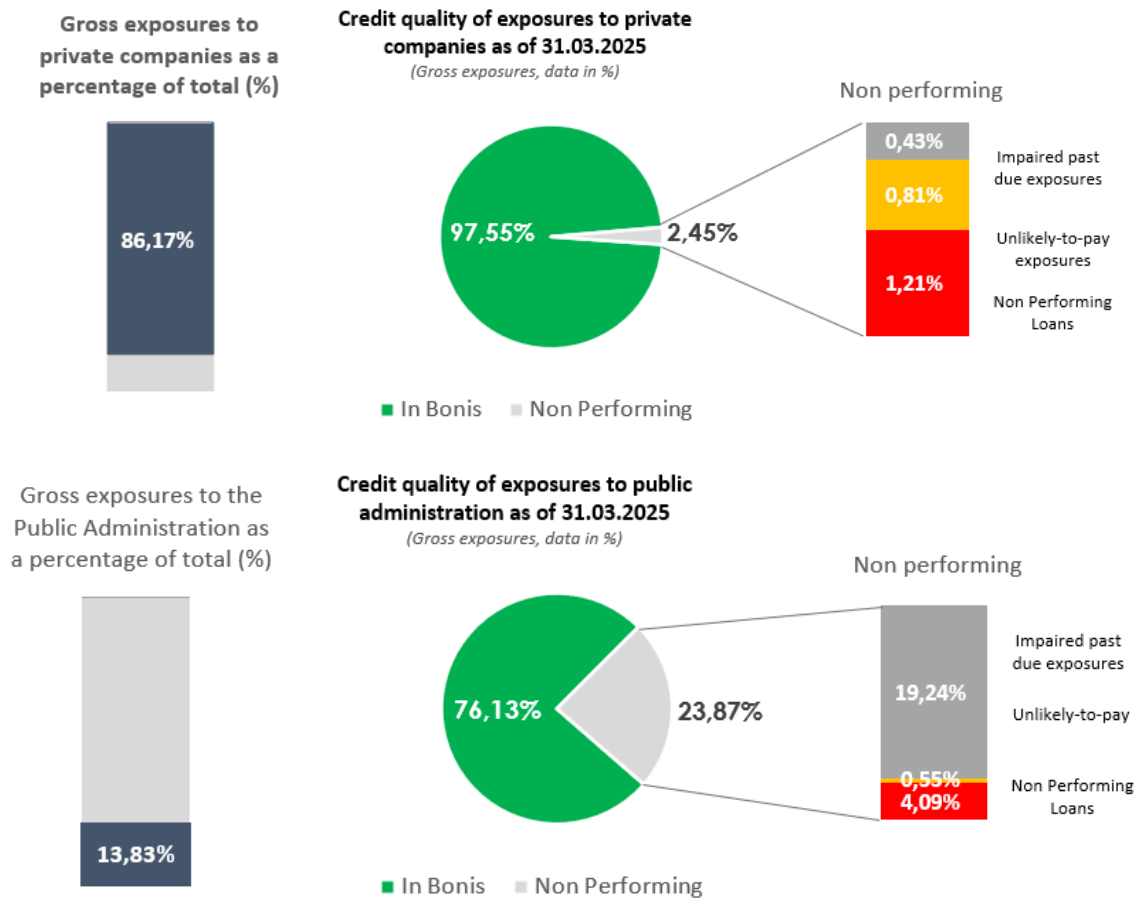
The forecasts for the year-end 2025 formulated by members are generally positive, with an expected average growth rate of +2.44%. Over 32,000 companies use factoring, approximately 61% of which are SMEs. It is used predominantly in the manufacturing sector.



Source: Assifact, statistical circular 30-25 "Factoring in figures – Summary of March 2025 data".

Advances and fees paid, amounting to EUR 51.04 billion, increased by EUR 1.3 billion compared to the same period of the previous year.

The prudential rules resulting from the application of the EBA definition of default, with particular regard to the calculation of exposures past due by more than 90 days, highlight the notoriously long payment times in the public sector and therefore result in a significantly higher incidence of impaired loans to the public administration (>23%) compared to exposures to private companies (2.45%) and inconsistent with the actual underlying risk.



Source: Assifact, statistical circular 30-25 "Factoring in figures – Summary of March 2025 data".

Factoring market – monthly position in May 2025

Based on the latest monthly report available, turnover as at May 2025 amounted to around EUR 107 billion, up by approximately 0.8% YoY net of purchases of tax credits deriving from construction-related bonuses. The outstanding amount at the reporting date stood at around EUR 57 billion, up 2.56% year-on-year, while advances amounted to roughly EUR 45 billion, up 5.52% year-on-year.

Data in thousands of euro		Share % of total	% change from previous year
Cumulative Turnover	107,359,015		0.80%
With Recourse	19,432,093	18%	
Without Recourse	87,926,922	82%	
Outstanding	57,161,541		2.56%
With Recourse	14,076,880	25%	
Without Recourse	43,084,661	75%	
Exposures	45,297,143		5.52%
of which turnover from Supply Chain Finance operations	11,104,068	10%	-3.00%

Source: Assifact, statistical circular 34-25 “Factoring in figures – Summary of May 2025 data”.

REGULATORY FRAMEWORK. THE REGULATION OF FACTORING ACTIVITIES

The legal and regulatory framework captures the system's evolving dynamics, compelling banking and financial intermediaries to rethink their business models and strategies to address new risks, integrate new technologies, and adopt new, more sustainable paradigms.

In 2024, the sector was once again affected, directly or indirectly, by numerous national and European regulatory measures, with a special focus on supervision, accounting transparency, the management of impaired loans and digital operational resilience.

Factoring originates from and is fully encapsulated by, from an operational perspective, the disposal and management of performing loans, an area in which it best fulfils its economic function. However, the issue of non-performing loan disposal also affects the sector. In this context, Italian Legislative Decree No. 116 of 30 July 2024, transposing Directive (EU) 2021/2167 of the European Parliament and of the Council – known as the “**Secondary Market Directive**” (SMD) – introduced new provisions governing the management and purchase of non-performing loans originated by banks and other entities authorised to grant credit.

The legislation – aimed at promoting the secondary market for non-performing loans while strengthening the protection of transferred debtors – defines the regulatory framework for non-performing loan managers and purchasers, and amends the Consolidated Banking Act (“Testo Unico Bancario”, TUB) by establishing the new role of “NPL manager”, subject to authorisation and supervision by the Bank of Italy. In essence, the purchase for consideration of NPLs by dedicated acquirers does not constitute lending activity under Article 106 of the TUB. By contrast, the management of such loans on behalf of acquirers is a reserved activity, which may only be carried out by banks, intermediaries registered under Article 106, and NPL managers authorised by the Bank of Italy.

To implement Italian Legislative Decree 116/2024, the Bank of Italy introduced a series of measures during the year. In addition to issuing, on 11 February 2025, specific “Supervisory provisions for the management of non-performing loans”, amendments were made to:

- “Transparency of banking and financial transactions and services. Fairness of relations between intermediaries and customers” (provisions of 29 July 2009), with the introduction of a dedicated new Section VII-ter on NPL managers and purchasers, aimed at strengthening debtor protection. At the same time, the Bank of Italy updated some outdated

regulatory references and removed certain provisions that are no longer applicable. In general, such parties must, in their dealings with debtors: act with fairness, diligence and transparency; provide accurate, clear and non-misleading information; safeguard personal data confidentiality; and communicate with debtors without harassment, coercion or undue pressure. It is also specified that the NPL manager, or the bank/intermediary under Article 106 TUB engaged by the purchaser for loan management, must individually inform the transferred debtor of the transfer of the credit.

- “Out-of-court settlement of disputes concerning banking and financial transactions and services (Banking and Financial Ombudsman)”, first issued in 2009, so as to include NPL managers among the intermediaries required to adhere to the scheme.
- “Central Credit Register. Instructions for credit intermediaries” (Circular No. 139 of 11 February 1991, now in its 21st update of 11 February 2025), extending the scope of the Credit Register to include NPL purchasers who rely on banks, supervised financial intermediaries or registered NPL managers for loan servicing.

The Supervisory Provisions on NPL management comprise two parts: the first is specifically addressed to the newly created NPL managers, setting out requirements such as the authorisation process, permitted activities, administrative and accounting organisation, and internal control systems. The second part instead applies to banks and intermediaries under Article 106 TUB that manage NPLs on behalf of purchasers or that sell or intend to sell NPLs. This second part defines, in particular, reporting obligations towards the Bank of Italy, as well as disclosure requirements vis-à-vis potential purchasers and supervisory authorities.

As of today, however, this regulatory framework does not apply to Generalfinance, since the Company does not purchase non-performing loans.

Internal assessments have also confirmed its non-applicability, given that “management” refers to activities carried out on behalf of third parties (i.e. the original creditor) under a specific mandate.

In the case of Generalfinance, by contrast, the Company collects receivables acquired through outright purchase, of which it becomes the full legal owner. Consequently, the activity performed does not constitute third-party management and therefore falls outside the scope of the relevant regulations.

On 5 December 2024, the Italian Chamber of Deputies definitively approved the draft law converting the Tax Decree (Decree-Law No. 155 of 19 October 2024) containing urgent measures on economic and tax matters and in support of local authorities. The measure also applies with regard to the National Recovery and Resilience Plan (**NRRP**) and late payments by public administrations, introducing an obligation for the latter to adopt an annual schedule of payments and collections for the financial year in question. In particular, it provides for measures to strengthen the structures responsible for processing commercial invoices and to shorten payment times by public administrations.

The **Public Procurement Code** has undergone several supplementary and corrective amendments. In particular, Italian Legislative Decree No. 209 of 31 December 2024 aims to streamline and simplify the rules laid down in the existing Code, addressing a number of practical issues and introducing, among other things, measures on fair remuneration, labour protection, digitalisation, price revision, and public-private partnerships (“PPP”). No changes were made to the provisions governing the assignment of receivables arising from procurement contracts, specifically Article 120 and Annex II.14, Article 6, which deals with the transfer of such receivables. It is, however, worth recalling Decree-Law No. 19/24 of 2 March 2024 (converted, with amendments, by Law No. 56 of 29 April 2024, known as the NRRP Decree), which reduced from forty-five to thirty days the period within which contracting authorities may refuse the assignment of receivables from contracts, concessions and design competitions, following notification.

The regulatory process for **sustainable transition** continues, despite the recent slowdown at institutional level. After years of intense regulatory proliferation and strong acceleration, the current phase is marked by reflection and recalibration, owing to geopolitical and economic instability, the energy crisis, and the difficulties faced by companies – especially SMEs – in adapting to new regulatory obligations, alongside the need to safeguard and strengthen the competitiveness of the European production system. Large corporations, as well as the banking and financial sector, continue to integrate ESG factors into their organisational, operational and governance choices, into risk management policies, and into business strategies.

With regard to regulatory developments in 2024, the following measures should be noted:

- On 13 June 2024, Directive (EU) 2024/1760 of the European Parliament and of the Council on Corporate Sustainability Due Diligence (the “CSDDD”) was issued. The Directive has been in force since 26 July 2024 but requires transposition into national law by Member States for implementation. The financial services sector is excluded from the scope of the Directive as regards due diligence obligations; however, financial companies are nevertheless required to adopt and implement a climate transition plan. Application of the Directive will be phased in from July 2027, depending on company size;

- On 6 September 2024, Decree-Law No. 125/2024 was issued, transposing European legislation on corporate sustainability reporting and on the assurance of reporting compliance (the Corporate Sustainability Reporting Directive, abbreviated “CSRD”). The measure requires both large companies and SMEs to include in their management report a dedicated section containing information necessary to understand the impact of the enterprise on sustainability matters, as well as information on how such matters affect the company’s performance, results and position. The Decree also specifies the detailed rules on reporting, in particular regarding application by groups and third-country companies, the responsibilities of the reporting auditor, and the integration of such reporting into the company’s statutory financial documents. The measure has been in force since 25 September 2024;
- On 6 December 2024, following a public consultation between June and August 2024, the “Document for sustainability dialogue between SMEs and Banks” was published. It was prepared by the Sustainable Finance Working Group, chaired by the Ministry of Economy and Finance (MEF) with the participation – among others – of the Bank of Italy. The document, of considerable relevance and interest, aims to support SMEs in collecting and producing ESG-related information, while also promoting the standardisation of ESG information requests made by banks. Thanks to contributions gathered through the consultation, the final version is significantly simplified, with fewer proposed indicators, a reorganisation of the main sections, and simplification of more complex disclosures, including the introduction of qualitative estimates for some information;
- On 8 January 2025, the EBA published its “Guidelines on the management of environmental, social and governance (ESG) risks” (EBA/GL/2025/01). The Guidelines set out requirements for the identification, measurement, management and monitoring of ESG risks. In particular, they specify the internal processes and ESG risk management policies that intermediaries should adopt in line with the Capital Requirements Directive (CRD6). The Guidelines will apply from 11 January 2026, except for smaller and less complex intermediaries, for which application will start from 11 January 2027.

This is a substantial body of regulations with respect to which, it is worth noting – in line with the ongoing debate at European level on the need to reduce the bureaucratic requirements linked to achieving sustainability objectives and to strengthen the competitiveness of the European production system – the publication, at the end of February 2025, of the European Parliament and Council’s draft directive known as the “**Omnibus Simplification Package**”.

The Draft seeks to amend the CSRD (Directive 2022/2464) and the CSDDD (Directive 2024/1760) with respect to certain obligations on corporate sustainability reporting and corporate due diligence for sustainability, as well as some audit-related requirements. The aim is to simplify regulation, lower application costs and allow longer implementation timelines, particularly for SMEs. The proposed amendments – which are currently under parliamentary review in the “Productive Activities” Committee of the Chamber of Deputies and the “Industry” Committee of the Senate – include a narrowing of the scope of application of the CSRD and the assurance that sustainability reporting obligations for large companies do not cascade disproportionately onto smaller firms in their value chain. For example, mandatory reporting would only apply to companies with more than 1,000 employees and turnover above EUR 50 million or total assets above EUR 25 million. The proposal also provides for a two-year postponement of reporting obligations for companies already within the scope of the CSRD and due to start reporting in 2026 or 2027. With regard to the CSDDD, it is worth highlighting that the proposal seeks to limit due diligence to direct business partners.

The Bank of Italy continues to play an active and determined role in promoting progress towards sustainable transition, particularly with respect to climate and environmental risk governance. It contributes to the regulatory debate and acts as a sponsor of numerous awareness-raising and educational initiatives aimed at financial and credit intermediaries, encouraging them to develop and adopt shared good practices. In this vein, the Bank has organised or supported numerous conferences and workshops on environmental and social sustainability, ESG factors, gender diversity and inclusion, climate change, the green transition, and more. Along these lines, it also published the report “Analysis of ESG disclosures by a sample of Italian and European banks”, which examines the ESG information disclosed in 2024 by a group of Italian and European banks under Pillar 3 and in their non-financial statements (**NFS**).

With regard to **accounting aspects**, Regulation (EU) 2024/1317, published on 16 May 2024, is of particular relevance for the sector. It amends international accounting standards IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments: Disclosures). The measure introduces new disclosure obligations concerning supply chain finance arrangements – defined as “arrangements for the financing of an undertaking’s trade payables” – explicitly including reverse factoring. These obligations, aimed at improving transparency and understanding of associated risks, require detailed disclosures that are not always readily available or easy to define, and they have a significant operational impact on factoring companies, which must provide such detailed information to lead

buyers in the supply chain (see para. 4.2)².

From a prudential regulation perspective, on 1 January 2025 the **CRR III (Regulation (EU) 2024/1623)** entered into force, representing a significant revision of the European prudential framework. The Capital Requirements Regulation introduces fundamental changes to banking regulation, aimed at strengthening the stability of the European financial system. The most relevant new features include: the introduction of the output floor, which sets a minimum threshold for capital requirements calculated using internal models; the “enhanced” revision of the standardised approach to credit risk, increasing risk sensitivity and, as a result, the credit conversion factors applied to certain exposures; changes to the treatment of off-balance-sheet exposures for credit risk measurement; and amendments concerning the management of environmental, social and governance (ESG) risks.

As a regulation, the new framework is already applicable to entities within the scope of EU law, namely banks and banking groups. With regard to the possible extension of the new rules to supervised financial intermediaries, the Bank of Italy announced – in a communication dated 4 December 2024 – that it is assessing the appropriateness and scope of potential amendments to supervisory provisions, particularly Circular No. 288/2015. The aim is to determine whether specific treatments should be maintained or introduced, taking into account the characteristics of intermediaries under Article 106 of the Consolidated Banking Act (TUB). Any revision of supervisory provisions, however, is envisaged only after 1 January 2026. However, the Bank of Italy has authorised, on a transitional basis and with effect from 1 January 2025, the supervised intermediaries concerned – in particular those belonging to banking groups – to request the **voluntary application of the new CRR III rules**. This option is intended to avoid the costs and complexities associated with the “dual track”, i.e. the simultaneous application of current national rules on an individual basis and the updated European rules on a consolidated basis. Even in the case of voluntary application of the new provisions, the Bank of Italy has confirmed the possibility of adopting the specific treatment of purchased trade receivables. This allows, in the case of transactions with recourse and subject to the relevant operational requirements, the exposure to be assigned to the transferred debtors rather than to the transferor.

Regulatory and supervisory authorities continue to be particularly active, promoting a process of harmonisation and strengthening of the regulatory framework applicable to credit and financial intermediaries. It is worth noting that there is a broad debate underway at European level, including the Omnibus Simplification Package initiative for sustainability profiles, on the need to promote regulation that ensures an appropriate balance between the objectives of the legislation and the need to support business development and competitiveness. At the banking level, in particular, the stability of the sector should be pursued without excessively impacting support for businesses and the economy; a regulation that, in essence, strengthens bank-business relations and facilitates access to credit for Italian businesses. In this context, the question remains open as to the application of the **harmonised definition of default** to exposures to transferred debtors arising from trade credit transfer transactions, with particular reference to those involving the public administration. The current interpretation of European regulations appears overly restrictive and risks limiting the sector's ability to support liquidity and business development. Furthermore, it risks undermining the principle of a level playing field at European level, effectively hindering the desired simplification of the regulatory framework.

The series of supplementary and amending measures to the secondary regulations of the Bank of Italy, connected with the necessary alignments with the European regulations on access to lending and prudential supervision, also continued in the period under review.

For **financial intermediaries**, by way of example but not limited to, the following should be noted:

- **Circular no. 288 of 3 April 2015** containing the new Supervisory Provisions for financial intermediaries, which governs financial activities from subjective profiles and the authorisation for registration in the Single Register with the rules of prudential supervision, organisation and internal controls, now in its *7th update* of 10 September 2024, which amends the

² During the year, significant amendments to international accounting standards IAS 7 and IFRS 7 came into force, introduced by the International Accounting Standards Board (IASB) with the aim of enhancing transparency in Supply Chain Finance (SCF) transactions. The new provisions, applicable to financial years beginning on or after 1 January 2024, require greater clarity on the terms and financial implications of agreements between lead buyers and suppliers, with particular attention to the presentation of liabilities, cash flows and liquidity risks. Entities involved – namely lead buyers acting as programme sponsors – are now required to provide detailed disclosures on the contractual terms of SCF arrangements, on the amount of recognised liabilities (distinguishing those for which advances have been granted to suppliers), and on their presentation in the financial statements. In addition, companies must disclose the maturity profile of payments, distinguishing between invoices included in the programme and comparable invoices excluded, as well as information on exposure to liquidity risk. Although the new accounting requirements respond to the legitimate need to improve transparency and to prevent the concealment of liquidity risks in debtors' financial statements, the framework is not without challenges or uncertainties in its application. The collection and preparation of such data may prove complex, partly due to the variable role assumed by the debtor within different SCF structures and the heterogeneity of the programmes. The implications of the new rules therefore extend beyond mere accounting compliance, encompassing managerial and strategic aspects, and potentially reducing the attractiveness of SCF instruments if implementation uncertainties are not adequately addressed.

rules on “Counterparty risk and credit valuation adjustment risk”, extending the European regulation governing counterparty risk introduced by (EU) no. 2019/876 (“CRR2”) to financial intermediaries pursuant to Art. 106 of the TUB (Consolidated Banking Act).

- **Circular no. 154 of 22 November 1991** “Supervisory reports of credit and financial institutions. Reporting formats and instructions for the forwarding of information flows”, the 77th update of which was issued during the year in order to amend the reporting formats and the corresponding coding system, in line with the supervisory reporting regulations that transposed Regulation (EU) 2024/1988. On this occasion, the measures introduced by Law No. 21 of 5 March 2024 (the Capital Law) simplifying the supervisory regime for externally managed SICAVs and SICAFs, already disclosed to the system by the Bank of Italy in its communication of 30 October 2024, were implemented. From a technical point of view, the XML exchange format is adopted for all UCITS3 reports. To facilitate identification of the new features introduced, the changes made and their effective dates are described in the annex. Some corrections have also been made to previous updates, details of which are available in the “Errata corrige” section in the appendix. The reporting changes come into force from the reference date of 31 December 2025.
- **Credit Register reporting**, under the rules set out in Circular No. 139 of 11 February 1991 (now in its 21st update), has been extended to require the participation in the Credit Register (CR) of purchasers of non-performing loans referred to in Article 114.1, paragraph 1, letter (e) of the Consolidated Banking Act (TUB), where such purchasers make use, for loan servicing, of intermediaries supervised by the Bank of Italy, namely:
 - banks registered in the register under Article 13 TUB;
 - intermediaries registered under Article 106 TUB;
 - NPL managers registered under Article 114.5 TUB.

This provision implements Article 114.3, paragraph 7 of the TUB, which transposed the Secondary Market Directive (Directive (EU) 2021/2167).

Participation in the Credit Register is also required of NPL managers under Article 114.1, paragraph 1, letter (c) TUB, where they purchase NPLs on their own account. Purchasers of NPLs may apply for exemption from the obligation to report receivables relating to a transfer transaction in cases where none of the receivables concerned had been reported to the Credit Register in the survey immediately prior to the transfer date.

The reporting obligation for new participants takes effect from the June 2025 accounting date, with reports to be submitted by 25 July 2025.

The following are proceeding under standard arrangements and without modification:

- The Instructions on “**Financial statements of IFRS intermediaries other than bank intermediaries**”, issued under the Measure of the Bank of Italy on 17 November 2022, which remained unchanged during the year;
- **Circular No. 217 of 5 August 1996**, containing reporting templates and compilation rules, which reached its 23rd update on 28 November 2023 and was not amended during the year;
- **Circular No. 115 of 7 August 1990** “Instructions for the preparation of consolidated supervisory reports”, standing at its 28th update, which aimed to: 1) adjust, in the “General Instructions” section, the recipients of the reporting requirements of investment firm groups (SIM) into line with Article 11, paragraph 1-bis of the Consolidated Law on Finance (TUF); and 2) rename Section III as “Non-harmonised reports – Prudential SIM Groups”.
- Reporting on losses historically recorded on positions in default, set forth in **Bankit Circular no. 284 of 18 June 2013** (1st update of 20 December 2016), through which an archive of data on the credit recovery activities carried out by supervised intermediaries (banking and financial) is provided with data, which makes it possible to calculate the loss rates recorded historically on non-performing positions (defaults). This information is particularly relevant for the purposes of the impairment envisaged by IFRS 9, which requires the estimation of expected losses and the adoption of advanced internal models for the calculation of the capital requirement on credit risk.

The regulatory framework on anti-money laundering (AML) and counter-terrorist financing (CFT) is also undergoing significant change. Of note is the completion, at European level, of the legislative process for the Anti-Money Laundering Package (“**AML Package**”), with the adoption on 31 May 2024 of the following measures:

- i) Regulation (EU) 2024/1620 (AMLR), establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism;
- ii) Regulation (EU) 2024/1624 (AMLR – also known as the “single rulebook”) on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing;
- iii) Directive (EU) 2024/1640 (AMLD) concerning the mechanisms Member States must put in place to prevent the misuse of the financial system for money laundering or terrorist financing.

To define how credit and financial institutions, as well as supervisory authorities, must comply with the obligations of the new EU AML/CFT framework, on 6 March 2025 the European Banking Authority (EBA) launched a public consultation (open until June 2025) on four draft Regulatory Technical Standards (RTS), setting out the detailed requirements. The final standards are expected to be issued in October 2025. The Bank of Italy has also issued a number of measures and documents introducing new periodic AML reporting requirements. In particular, the measure of 27 November 2024 amended the “Provisions on organisation, procedures and internal controls to prevent the use of intermediaries for money laundering and terrorist financing purposes” of 26 March 2019, introducing periodic reporting of information by obliged entities to the Bank of Italy, in support of its analysis of the AML/CFT risk exposure of supervised intermediaries.

Law No. 220/2015 prohibits all forms of financial activity, direct or indirect, that could support the production, use, storage or trade of anti-personnel mines and cluster munitions. In July 2024, the Bank of Italy, COVIP, IVASS and the Ministry of Economy and Finance (MEF) issued instructions for enhanced controls on the activities of authorised intermediaries, to counter the financing of companies producing anti-personnel mines and cluster munitions. These enhanced controls include, among other things: the adoption of adequate procedural safeguards to ensure compliance with the financing ban; strengthened due diligence on investment and financing chains; ongoing monitoring of investments and financing; and the obligation to verify that no funds are allocated, even indirectly, to companies engaged in the production of prohibited weapons.

From an operational standpoint, it is also important to highlight the new ATECO 2025 classification, which entered into force on 1 January 2025 and became operational from 1 April 2025. The new classification affects around 3.7 million firms and provides for a recoding of activities – aligning with the NACE statistical classification of economic activities in the European Community – a reorganisation of the structure with the consolidation of certain categories, and greater granularity for others. The change has a clear impact on the preparation of financial statements and, above all, on supervisory reporting, which now requires reconciliation and updating of registered company data.

Throughout the past financial year, the debate on revising the rules on combating **late payments in commercial transactions** remained intense. The discussion was prompted by the European Commission’s 2023 proposal for a regulation (the Late Payment Regulation – LPR), which seeks to limit payment terms to 30 days for all commercial transactions.

Concerns have been raised in many quarters about the excessive restriction of contractual freedom in business-to-business relations and the extreme rigidity of the proposed payment terms, with resulting implications for firms’ financial balance, liquidity needs and sales policies. In response, numerous Member States have taken strong positions against the Commission’s proposal, culminating in a joint request by a large group of Member States to withdraw it.

Although the positions of the various parties involved in the EU legislative process currently remain far apart, discussions are still ongoing regarding possible exemptions and flexibilities in its application.

Lastly, in the area of ICT Governance, a number of regulations in the digital sphere and in particular of a *cyber* nature are worth mentioning:

DORA

One area that saw significant regulatory developments during the year was digital operational resilience in the financial sector. Following a two-year transition period, Regulation (EU) 2022/2554, known as the Digital Operational Resilience Act (DORA), became applicable on 17 January 2025. This Regulation aims to strengthen the digital operational resilience of credit and financial intermediaries by requiring the adoption of technical standards and requirements covering ICT risk management, incident reporting, operational resilience testing and third-party provider management. To align national legislation with Regulation (EU) 2022/2554 and to transpose Directive (EU) 2022/2556 on digital operational resilience in the financial sector, Italian Legislative Decree No. 23 of 10 March 2025 was issued. The decree confirmed the derogation postponing applicability for intermediaries under Article 106 TUB until 1 January 2027. It sets out, in particular, the requirements for ICT governance and risk management applicable to financial institutions, both in relation to the competent DORA authorities (Bank of Italy, Consob, IVASS and COVIP) – defining their supervisory

and sanctioning powers – and with respect to the procedures for reporting major ICT incidents. The Bank of Italy also issued clarifications for supervised intermediaries, specifically regarding the organisational placement of the ICT risk control function, the disclosure of contractual agreements with external counterparties, the reporting of major ICT incidents and significant cyber threats, and the deadlines for submitting information registers.

AI ACT

The Artificial Intelligence Regulation (AI Act) proposed by the European Union is pioneering legislation aimed at regulating the use of artificial intelligence (AI) to ensure security, fundamental rights and transparency.

The main objective of the regulation is to: ensure that AI systems are safe and respect people's fundamental rights; promote trust in the field of artificial intelligence; and encourage innovation by ensuring that AI technologies are developed and used in an ethical and responsible manner. The **classification of AI systems is based on identified risks** to the rights and freedoms of individuals. In particular, AI systems are classified into the following categories defined according to their potential risks: (a) **unacceptable risk**; (b) **high risk**; (c) **low or minimal risk**.

The Regulation entered into force on 1 August 2024 and will be fully applicable from 2 August 2026, with some exceptions. The provisions prohibiting the use of high-risk AI systems and those on digital literacy entered into force on 2 February 2025. Penalties for violating these rules will apply from 2 August 2025, along with rules for general-purpose AI models and obligations for suppliers.

OPERATING PERFORMANCE AND RESULT

Share capital – Transactions affecting the corporate structure

The Company's share capital currently amounts to EUR 4,202,329.36 and is divided into 12,635,066 ordinary shares without nominal value, pursuant to paragraph 3 of Art. 2346 of the Italian Civil Code and Art. 5 of the current Articles of Association.

As at 30 June 2025, based on the information available to the Company, it is broken down as follows:

- **GGH – Gruppo General Holding S.r.l. (GGH)**, which holds approximately 41.37% of the share capital (roughly 53.53% of the voting rights taking into account the increased vote);
- **Investment Club S.r.l. (IC)**, which holds approximately 9.55% of the share capital (approximately 9.41% of the voting rights);
- **BFF Bank S.p.A. (BFF)**, which holds approximately 8.02% of the share capital (approximately 5.19% of the voting rights);
- **First4Progress 1 S.r.l. (F4P – formerly First4Progress S.p.A.)**, which holds approximately 5.39% of the share capital (around 6.66% of the voting rights);
- **Banca del Ceresio SA (BS)**, which holds roughly 4.77% of the share capital (approximately 5.22% of the voting rights);
- **free float**, equal to approximately 30.90% of the share capital (around 19.99% of total voting rights).

The shares, all ordinary and traded on Euronext STAR Milan, have equal rights, both administrative and financial, as established by law and by the Articles of Association, except for the provisions of the latter regarding increased voting rights, as specified below. The shares are indivisible, registered and freely transferable by an act *inter vivos* and transmissible on death. The legislation and regulations in force from time to time regarding representation, legitimate entitlement and circulation of equity investments set forth for financial instruments traded on regulated markets are applied to the shares. The shares are issued in dematerialised form. Pursuant to Article 127-*quinquies* of Italian Legislative Decree no. 58 of 24 February 1998 (**TUF**, Consolidated Law on Finance), two voting rights are assigned to each share, belonging to the same party, based on a right in rem that gives a legitimate entitlement to exercise the voting right (full ownership with voting right or bare ownership with voting right or usufruct with voting right) for a continuous period of at least 24 months certified by the continuous registration, for a period of at least 24 months, in the duly established list kept by the Company. In addition, to the extent permitted by the law currently in force, each share owned by the same party, based on a right in rem that gives a legitimate entitlement to exercise the voting right, is assigned one additional vote at the due date of each period of 12 months following the accrual of the 24-month period referred to above up to a total maximum of ten voting rights per share.

The assessment of the prerequisites for the attribution of the increased vote is carried out by the administrative body.

As at 30 June 2025, the shareholders GGH - Gruppo General Holding S.r.l., Investment Club S.r.l., First4Progress 1 S.r.l. and Banca del Ceresio SA acquired the increased voting rights, with respect to the shares for which, on that date, the 24-month period of uninterrupted registration in the Special List had been ascertained.

On the same date, no shareholder accrued the enhanced voting increase.

As of the date of this Report, no shareholder has acquired the increased voting rights introduced in the Articles of Association by resolution of the Extraordinary Shareholders' Meeting of 6 September 2024³.

The current **composition of the Company's share capital**, with respect to which there have been no changes, is shown below.

	Share capital		
	EUR	No. of shares	Nominal value per share
Total	4,202,329.36	12,635,066	(*)
<i>of which: ordinary shares (regular dividend entitlement)</i>	4,202,329.36	12,635,066	(*)

(*) Shares with no nominal value.

The **total amount of voting rights** as at 30 June 2025 is shown below.

	Number Shares	Number Voting rights
Total ordinary shares	12,635,066	19,530,005
<i>Ordinary shares without increased voting rights</i>	5,740,127	5,740,127
<i>Ordinary shares with increased voting rights</i>	6,894,939	13,789,878

By virtue of the above, as at today's date, the voting rights that can be exercised by shareholders are as follows:

Shareholder	Shares held	% share capital	% voting rights
GGH – Gruppo General Holding S.r.l.	5,227,750	41.37	53.53
Investment Club S.r.l.	1,207,267	9.55	9.41
First4Progress 1 S.r.l.	681,140	5.39	6.66
BFF Bank S.p.A.	1,013,470	8.02	5.19
Banca del Ceresio SA	603,028	4.77	5.22
Free float	3,902,411	30.90	19.99
Total	12,635,066	100.00	100.00

As at 30 June 2025, there is a first-degree pledge on 1,263,900 ordinary shares owned by GGH, established by the latter in favour of Banca Nazionale del Lavoro S.p.A., to guarantee the obligations assumed by GGH in relation to a loan granted by the aforementioned credit institution, for an amount of EUR 5 million. Notwithstanding the provisions of Art. 2352 of the Italian Civil Code, the voting right relating to the shares encumbered by the pledge is duly exercised by GGH, both in ordinary and extraordinary shareholders' meetings. Similarly, GGH maintained the right to receive any amount due from Generalfinance in relation to the shares encumbered by the pledge.

It should also be noted that, on 12 February 2025, in respect of a loan granted to it by Crédit Agricole Italia S.p.A., GGH granted Credit Agricole Italia S.p.A. a guarantee in the form of a pledge on 396,825 Generalfinance shares. In this case too, the pledge does not entail any limitation on the rights of the pledgor since, in derogation of Article 2352 of the Italian Civil Code, the voting right relating to the shares encumbered by the pledge continues to be duly exercised by GGH, both in ordinary and/or extraordinary shareholders' meetings, as well as the right to receive any sum due from Generalfinance in relation to the shares encumbered by the pledge remains with GGH.

At the date of this Report, the Company does not hold treasury shares in its portfolio.

³Pursuant to the renewed Article 127-quinquies of the Consolidated Finance Act – amended by Law no. 21, (Capital Law) – companies that adopt the increased voting rights mechanism may make provision in the Articles of Association not only for the ordinary increase of up to a maximum of two votes per share which can be obtained after an uninterrupted period of ownership of the share of at least 24 months, but also for a further increase in voting rights by one vote per share for each consecutive 12-month period of ownership of the shares, up to a maximum of 10 votes per share, according to a gradual step-up mechanism.

PERFORMANCE INDICATORS (ART. 2428, PARAGRAPH 2)

Generalfinance closed the first half of 2025 with a net profit of EUR 12.3 million (+54% on the first half of 2024) and further growth in factoring activities supporting companies in Special Situations. Turnover – including advance orders and contracts – reached EUR 1,833 million (+34%) with EUR 1,437 million disbursed (+37%).

In order to provide a clear and immediate view of the Company's economic performance, the following tables show some indicators for the period, compared with the figures related to the same period of the previous year.

The main economic and financial data and some operating indicators are presented below, with comments on their performance in the following paragraphs.

Main reclassified income statement data (in thousands of Euro)

Income Statement item	30/06/2025	30.06.2024	Change
Net interest income	7,174	4,958	45%
Net fee and commission income	23,013	16,016	44%
Net interest and other banking income	30,215	20,961	44%
Operating costs	-9,659	-7,423	30%
Pre-tax profit from current operations	18,566	12,109	53%
Profit for the period	12,320	7,984	54%

Key balance sheet data (in thousands of Euro)

Balance Sheet item	30/06/2025	31.12.2024	Change
Financial assets measured at amortised cost	616,842	614,946	1%
Financial liabilities measured at amortised cost	597,445	635,239	-6%
Shareholders' equity	81,978	80,088	2%
Total assets	742,552	769,705	-4%

Main performance indicators

Indicator	30/06/2025	30.06.2024
Cost/Income ratio	32%	35%
ROE	35%	27%
Net interest income/Net interest and other banking income	24%	24%
Net fee & commission income/Net interest & other banking income	76%	76%

Notes:

- Cost Income Ratio calculated as the ratio between operating costs and Net interest and other banking income
- ROE calculated as the ratio of annualised profit for the period to shareholders' equity at the end of the period

Impacts of the conflict between Russia and Ukraine

With reference to the indications provided by ESMA in its Public Statements "Implications of Russia's invasion of Ukraine on half-yearly financial reports" of 13 May 2022 and "ESMA coordinates regulatory response to the war in Ukraine and its impact on EU financial markets" of 14 March 2022, as well as by CONSOB, which on 18 March 2022 drew the attention of supervised issuers to the impact of the war in Ukraine on inside information and financial reporting, the Company – in the context of the ongoing monitoring of its portfolio – continues to pay close attention, from a geopolitical perspective, to developments in the conflict between Ukraine and Russia. The conflict, which began with Russia's invasion of Ukrainian territory on 24 February 2022, was followed by the adoption of economic sanctions and restrictive measures by the European Union, Switzerland, Japan, Australia and NATO countries against

Russia, Belarus and certain individuals in those jurisdictions. Both the conflict and the sanctions have had significant adverse effects on the global economy, particularly through higher commodity prices (notably the cost and availability of electricity and gas) and increased volatility in financial markets.

In this context, it should be noted that Generalfinance has no direct presence in the areas directly affected by the conflict. As at 30 June 2025, the Company had factoring relationships exclusively with transferors operating in Italy and no longer had any exposure to transferred debtors located in Russia, Ukraine or Belarus, following the suspension of credit lines to debtors operating in those countries.

Impacts arising from the introduction of US tariffs

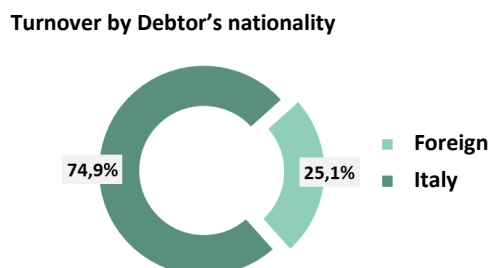
In the first half of 2025, the introduction of new tariffs by the United States created tensions in international markets, affecting global trade flows and certain production chains. However, the direct impact on Generalfinance's operations has been extremely limited, given the predominantly domestic nature of its portfolio and its specialisation in factoring services mainly for Italian SMEs. In the first half of 2025, turnover generated from transferred debtors resident in the United States amounted to approximately EUR 36 million (just under 2% of Generalfinance's total turnover), while exposure to those debtors was around EUR 148 million (approximately 2.2% of total gross exposure). This confirms that the Company's factoring activity is concentrated primarily on European counterparties and markets.

The Company continues to monitor developments in the macroeconomic environment, though at present no material effects have been observed on its growth dynamics or on credit quality.

TURNOVER

Including data referring to future credit advances, turnover reached EUR 1,833 million as at 30 June 2025, up by 34% compared to the first half of 2024.

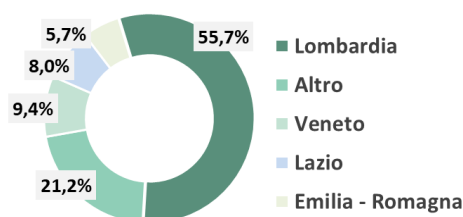
With reference to the annual "LTM – Last Twelve Months" turnover (July 2024 - June 2025), the breakdown by nationality of the transferred debtors shows a relative weight of international factoring equal to around 25.1% of business volumes, with significant diversification by country, reflecting the high level of service that the Company is able to provide to export-oriented customers.



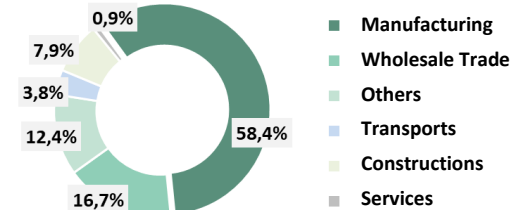
Looking at the registered office of the transferor, the company is strongly rooted in the north of the country, with a particular focus on Lombardy (55.7% of turnover), Veneto (9.4%) and Emilia-Romagna (5.7%); turnover from companies operating in Lazio (8.0%) is growing.

At sector level, manufacturing represents the most important portion of turnover, with approximately 58.4%; this positioning is consistent with Generalfinance's "DNA" as a reference factor for manufacturing SMEs affected by turnaround processes.

Turnover by Seller's Region – 6M25

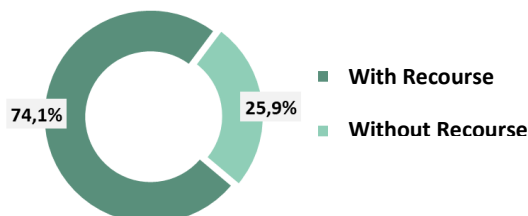


Turnover by Ateco of Seller – 6M25

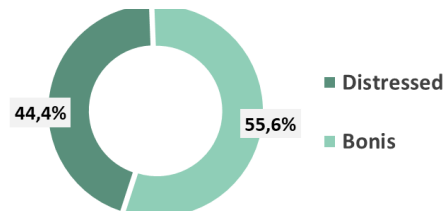


The activity is mainly represented by factoring with recourse, which accounts for approximately 74.1% of volumes, while the without recourse portion accounts for around 25.9%, up compared to the same period of the previous year. Lastly, around 44.4% of the turnover is developed with regard to “distressed” transferors, i.e. those engaged in restructuring projects through the various instruments set forth in the Corporate Crisis Code.

Turnover by Product – 6M25



Turnover by Countepart Status – 6M25



ECONOMIC DATA

The net interest income stood at EUR 7.2 million, up 45% compared to the first half of 2024, thanks mainly to the growth in loans disbursed.

Net fee and commission income amounted to EUR 23.0 million, up from EUR 16.0 million in the first half of 2024 (+44%). The trend in fee and commission income was affected by the highly positive trend in turnover (+34% year on year), reflecting the excellent commercial and operating performance of the Company during the year.

Net interest and other banking income amounted to EUR 30.2 million (+44%), while net value adjustments on loans amounted to EUR 2.0 million, determining a cost of risk, calculated by correlating the adjustments with the annual disbursement, equal to 14 basis points.

Operating costs amounted to EUR 9.7 million (+30% compared to the first half of 2024).

Taking into account the tax item of approximately EUR 6.2 million, the net result for the period amounted to approximately EUR 12.3 million compared to EUR 8.0 million recorded in the first half of 2024.

BALANCE SHEET AND ASSET QUALITY DATA

Financial assets at amortised cost – largely consisting of net loans and advances to customers – amounted to EUR 616.8 million, substantially in line with 31 December 2024.

The flow of loans disbursed increased from EUR 1,045 million in the first half of 2024 to EUR 1,437 million in the first half of 2025 (+37%). The overall disbursement percentage (average between recourse and non-recourse) – the ratio of disbursement to turnover for the year – decreased from 76% as at 30 June 2024 to 78% as at 30 June 2025; the average days of credit increased from 70 in the first half of 2024 to 82 in the first half of 2025.

Within the aggregate, total gross non-performing loans amounted to EUR 12.1 million, with a gross NPE ratio of 1.94% (1.55% of the net NPE ratio), compared to 1.75% in 2024.

Coverage of impaired loans stood at 21% compared to 18% in the corresponding period of 2024.

Cash and cash equivalents – largely represented by sight deposits with banks – amounted to EUR 95.3 million, confirming the prudent liquidity management profile, while total balance sheet assets amounted to EUR 742.6 million, compared to EUR 769.7 million at the end of 2024.

Property, plant and equipment – operating properties and rights of use relating to property and operating assets – amounted to EUR 6.2 million, in line with the end of 2024, net of depreciation for the period. Intangible assets – mainly represented by the proprietary IT platform – amounted to EUR 3.4 million, compared to EUR 3.3 million at end 2024.

Financial liabilities measured at amortised cost, equal to EUR 597.4 million, are made up of payables of EUR 497.3 million and securities issued of EUR 100.1 million.

Payables are mainly represented by the pool loan (EUR 261.3 million) stipulated with some Italian banks, in addition to the other bilateral lines with banks and factoring companies, which was renewed for a further 3 years – until 31 December 2027 – in December 2024. In addition, the item includes the payable to the special purpose vehicle General SPV S.r.l. (EUR 137.1 million) related to the securitisation transaction in progress.

The securities consist of three subordinated bonds issued, in addition to the outstanding commercial paper issued at the reporting date.

SHAREHOLDERS' EQUITY AND CAPITAL RATIOS

Shareholders' equity as at 30 June 2025 amounted to EUR 82.0 million, compared to EUR 80.1 million as at 31 December 2024.

The capital ratios of Generalfinance - including, on a pro forma basis, the period's result, net of expected dividends - show the following values:

- 14.0% CET1 ratio (against a minimum regulatory requirement of 4.5%);
- 14.0% TIER1 ratio (against a minimum regulatory requirement of 6%);
- 14.8% Total Capital ratio (against a minimum regulatory requirement of 8%).

The capital ratios of Generalfinance – excluding the period's result, net of expected dividends - show the following values:

- 12.8% CET1 ratio (against a minimum regulatory requirement of 4.5%);
- 12.8% TIER1 ratio (against a minimum regulatory requirement of 6%);
- 13.6% Total Capital ratio (against a minimum regulatory requirement of 8%).

The ratios are well above the minimum regulatory values set forth in Bank of Italy Circular 288.

Research and development activities (Art. 2428, paragraph 3, no. 1 of the Italian Civil Code)

The Company does not carry out “research and development” pursuant to article 2428, paragraph 3, no. 1 of the Italian Civil Code. However, it is worth noting that for the period 2025-2027, in line with the investment policies set out in the Business Plan and the development of core business lines, further development is expected for the proprietary IT platform, particularly in the areas of ICT infrastructure, cyber security, digital transformation and business intelligence.

Treasury shares/shares or units of parent companies (Art. 2428, paragraph 3, nos. 3 and 4 of the Italian Civil Code)

As of today, the Company does not hold, directly or indirectly, any treasury shares and/or shares or quotas of parent companies, nor did it hold, directly or indirectly, acquire or dispose of any treasury shares and/or shares or quotas of parent companies during the first half of 2025.

*

SIGNIFICANT ASPECTS DURING THE HALF-YEAR

BUSINESS PLAN “M2G Mission to Grow – Roadmap for 2025-2027”

On 28 February 2025, Generalfinance approved the 2025-2027 Business Plan, confirming the growth path of results in its core business, the commitment to digital innovation of products and services and the launch of the international expansion project.

The growth plan is based in particular on five strategic pillars:

1. Consolidation in the factoring market dedicated to “Special Situations” with a special focus on the Italian “Distressed” area, strengthening the leadership in factoring transactions for companies in situations of turnaround/financial tension (an area

in which Generalfinance holds a share of the potential market of distressed factoring of 7.6% at the end of 2024) and with turnover in Italy expected to grow sharply (CAGR 2024-2027 equal to 14%).

2. Development of the SME lending market by strengthening activities and commercial offerings in the segment of companies with lower turnover, with the development of factoring products specifically designed for small business customers.
3. International expansion, with entry into the Spanish and Swiss markets.
4. Diversification of loan sources, with stable and diversified lines of credit/funding to support growth.
5. Sustainability integrated into the plan, strengthening the commitment to support companies – mainly manufacturing and commercial in special situations – with the related activities at local level and the digitalisation of processes in order to promote “low cost” growth.

Growth in the Core Business

Generalfinance intends to consolidate its leadership in factoring for companies in Special Situations over the next three years. The average growth in factoring turnover of Italian activities is estimated at 14%, with a potential market share up compared to 7.6% in 2024. Intermediate turnover for Italian companies in 2027 is estimated at over EUR 4.5 billion, compared to EUR 3 billion in 2024.

Innovation and Digitalisation for Sustainable Growth

Generalfinance confirms its commitment to technological innovation with significant investments in the proprietary digital platform (front end and back end), in the data centre, cybersecurity and data governance areas. Further evolution of the Electronic Credit Application is expected, with the implementation of specific workflows according to the mandated powers and a specialisation of the risk assessment structures between distressed and high risk/crossover activities.

International expansion: Focus on Spain and Switzerland

The Spanish market represents a great opportunity for Generalfinance, thanks to a flexible regulatory environment, favourable business crisis composition regulations and a growing factoring market. Generalfinance plans to replicate its operating model also at international level with a new branch in Madrid, launched following the authorisation of the Bank of Italy at the end of 2024.

Similarly, plans are in place to launch a second branch in Switzerland, taking into account a small market but, at the same time, characterised by a small offering of credit products and services dedicated to SMEs and a reduced number of operators active in SME financing.

Both branches will be characterised by a lean and efficient model, focused on business origination. Risk assessment and control activities as well as credit management will instead be maintained in Italy, leveraging the systems, procedures and operating capabilities developed in over 35 years of experience in the domestic and international factoring market (export factoring).

Overall, the contribution in terms of turnover from international activities is estimated at approximately EUR 580 million by 2027, i.e. 11% of the total intermediate turnover.

Stable and Diversified Funding

The plan envisages an increase in funding to approximately EUR 1.1 billion. In particular, the revolving securitisation transaction will be used for gradually increasing amounts. A full drawdown of the pooled revolving loan facility is also planned and a further increase in re-factoring to factoring companies, both with recourse and without recourse. Further optimisation of the cost of liabilities is expected, with a reduced average funding spread compared to 2024.

Sustainable Growth and Solid Value Creation

The Company will continue to invest in ESG, promoting sustainability within corporate governance and operating processes. In particular, the Company intends to further consolidate its positioning in the field of financial assistance to companies in crisis, supporting a total of over 50,000 direct and indirect jobs in the various local areas in which Generalfinance operates. The adoption of certified renewable energy, the inclusion of ESG criteria in incentive plans and the strengthening of gender equality policies are among the priorities of the three-year period.

In summary, the main targets of the 2025-2027 Plan are listed below:

- ✓ 2025-2027 turnover: range ~ EUR 13-14 billion;

- ✓ 2025-2027 cumulative net profit: > EUR 84 million;
- ✓ Expected net profit for 2027: ~ EUR 32 million;
- ✓ Return for shareholders: > EUR 42 million in dividends paid over the three-year period;
- ✓ Expected ROE in 2027: ~ 34%;
- ✓ Expected Total Capital Ratio in 2027: ~ 13%;
- ✓ ~ 110 employees (FTE) by 2027, with a significant strengthening of the operational, commercial and internal control functions.

Cancellation of the acquisition of Workinvoice

On 7 April 2025, Generalfinance S.p.A. announced that it will not proceed with the completion of the acquisition of Workinvoice S.r.l., announced on 17 June 2024 (the “Transaction”). By the deadline set out in the relevant sale and purchase agreement, not all the conditions precedent to the execution of the Transaction had been fulfilled.

Funding initiatives

On 14 April 2025, Generalfinance S.p.A. successfully completed the placement of a senior unsecured bond loan for a total amount of EUR 50 million, reserved exclusively for qualified investors. The bond, which matures in three years (April 2028) and has an early redemption option for Generalfinance two years after issuance, pays a fixed annual interest rate of 5.5% and was subscribed by leading Italian and foreign institutional investors, confirming the market's confidence in the company's solidity and growth prospects. The bond is listed on Euronext Access Milan. The proceeds from the issue will be used to support Generalfinance's development plans and to further strengthen its lending capacity in the reference segment.

On 26 June 2025, Generalfinance entered into a new loan agreement with Intesa Sanpaolo, in the technical form of the re-factoring of receivables without recourse (IAS compliant), for a maximum credit limit of EUR 20 million. The transaction is part of the long-standing relationship with the Intesa Sanpaolo Group and is in line with Generalfinance's strategy to: i) diversify funding sources, ii) optimise funding costs and iii) increase the counterbalancing capacity, with the aim of supporting growth in loans to customers, in line with the guidelines of the new Business Plan.

OTHER ASPECTS

Third Pillar Disclosure

It should be noted that the Third Pillar disclosure relating to 2024, prepared in accordance with the provisions of Bank of Italy Circular no. 288, is available on the Generalfinance website at the following address: <https://investors.generalfinance.it/en/public-disclosure/>. Public disclosures relating to previous years are available at the same address.

Independent Auditors pursuant to Italian Legislative Decree no. 39 of 7 January 2010

The financial statements are audited by Deloitte & Touche S.p.A. for the nine-year period 2017-2025.

In consideration of the fact that the mandate granted by the Shareholders' Meeting of 8 March 2022 to Deloitte & Touche S.p.A. will expire at the same time as the Shareholders' Meeting called to approve the financial statements as at 31 December 2025, the Shareholders' Meeting of 5 April 2024 resolved to grant – subject to the justified proposal of the Board of Statutory Auditors (issued pursuant to Article 13, paragraph 1, of Italian Legislative Decree no. 39/2010) – for nine financial years starting from the financial year 2026 and expiring at the Shareholders' Meeting called to approve the financial statements as at 31 December 2034, to the independent auditors EY S.p.A., with registered offices in Via Meravigli 12, Milan (“EY S.p.A.”) the appointment for the official audit of the accounts under the conditions, formalities and terms contained in the proposal formulated by the aforementioned independent auditors.

Internal Control System

The Internal Control System (“ICS”) consists of the set of rules, functions, structures, resources, processes and procedures aimed at ensuring, in compliance with sound and prudent management, the achievement of the following objectives:

- verification of the implementation of company strategies and policies;
- safeguarding the value of assets and protection against losses;

- effectiveness and efficiency of business processes;
- reliability and security of company information and IT procedures;
- prevention of the risk of involvement, even involuntary, in illegal activities (with particular reference to those connected with money laundering, usury and financing of terrorism);
- compliance of transactions with the law and supervisory regulations, as well as internal policies, regulations and procedures.

In relation to the issue of the ICS, it should be noted that the Board of Directors, in 2022, approved a significant redefinition of the same, which today is structured as follows:

- independent third-level internal audit function;
- independent second-level control function with specialised activities on risk management issues;
- independent second-level control function with specialised activities on anti-money laundering and regulatory compliance issues (AML and Compliance Function).

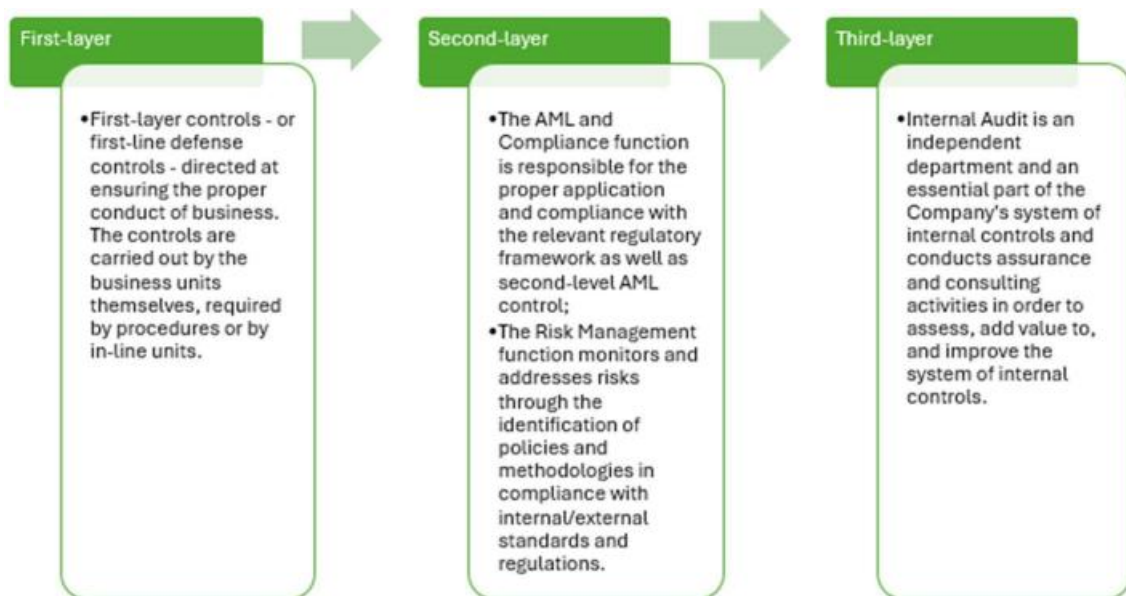
The Head of the Anti-Money Laundering Function is also granted the mandate for the Reporting of Suspicious Transactions (“SOS”), pursuant to Art. 35 of Italian Legislative Decree no. 231 of 21 November 2007.

To ensure effectiveness of their action, the control functions are guaranteed with direct access to all useful information for the performance of their duties.

Each head of the second and third level control functions has adequate professional requirements and is placed in an adequate hierarchical-functional position: the heads of the risk control and compliance functions actually report directly to the Chief Executive Officer; the head of the internal audit function, on the other hand, reports directly to the body with strategic supervision function. No manager has direct responsibility in operational areas subject to control.

The control functions produce periodic reports in relation to the activities carried out and, at least annually, a report on the activities carried out during the previous year to be submitted to the Board of Directors.

The levels of the internal control system can be summarised as follows:



The Company's Internal Control System is completed by:

- the Board of Directors, which assesses the adequacy of the ICS and plays a strategic steering role, dealing with - among other things - approving the Risk Appetite Statement, aimed at formalising the risk objectives and risk appetite objectives in line with the strategic and operational planning and establishes their respective internal limits (*Risk Tolerance* and *Risk Capacity*);
- the Chief Executive Officer, who is responsible for the functionality of the internal control and risk management system;
- the Board of Statutory Auditors, required to ascertain the effectiveness of all the structures and functions involved in the internal control system, the correct performance of the tasks and their adequate coordination, and promote the actions to correct the deficiencies and irregularities identified;
- the Control, Risk and Sustainability Committee, which has the task of supporting the assessments and decisions of the Board of Directors relating to the internal control and risk management system, as well as promoting the continuous integration of national and international best practices in the Company's corporate governance;

- the Supervisory Body, which monitors the effectiveness and adequacy of the organisation and management model;
- the independent auditors, which verifies the regular keeping of the company accounts and the correct recognition of the operating events in the accounting records, and that the financial statements present a true and fair view of the equity and financial situation and the economic result;
- the Company's Financial Reporting Manager, who, on the basis of the provisions of the Consolidated Law on Finance, prepares adequate administrative and accounting procedures for the preparation of the financial statements and, where envisaged, the consolidated financial statements, as well as any other financial communication.

Supervisory Body pursuant to Italian Legislative Decree no. 231 of 8 June 2001

The Supervisory Body envisaged by no. 1 of letter “b” of Art. 6 of Italian Legislative Decree no. 231/2001 (*“Regulation of the administrative liability of legal persons, companies and associations, including those without legal status, pursuant to Art. 11 of Italian Law no. 300 of 29 September 2000”*) (“SB”) whose functions are mainly those of supervising the functioning and observance of the Organisation, management and control model (“Model”) adopted by the Company and of ensuring its updating.

Taking into account the dimensions of Generalfinance and its operations, the related corporate governance rules, the need to achieve a fair balance between costs and benefits, the Company has established a collective Supervisory Body.

It consists of two members, one a member of the Board of Statutory Auditors, with the functions of Chairperson, and the other internal, belonging to the Legal and Corporate Affairs Department. The current composition of the SB is as follows:

- Maria Enrica Spinardi (Chairperson);
- Margherita De Pieri (Legal and Corporate Affairs Department).

To complete the regulatory framework outlined by the Model, the Company has adopted the Code of Ethics (since 2010) and the Regulations of the Supervisory Body.

Whistleblowing rules

In accordance with the provisions of Italian Legislative Decree no. 24/2023, the Company governs a specific whistleblowing policy, which provides for a reporting system with high levels of confidentiality and which allows employees, associates, customers and suppliers to report to the Company or to the Supervisory Body (depending on competence) any unlawful conduct, irregularities or violations of the law.

The whistleblowing platform and the related documents are accessible on the institutional website at the following link: <https://generalfinance.net/organisation-model-231/>.

During the first half of 2025, the persons in charge of managing the whistleblowing system did not receive any reports.

Out-of-court settlement of disputes relating to banking and financial transactions and services

The Company punctually fulfils the disclosure obligations envisaged by the provisions on Transparency of banking and financial services (Sect. II, Par. 2 of the *“Provisions on transparency of banking and financial transactions and services. Correctness of relations between intermediaries and customers”*) by making the required documentation available in electronic form on its website, on the “Generalweb” company portal and, in paper form, at the Milan and Biella offices. These also include (as required by the Measure of the Governor of the Bank of Italy of 9 February 2011 – Section XI, paragraph 3) the periodically updated report on complaints management.

Generalfinance adheres to the out-of-court dispute resolution system established at the Banking and Financial Arbitrator. In this regard, it should be noted that, during the first half of 2025, the Company received only one communication classified as a “complaint” which was handled by the Complaints Office in compliance with the reference regulations.

During the same period, the Company did not receive notification of any appeals to the Banking and Financial Arbitrator, or to another alternative dispute resolution body or to the ordinary judicial authority as a result of complaints lodged by customers, nor procedures originating from appeals filed by customers to the Banking and Financial Arbitrator.

Protection of health and safety at work

The Company constantly monitors and protects the health of employees and their safety in the workplace, assisted by an external consultant, who has been appointed as Head of the Company Prevention and Protection Service (“RSPP”). In addition to the obligations required for the RSPP function, they also provide specific technical support and consultancy to ensure compliance with the reference regulations and the fulfilment of the obligations envisaged therein.

With regard to health surveillance, the Company complies with the provisions set forth in the Guidelines on the Training of Managers, Supervisors, Employees and Employers/Prevention and Protection Service Manager (Articles 34 and 37 of Italian Legislative Decree no. 81/2008), approved on 25 July 2012 by the State-Regions Conference. All employees regularly undergo regular medical check-ups and, in the event of new hires, pre-employment check-ups. In addition, mandatory training is carried out in a timely manner for new hires, as well as the usual refresher courses for first aid and fire-fighting personnel. Lastly, during the first half year of 2025, the Workers' Safety Representative was appointed.

Training activities

For Generalfinance, training plays an important role in the context of strategic planning as it contributes to the progressive development of the technical-professional and managerial skills of all personnel. For this reason, the Company periodically provides its employees and associates with training and refresher courses, not only to fulfil specific regulatory duties, but also sessions dedicated to specific topics related to the core business, aimed at training internal staff and the acquisition and development of new and more specialised skills.

A crucial role is also played by the training and updating of the members of the top management on issues that typically relate to the activities of banking and financial intermediaries (such as, for example, anti-money laundering and combating of terrorism, usury, credit quality, etc.) but also to issues of general interest such as, for example, environmental sustainability and ESG issues.

In said context, training courses are provided both with the help of internal teachers, and through external structures, and by allowing staff to take part in courses, conferences, training sessions organised by trade associations or other public or private bodies of high standing.

The most significant training initiatives carried out in the first half of 2025 were courses on factoring regulation, corporate crisis, credit recovery, digitalisation and fintech, cybersecurity and cyber risk.

With reference to the issue of out-of-court settlement of disputes relating to banking and financial transactions and services, in addition to participating in specific sessions held by the Head of the function on particular issues concerning the Company's current activities, the staff of the Complaints Office is updated regularly through the provision and illustration of the regular communications sent by the Banking and Financial Conciliator (association to which the Company belongs) containing regulatory and organisational information, as well as the review of the case law of the territorial Boards and the Board of Coordination of the Banking and Financial Arbitrator.

Protection of personal data

The Company has activated a programme to adapt all the controls relating to the protection of personal data to Regulation no. 679/2016/EU (the "Regulation" or "GDPR").

As part of the activities for compliance with the GDPR, LTA (privacy consultant) was assigned the role of Data Protection Officer (DPO), represented by Luigi Recupero, as per the formal appointment of 15 October 2021. Both offices were renewed in 2024.

The 2024 activity plan was executed in line with the timetable, as reported regularly to the Board of Directors, with the exception of the data retention policy (raised in the interdisciplinary report previously mentioned in coordination with the ICT Department).

During the year, ordinary GDPR compliance obligations from phase 1 (processing register, appointment of internal data handlers, appointment of external processors) were subject to ongoing monitoring and updating. Particular attention was paid to managing critical processing activities, such as the monitoring of Internet browsing data in connection with the "SOC" and "Zscaler" services. To ensure compliance, anonymisation was promptly applied, since otherwise such processing would have represented a highly sensitive treatment of employee and non-employee personal data, requiring onerous compliance actions (such as a DPIA and authorisation from the Labour Inspectorate under the guidance of the Data Protection Authority and Article 4 of the Workers' Statute). In agreement with the DPO, ICT was therefore instructed, in coordination with supplier HWG, to anonymise the processing to ensure GDPR compliance.

Internal privacy notices were updated, and the GDPR procedural framework was completed with the adoption of the Privacy Organisational Model (MOP), which sets out governance arrangements and procedural requirements for Generalfinance's compliance with GDPR and the Italian Privacy Code. This document represents the data controller's primary accountability measure, evidencing the initiatives and actions undertaken to meet data protection obligations.

Further reviews were carried out in relation to special rulings by the Data Protection Authority, including that on metadata, with significant labour-law implications. In August 2024, following the Compliance Function's opinion of 1 July 2024 (endorsed by the DPO on 30 July 2024), a certified communication was sent to Microsoft formally requesting that metadata retention be limited to a

maximum of 21 days, in line with the Authority's guidelines. The provider's reply was generic, citing ongoing assessments. Therefore, to safeguard Generalfinance's position, an agreement was reached to appoint the service distributor (Far Networks) as direct external processor, designating Microsoft as sub-processor, with the distributor retaining responsibility for metadata management. This appointment is pending signature by the supplier.

On 30 October, an internal audit was conducted on external processor appointments under Article 28 GDPR, in order to verify the methodology used (particularly regarding appointments included in contracts versus those prepared by MUA - Single Administrative Engine), the assessments undertaken, and the proper receipt and countersignature of the relevant documents.

As of today, the Company has 37 external processors within scope, some covering more than one processing activity; three of these are no longer active. The audit identified no critical issues. It did, however, highlight two appointments still unsigned despite two reminders, for which the reasons are being investigated. It was also agreed to include in the 2025 plan a sample review of suppliers to verify compliance with the safeguards required in their appointment. The audit concluded by sharing the outcomes of the DORA-related contractual assessment, which identified the need to appoint approximately 20 new external processors. To this end, the DPO team completed contractual analysis in December 2024, with final assessments and formal appointments scheduled for the first half of 2025.

In 2024, four data breach incidents were recorded: two assessed by the DPO as low impact and two as having no impact, namely:

1. Internal breach caused by theft of a laptop (no impact).
2. Data breach notified by a CIF outsourcer, through a malicious attack (no impact).
3. Internal data breach due to a phishing attack.
4. Internal data breach due to a mobile phone theft.

Appropriate reports and actions were prepared for each event in order to mitigate any current risks or even through development actions. Accordingly, no notification to the Data Protection Authority was deemed necessary, although all relevant incidents were logged, where required, in the "Incident Register", generated and stored in the MUA software.

In 2025, GDPR compliance measures were implemented for the opening of the Spanish branch.

In this regard, it should be noted that the DPO issued an opinion confirming that the branch does not have separate data controller status, given its lack of legal personality; Generalfinance is therefore the data controller for processing activities carried out in Spain. This interpretation was also confirmed by law firm Studio Maio, whose privacy department has provided support for the main requirements indicated by the DPO and on which work is currently underway, including:

- notifying the Spanish Data Protection Authority of Generalfinance's DPO;
- monitoring potential rulings by the Spanish Authority and national legislation relating to activities carried out by Generalfinance in Spain;
- amending Generalfinance's processing register pursuant to Article 30 of the GDPR, adding the processing operations carried out by the Spanish branch and providing them with their own specific characteristics that make them recognisable within the aforementioned register;
- revising engagement letters in line with Spanish legal requirements.

As part of contract revisions, transferor privacy notices and the privacy clauses of the CAT 5 contract were immediately updated.

In addition, a DPIA was carried out for the branch's anti-money laundering data processing activities, in compliance with Articles 32 and 32-bis of Spanish Law 10/2010 of 28 April on the prevention of money laundering and terrorist financing.

During the first half of the year, the Personal Data Processing Register was updated as Data Controller, through in-depth interviews with the various Owners and the distribution of dedicated questionnaires. At the same time, an audit was launched on one external processor, Exprivia, a Generalfinance CIF, partly in response to the data breach notification received in 2024. Both activities are ongoing and are expected to be completed by the third quarter of 2025.

The Compliance function, also supported where required by the ICT Department, constantly maintains active flows with the DPO, with particular reference to critical issues from an operational point of view (especially those interconnected with other disciplines, e.g. labour law, such as management of company accounts of jobs upon termination of employment, for which Generalfinance has prepared an ad-hoc note) or relevant provisions of the Privacy Guarantor.

Update of the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 on the administrative liability of companies and entities

During the year, with the help of the Supervisory Body, the Company monitored compliance with the provisions contained in the Organisation, Management and Control Model and the Code of Ethics. For the second half of the year, a revision of the Model was planned in order to incorporate the most recent offences that have been introduced into the list of predicate offences.

Climate risk and non-financial disclosure

The Company has not prepared the non-financial statement as it is not required to do so at present, as it does not meet the size requirements set out in the relevant regulations.

However, in 2024 the Company voluntarily approved the Sustainability Report for the financial year 2023. The document presents the management policies, the results achieved, the current and potential risks and the relevant indicators for the Company's business, with reference extended to the three-year period 2021-2023. It was drawn up in line with Italian and European best practices, in compliance with the reporting principles and with the disclosure requirements defined by the Global Reporting Initiative (GRI), a non-profit organisation created with the aim of providing practical support in the reporting of sustainability performance to companies and institutions of any size, for the purpose of measuring the environmental, social and economic impact generated by their activities. The Sustainability Report for the financial year 2024, also drafted on a voluntary basis, will be published in 2025.

With reference to the specific issue of climate risk (physical risk and transaction risk) following a specific analysis conducted as part of the preparation of the Sustainability Report – considering the nature of its transactions, i.e. disbursement of trade receivables with recourse and, to a lesser extent, without recourse, whose average duration is less than 80 days on average, as well as *the limited number of real estate units with which it carries out its activities – the Company believes it is exposed to a limited degree.*

In the first half of 2025, Generalfinance continued to monitor regulatory developments in the area of sustainability, with particular reference to the European “Omnibus Package”, which postponed the obligation to prepare non-financial disclosures in accordance with the CSRD by two years. Currently, Generalfinance is not subject to this obligation, but it is continuing its internal analysis to assess the future impacts related to climate risk and the new ESG provisions. Under the updated regulations, the first CSRD reporting will be required in 2028, with reference to the financial year ending 31 December 2027.

Related party transactions (Art. 2428, paragraph 3, no. 2)

A service agreement is in place with GGH – Gruppo General Holding S.r.l. through which Generalfinance provides some functions and services. In particular, it provides GGH with support in the administration, accounting, treasury and corporate secretariat areas.

For more information on the terms of transactions carried out with related parties, please refer to the appropriate section of the explanatory notes, Part D – Other Information.

Concentration of risk and regulatory capital

During the first half of 2025, the Company and its control functions continued to monitor compliance with the parameters established by current regulations on risk concentration and regulatory capital.

Further details are specified in the explanatory notes, Part D – Other Information, to which reference should be made for any information in this regard.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD (ART. 2428, PARAGRAPH 3, NO. 5)

On 25 July 2025, Generalfinance S.p.A. announced that the Civil Court of Trento, in the context of the claw-back action brought against the Company by the bankruptcy estate of Leali Steel S.p.A. – with “Roma 2014 S.r.l.” intervening as assignee under the bankruptcy composition agreement – has declared unenforceable against the bankruptcy estate and Roma 2014 S.r.l. the transfers made under the factoring agreement between Leali Steel S.p.A. and Generalfinance. As a result, the Court has ordered the Company to pay Roma 2014 S.r.l. an amount of approximately EUR 9.3 million (plus interest and expenses, quantifiable as approximately 4.7 million euros).

Generalfinance, considering the reasoning of the judgment to be seriously flawed, appealed to the Court of Appeal of Trento and, on 31 July, notified the counterparties of the appeal in order to get the complete reform of the sentence; at the same time, the request for suspension of the enforceable effect of the sentence was carried out, too.

As a consequence of such application, an urgent procedure was instituted which the Court of Appeal of Trento decided by order of 22 August last, by which it ordered the suspension of the enforceable effect of the contested sentence, given that “the reasons articulated as the basis of the appeal lead to considering that the conditions established by law exist”.

Based on the positive suspension order, the Company, supported by its legal advisors, will continue to cultivate the substantive case at the Court of Appeal of Trento so that the first instance sentence is fully reformulated, confirming the risk of losing as “remote”. Consequently, in line with international accounting standards, the Company has deemed it unnecessary to record specific provisions for this litigation.

Save as reported above, up to the date of this report no further significant events have occurred after the close of the first half of 2025.

Company use of financial instruments (Art. 2428, paragraph 3, no. 6-bis)

In execution of an issue programme approved by the Board of Directors on 21 September 2021, in September and October 2021, the Company issued and placed two bonds, classifiable as “Tier II capital” pursuant to and for the purposes of the provisions contained in Articles 62, 63 and 71 of Regulation (EU) no. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (“CRR”) and Bank of Italy Circular no. 288 of 3 April 2015 “Supervisory provisions for financial intermediaries”.

The first, with a maturity of six years, for an amount of EUR 5 million with an annual coupon at a fixed rate of 10%. The second, with a maturity of five years, for an amount of EUR 7.5 million and with an annual floating rate coupon equal to the 3-month EURIBOR plus a spread of 800 basis points.

In April 2025, the Company issued a new senior unsecured bond, as approved by the Board of Directors on 14 April 2025, for an amount of EUR 50 million with a fixed annual coupon of 5.50%, traded on Euronext ACCESS Milan.

The bonds – subscribed by institutional investors – were entered into the centralised management system at Monte Titoli S.p.A. and subject to the dematerialisation regulations pursuant to Articles 82 et seq. of Italian Legislative Decree no. 58/1998 (“Consolidated Law on Finance”) and the Joint CONSOB/Bank of Italy Measure of 13 August 2018, as subsequently amended and supplemented, and made it possible to strengthen the capital structure of the Company and further diversify the investor base with a positive impact on the Total Capital Ratio.

Furthermore, it should be noted that Generalfinance has set up a programme of financial bills of exchange, placed through a dealer (Equita) with institutional investors.

Registered office and list of the Company’s secondary offices (Art. 2428, last paragraph)

The Company has its registered office in Milan, in via Giorgio Stephenson 43/A.

The headquarters and administrative offices are instead located in the Biella properties, in via Carso no. 36 and via Piave no. 22.

BUSINESS OUTLOOK (ART. 2428, PARAGRAPH 3, NO. 6)

In the current context, with regard to the outlook for 2025, account must be taken of the potential further impacts – particularly on the corporate sector – of ongoing geopolitical tensions, most notably the trade tariff dispute and the continuing conflict between Russia and Ukraine.

Against this overall backdrop, still marked by challenges for the real economy, Generalfinance’s commercial activity in the first half of 2025 – in terms of turnover, revenues and operating profitability – shows a performance at least in line with the budget and consistent with the current Business Plan for the financial year.

Half-Yearly Financial Statements

FINANCIAL STATEMENTS

BALANCE SHEET

(values in euro)

Asset items		30/06/2025	31/12/2024
10.	Cash and cash equivalents	95,291,330	122,398,342
20.	Financial assets measured at fair value through profit or loss	7,914,542	8,145,408
	<i>c) other financial assets mandatorily measured at fair value</i>	7,914,542	8,145,408
40.	Financial assets measured at amortised cost	616,841,618	614,945,539
	<i>a) loans to banks</i>	74,239	17,169
	<i>b) receivables from financial companies</i>	4,932,978	57,587
	<i>c) loans to customers</i>	611,834,402	614,870,783
70.	Equity investments	0	0
80.	Property, plant and equipment	6,226,273	6,477,209
90.	Intangible assets	3,433,724	3,260,736
	- of which goodwill	0	0
100.	Tax assets	4,450,223	7,342,424
	<i>a) current</i>	3,991,646	6,866,662
	<i>b) deferred</i>	458,577	475,762
120.	Other assets	8,394,788	7,134,863
Total assets		742,552,498	769,704,521
Liabilities and shareholders' equity items		30/06/2025	31/12/2024
10.	Financial liabilities measured at amortised cost	597,445,162	635,239,008
	<i>a) payables</i>	497,340,445	558,396,802
	<i>b) securities issued</i>	100,104,717	76,842,206
60.	Tax liabilities	6,299,096	10,411,242
	<i>a) current</i>	6,228,132	10,361,986
	<i>b) deferred</i>	70,964	49,256
80.	Other liabilities	54,653,913	42,207,360
90.	Employee severance indemnity	1,568,872	1,550,314
100.	Provisions for risks and charges	607,062	208,695
	<i>b) pension and similar obligations</i>	194,790	186,116
	<i>c) other provisions for risks and charges</i>	412,272	22,579
110.	Share capital	4,202,329	4,202,329
140.	Share premium reserve	25,419,745	25,419,745
150.	Reserves	39,848,867	29,236,823
160.	Valuation reserves	187,085	129,856
170.	Profit (loss) for the year	12,320,367	21,099,149
Total liabilities and shareholders' equity		742,552,498	769,704,521

INCOME STATEMENT*(values in euro)*

	Items	30/06/2025	30/06/2024
10.	Interest income and similar income	20,993,364	18,213,432
	of which: interest income calculated using the effective interest method	20,772,540	18,213,432
20.	Interest expense and similar charges	(13,818,977)	(13,255,251)
30.	Net interest income	7,174,387	4,958,181
40.	Fee and commission income	26,702,258	18,016,786
50.	Fee and commission expense	(3,689,342)	(2,000,857)
60.	Net fee and commission income	23,012,916	16,015,929
70.	Dividends and similar income	25,211	62
80.	Net profit (loss) from trading	(1,042)	(344)
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	3,342	(12,758)
	<i>b) other financial assets mandatorily measured at fair value</i>	<i>3,342</i>	<i>(12,758)</i>
120.	Net interest and other banking income	30,214,814	20,961,070
130.	Net value adjustments/write-backs for credit risk of:	(1,974,747)	(1,397,367)
	<i>a) financial assets measured at amortised cost</i>	<i>(1,974,747)</i>	<i>(1,397,367)</i>
150.	Net profit (loss) from financial management	28,240,067	19,563,703
160.	Administrative expenses	(9,498,702)	(7,523,443)
	<i>a) personnel expenses</i>	<i>(4,860,752)</i>	<i>(4,289,683)</i>
	<i>b) other administrative expenses</i>	<i>(4,637,950)</i>	<i>(3,233,760)</i>
170.	Net provisions for risks and charges	(8,674)	237,082
	<i>b) other net provisions</i>	<i>(8,674)</i>	<i>237,082</i>
180.	Net value adjustments/write-backs on property, plant and equipment	(519,574)	(450,031)
190.	Net value adjustments/write-backs on intangible assets	(397,423)	(331,678)
200.	Other operating income and expenses	765,365	645,074
210.	Operating costs	(9,659,008)	(7,422,996)
220.	Gains (losses) on equity investments	(15,375)	(31,250)
260.	Pre-tax profit (loss) from current operations	18,565,684	12,109,457
270.	Income taxes for the year on current operations	(6,245,317)	(4,125,159)
280.	Profit (loss) from current operations after tax	12,320,367	7,984,298
300.	Profit (loss) for the year	12,320,367	7,984,298

STATEMENT OF COMPREHENSIVE INCOME

(values in Euro)

	Asset items	30/06/2025	30/06/2024
10.	Profit (loss) for the year	12,320,367	7,984,298
	Other income components net of taxes without reversal to the income statement		
20.	Equity securities designated at fair value through other comprehensive income	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	57,229	68,990
80.	Non-current assets and disposal groups	-	-
90.	Portion of valuation reserves of equity-accounted investments	-	-
	Other income components net of taxes with reversal to the income statement		
100.	Hedging of foreign investments	-	-
110.	Exchange rate differences	-	-
120.	Cash flow hedging	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	-
150.	Non-current assets and disposal groups	-	-
160.	Portion of valuation reserves of equity-accounted investments	-	-
170.	Total other income components net of taxes	-	-
180.	Comprehensive income (Item 10 + 170)	12,377,596	8,053,288

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30/06/2025
(values in Euro)

	Balance as at 31/12/2024	Change in opening balances	Balance as at 01/01/2025	Allocation of previous year's result		Changes in the year						Comprehensive income first half of 2025	Shareholders' equity as at 30/06/2025
				Reserves	Dividends and other allocations	Changes in reserves	Shareholders' equity transactions						
							New shares issued	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Other changes		
Share capital	4,202,329	-	4,202,329	-	-	-	-	-	-	-	-	-	4,202,329
Share premium reserve	25,419,745	-	25,419,745	-	-	-	-	-	-	-	-	-	25,419,745
Reserves													
a) of profits	28,897,305	-	28,897,305	10,612,044	-	-	-	-	-	-	-	-	39,509,349
b) others	339,518	-	339,518	-	-	-	-	-	-	-	-	-	339,518
Valuation reserves	129,856	-	129,856	-	-	-	-	-	-	-	-	57,229	187,085
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	21,099,149	-	21,099,149	(10,612,044)	(10,487,105)	-	-	-	-	-	-	12,320,367	12,320,367
Shareholders' equity	80,087,902	-	80,087,902	-	(10,487,105)	-	-	-	-	-	-	12,377,596	81,978,393

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30/06/2024

(values in Euro)

	Balance as at 31/12/2023	Change in opening balances	Balance as at 01/01/2024	Allocation of previous year's result		Changes in the year						Comprehensive income first half of 2024	Shareholders' equity as at 30/06/2024
				Reserves	Dividends and other allocations	Changes in reserves	New shares issued	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Other changes		
Share capital	4,202,329	-	4,202,329	-	-	-	-	-	-	-	-	-	4,202,329
Share premium reserve	25,419,745	-	25,419,745	-	-	-	-	-	-	-	-	-	25,419,745
Reserves													
c) of profits	21,284,601	-	21,284,601	7,612,704	-	-	-	-	-	-	-	-	28,897,305
d) others	339,518	-	339,518	-	-	-	-	-	-	-	-	-	339,518
Valuation reserves	119,783	-	119,783	-	-	-	-	-	-	-	-	68,990	188,773
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	15,067,393	-	15,067,393	(7,612,704)	(7,454,689)	-	-	-	-	-	-	7,984,298	7,984,298
Shareholders' equity	66,433,369	-	66,433,369	-	(7,454,689)	-	-	-	-	-	-	8,053,288	67,031,968

CASH FLOW STATEMENT (indirect method)
(values in Euro)

A. OPERATING ACTIVITIES	Amount	
	30/06/2025	30/06/2024
1. Management	25,011,208	16,477,352
- profit (loss) for the year (+/-)	12,320,367	7,984,298
- gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	12,033	43,946
- gains/losses on hedging activities (-/+)	-	-
- net value adjustments for credit risk (+/-)	1,974,747	1,397,367
- net value adjustments to property, plant and equipment and intangible assets (+/-)	916,997	781,709
- net provisions for risks and charges and other costs/revenues (+/-)	192,753	(172,787)
- unpaid taxes, duties and tax credits (+/-)	6,222,750	4,065,965
- net value adjustments to discontinued operations net of tax effect (+/-)	-	-
- other adjustments (+/-)	3,371,561	2,376,854
2. Liquidity generated/absorbed by financial assets	(2,294,345)	29,122,445
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	234,208	-
- financial assets measured at fair value through other comprehensive income	-	-
- financial assets measured at amortised cost	(4,189,688)	28,296,394
- other assets	1,661,135	826,051
3. Cash flow generated/absorbed by financial liabilities	(38,791,926)	25,241,083
- financial liabilities measured at amortised cost	(40,468,602)	(951,524)
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value	-	-
- other liabilities	1,661,135	26,192,607
Net cash flow generated/absorbed by operating activities	(16,075,063)	70,840,880
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by	445	28,149
- sales of equity investments	-	6,250
- dividends collected on equity investments	-	62
- sales of property, plant and equipment	445	21,837
- sales of intangible assets	-	-
- sales of business units	-	-
2. Liquidity absorbed by	(545,565)	(1,580,026)
- purchases of equity investments	(15,375)	(75,533)
- purchases of property, plant and equipment	(249,064)	(1,087,242)
- purchases of intangible assets	(281,126)	(417,251)
- purchases of business units	-	-
Net cash flow generated/absorbed by investment activities	(545,120)	(1,551,877)
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-	-
- issues/purchases of equity instruments	-	-
- distribution of dividends and other purposes	(10,487,105)	(7,454,689)
Net cash flow generated/absorbed by funding activities	(10,487,105)	(7,454,689)
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	(27,107,288)	61,834,314

RECONCILIATION	Amount	
	30/06/2025	30/06/2024
Cash and cash equivalents at the beginning of the year	122,399,568	21,641,149
Total net cash flow generated/absorbed during the year	(27,107,288)	61,834,314
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	95,292,280	83,475,463

Explanatory notes

PART A – ACCOUNTING POLICIES

A.1 – GENERAL PART

Section 1 – Statement of compliance with International Accounting Standards

These half-yearly condensed financial statements of Generalfinance S.p.A. as at 30 June 2025 were prepared in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB), approved by the European Commission pursuant to EU Regulation no. 1606 of 19 July 2002, taking into account the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRC) in force at the reporting date.

The half-yearly condensed financial statements were prepared according to the formats and instructions issued by the Bank of Italy on 17 November 2022, and issued in compliance with the provisions of Art. 9 of Italian Legislative Decree no. 38/2005 and subsequent amendments to the law. With reference to the Explanatory Notes, the above instructions apply to the information included in accordance with the provisions of the international accounting standard for interim financial reporting (IAS 34), with which these financial statements comply. In particular, the Company has availed itself of the right to prepare these financial statements in condensed form.

The half-yearly condensed financial statements as at 30 June 2025 do not disclose all the information required in the annual financial statements. For this reason, it is necessary to read these financial statements together with the financial statements as at 31 December 2024. The recognition and measurement criteria adopted for the preparation of the half-yearly condensed financial statements as at 30 June 2025 are those used for the preparation of the 2024 financial statements, supplemented with the accounting standards endorsed by the European Union and applicable as at 1 January 2025.

The legislation also refers to specific provisions on the determination of non-performing items contained in Circular no. 217 of 5 August 1996 and subsequent updates.

The half-yearly condensed financial statements, accompanied by the related Report on Operations, consist of the following documents:

- Balance Sheet;
- Income Statement;
- Statement of Comprehensive Income;
- Statement of Changes in Shareholders' Equity;
- Cash Flow Statement;
- Explanatory Notes.

The half-yearly condensed financial statements are also completed by the relative comparative information as required by IAS 1 and are drawn up on a going concern basis, measured by taking into account present and future income and financial prospects.

The amounts shown in the financial statements and in the tables of the Explanatory notes are expressed in Euro.

Section 2 – General drafting principles

These financial statements, drawn up in units of Euro, are based on the application of the following general drafting principles set forth in IAS 1.

1) Going concern. The financial statements have been prepared on a going concern basis: therefore, assets, liabilities and “off-balance sheet” transactions are measured according to operating values. In this regard, the main reference indicators, as with the trend in economic and equity aggregates, the significant capital resources and available liquidity reserves make it possible to reasonably exclude the current and future risk of an interruption to business continuity and confirm the Company's capacity to produce positive results and generate cash flows from ordinary operations. This conclusion was reached by also considering the analysis of the current and potential future impacts of the current and future macroeconomic and geopolitical context on the Company's financial situation and economic results on the basis of the evidence currently available and of the scenarios that can be predicted at present, albeit fully aware that it is not possible to determine such impacts with reasonable certainty.

2) Accrual principle. Costs and revenues are recognised, regardless of the time of their monetary payment/collection, by period of economic accrual and according to the correlation criterion.

3) Consistency of presentation. Presentation and classification of items are kept constant over time in order to ensure comparability of information, unless their change is required by an International Accounting Standard or an interpretation or it makes the representation of values more appropriate, in terms of significance and reliability. If a presentation or classification criterion is changed, the new one is applied – where possible – retroactively; in this case, the nature and reason for the change are also indicated, as well as the items concerned. In presenting and classifying items, the formats represented by the Bank of Italy in the instructions for “Financial statements of IFRS intermediaries other than banking intermediaries” are adopted, as represented in the regulations issued on 17 November 2022.

4) Aggregation and relevance. All significant groupings of items with a similar nature or function are reported separately. The

elements of a different nature or function, if relevant, are presented separately.

5) Prohibition of offsetting. Assets and liabilities, costs and revenues are not offset against each other, unless this is required or permitted by an International Accounting Standard or an interpretation or by the schedules prepared by the Bank of Italy and represented in the instructions for “The financial statements of IFRS intermediaries other than banking intermediaries”.

6) Comparative information. The comparative information for the previous year is shown for the figures reported in the balance sheet, while with regard to the other statements, the comparison with the figures for the corresponding period of the previous year is shown as required by IAS 34.

As mentioned above, these half-yearly financial statements were prepared on the basis of international accounting standards approved by the European Commission; in addition, to support their application, the ESMA (European Securities and Markets Authority) documents were used and in particular the document published on 22 October 2019, the Public Statement “European common enforcement priorities for 2019 annual financial reports” which refers to the application of specific provisions in the IFRS, also requiring the provision of specific information in the event of certain transactions.

In preparing the financial statements, account was also taken, where applicable, of the communications of the Supervisory Bodies (Bank of Italy, ECB, EBA, CONSOB, ESMA) and the interpretative documents on the application of IAS/IFRS, through which recommendations were provided on the information to be disclosed in the financial statements, on certain aspects of greater importance in the accounting field, or on the accounting treatment of particular transactions.

With reference to the interpretations provided by the aforementioned Bodies, account was taken, among other things, of the indications of ESMA which, on 13 May 2022, published the Public Statement “Implications of Russia's invasion of Ukraine on half-yearly financial reports”, concerning the accounting effects of the Russia-Ukraine conflict on financial reporting. Reference is therefore made to the section “Impacts of the conflict between Russia and Ukraine” above.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2025

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company starting from 1 January 2025:

- On 15 August 2023, the IASB published an amendment entitled “**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**”. The document requires an entity to establish a methodology, to be applied consistently, to assess whether a currency is exchangeable into another and, where this is not the case, to determine the exchange rate to be used and the related disclosures to be provided in the notes to the financial statements.

The adoption of this amendment had no effect on the Company's half-yearly condensed financial statements.

NEW IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE COMPANY AS AT 30 JUNE 2025

As at the reference date of this document, the competent bodies of the European Union have completed the endorsement process necessary for the adoption of the amendments and standards described below, but said standards are not yet mandatory and have not been adopted early by the Company as at 31 December 2024:

- On 30 May 2024, the IASB published the document “Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7”. The paper clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). In particular, the amendments aim to:
 - Clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test;
 - Determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specified conditions.

With these amendments, the IASB has also introduced additional disclosure requirements, particularly in relation to investments in equity instruments designated at FVOCI.

The amendments will apply from the financial statements for years beginning on or after 1 January 2026.

The directors do not expect the adoption of this amendment to have a significant effect on the Company's financial statements.

- On 18 December 2024, the IASB published an amendment called “Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7”. The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity produced from renewable sources (often structured as “Power Purchase Agreements”).

On the basis of these contracts, the amount of electricity generated and purchased may vary based on uncontrollable factors such as weather conditions.

The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:

- a clarification regarding the application of the “own use” requirements to this type of contract;
- the criteria to allow the recognition of these contracts as hedging instruments; and
- the new disclosure requirements to allow users of the financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment will enter into force on 1 January 2026; early application is permitted.

The directors do not expect the adoption of this amendment to have a significant effect on the Company's financial statements.

NEW IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

As at the reference date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On 18 July 2024, the IASB published a document entitled “**Annual Improvements Volume 11**” which includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The amended standards are:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and related guidelines on the implementation of IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash Flows.

The amendments enter into force on 1 January 2026; early application is permitted.

At present, the directors are assessing the possible effects of introducing these amendments, which, however, do not appear to be significant based on an initial analysis.

- On 9 April 2024, the IASB published a new standard **IFRS 18 Presentation and Disclosure in Financial Statements** which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of the financial statements, with particular reference to the Income Statement.

In particular, the new standard requires:

- that revenues and expenses be classified into three new categories (operating, investment and financial sections), in addition to the tax and discontinued operations categories already present in the income statement;
- that two new sub-totals be presented, the operating result and the result before interest and taxes (i.e. EBIT).

The new standard also:

- requires more information on the performance indicators defined by management;
- Introduces new criteria for the aggregation and disaggregation of information; and
- introduces a number of changes to the format of the Cash Flow Statement, including the requirement to use the operating result as the starting point for the presentation of the Cash Flow Statement prepared under the indirect method and the elimination of certain classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

The new standard will enter into force from 1 January 2027, but early application is permitted.

At present, the directors are assessing the possible effects of introducing the new standard, also in light of possible easures by the Bank of Italy.

- On 9 May 2024, the IASB published a new standard, **IFRS 19 Subsidiaries without Public Accountability: Disclosures**. The new standard introduces some simplifications with reference to the disclosure required by the IFRS in the financial statements of a subsidiary, which meets the following requirements:
 - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
 - it has its own parent company that prepares consolidated financial statements in compliance with IFRS.

The new standard will enter into force from 1 January 2027, but early application is permitted.

Since Generalfinance's parent company does not prepare consolidated financial statements in accordance with IFRS, the adoption of this amendment will have no impact on the Company's financial statements.

- On 30 January 2014, the IASB published **IFRS 14 – Regulatory Deferral Accounts**, which allows only those who adopt IFRS for the first time to continue to recognise the amounts relating to assets subject to regulated tariffs (*“Rate Regulation Activities”*) according to the previous accounting standards adopted. As the Company is not a first-time adopter, this standard is not applicable.

Section 3 - Events after the reporting date of the half-yearly condensed financial statements

Following the closure of the first half of 2025, as already explained in the Management Report of the Board of Directors in “Significant events after the end of the period”, on 25 July 2025, Generalfinance S.p.A. announced that the Civil Court of Trento, in the context of the claw-back action brought against the Company by the bankruptcy estate of Leali Steel S.p.A. – with “Roma 2014 S.r.l.” intervening as assignee under the bankruptcy composition agreement – has declared unenforceable against the bankruptcy estate and Roma 2014 S.r.l. the transfers made under the factoring agreement between Leali Steel S.p.A. and Generalfinance. As a result, the Court has ordered the Company to pay Roma 2014 S.r.l. an amount of approximately EUR 9.3 million (plus interest and expenses, quantifiable as approximately 4.7 million euros).

Generalfinance, considering the reasoning of the judgment to be seriously flawed, appealed to the Court of Appeal of Trento and, on 31 July, notified the counterparties of the appeal in order to get the complete reform of the sentence; at the same time, the request for suspension of the enforceable effect of the sentence was carried out, too.

As a consequence of such application, an urgent procedure was instituted which the Court of Appeal of Trento decided by order of 22 August last, by which it ordered the suspension of the enforceable effect of the contested sentence, given that “the reasons articulated as the basis of the appeal lead to considering that the conditions established by law exist”.

Based on the positive suspension order, the Company, supported by its legal advisors, will continue to cultivate the substantive case at the Court of Appeal of Trento so that the first instance sentence is fully reformulated, confirming the risk of losing as “remote”. Consequently, in line with international accounting standards, the Company has deemed it unnecessary to record specific provisions for this litigation.

Save as reported above, up to the date of this document, no events or circumstances have occurred since the end of the first half of the financial year 2025 that would appreciably alter what has been presented in these half-yearly condensed financial statements.

Pursuant to IAS 10, the date on which these financial statements were authorised for publication by the Company’s Directors is 1 September 2025.

Section 4 - Other aspects

Risks and uncertainties associated with the use of estimates

The preparation of the half-yearly condensed financial statements requires the use of estimates and assumptions that may have significant effects on the values recorded in the balance sheet and in the income statement, as well as on the disclosure relating to contingent assets and liabilities reported in the half-yearly condensed financial statements.

The preparation of these estimates involves the use of available information and the adoption of subjective judgements, also based on historical experience, used in order to formulate reasonable assumptions for the recognition of operating events.

Due to their very nature, the estimates and assumptions used may vary from period to period, therefore it cannot be excluded that the current values recorded in the financial statements may differ significantly as a result of the change in the subjective judgements used.

The cases for which the use of subjective judgements was required in the preparation of these half-yearly condensed financial statements concern:

- estimates and assumptions on the recoverability of deferred tax assets and liabilities;
- the quantification of impairment losses on financial assets measured at amortised cost;
- the quantification of provisions for personnel and provisions for risks and charges and tax liabilities.

With reference to certain cases indicated above and in consideration of the current financial and economic situation, it was deemed appropriate to provide adequate information in “Part D – Other information” regarding the reasons underlying the decisions made, the assessments carried out and the estimation criteria adopted in application of international accounting standards.

A.2 – PART RELATING TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

The accounting policies adopted for the preparation of these half-yearly condensed financial statements as at 30 June 2025, with reference to the stages of classification, recognition, measurement and derecognition of the various asset and liability items, as well as for the methods of recognising costs and revenues, remained unchanged from those adopted for the financial statements as at 31 December 2024, to which reference should therefore be made.

A.3 INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

During the half year, the Company did not carry out any transfers between portfolios of financial assets.

A.4 INFORMATION ON FAIR VALUE

Qualitative information

This section includes the disclosure on fair value as required by IFRS 13.

In accordance with the provisions of international accounting standards, the Company determines the fair value to the extent of the consideration with which two independent and knowledgeable market counterparties would be willing, at the reporting date, to conclude a transaction targeted at the sale of an asset or the transfer of a liability.

The international accounting standards reclassify the fair value of financial instruments on three levels based on the inputs recorded by the markets and more precisely:

- level 1: listed prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2: inputs other than the listed prices included in Level 1, directly or indirectly observable for the asset or liability. The prices of the assets or liabilities are derived from the market prices of similar assets or through valuation techniques for which all significant factors are derived from observable market data;
- level 3: unobservable inputs for the asset or liability. The prices of the assets or liabilities are inferred using valuation techniques that are based on data processed using the best information available on assumptions that market participants would use to determine the price of the asset or liability (therefore, it involves estimates and assumptions by management).

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

The Company's assets in the half-yearly condensed financial statements consist mainly of trade receivables transferred without recourse and advances paid for trade receivables sold as part of the regulations set forth in Italian Law no. 52 of 21 February 1991.

The fair value measurement method most appropriate for transferred loans and advances granted is to recognise the present value on the basis of discounted future cash flows, using a rate, normally corresponding to the effective rate of the relationship agreed with the transferring counterparty. This rate also takes into account the other components of the transaction cost.

It should also be noted that the receivables transferred and the advances granted normally have a short-term maturity and the rate of the relations tends to be variable.

For these reasons, it is possible to state that the fair value of the receivables is similar to the value of the transaction represented by the nominal amount of the receivables transferred in the case of a transaction without recourse or by the amount of the advances granted and therefore it is reclassified in the absence of external inputs only at level 3.

Liabilities in the financial statements consist mainly of financial payables due to the banking system, which have the characteristic of short-term liabilities, whose fair value corresponds to the value of the amounts or provisions collected by the Company.

These items are placed hierarchically at the third level as they are governed by private contractual agreements agreed from time to time with the respective counterparties and, therefore, are not reflected in prices or parameters observable on the market.

A.4.2 Evaluation processes and sensitivity

The fair value of the financial assets measured at fair value, the receivables transferred and the advances granted may undergo changes due to any losses that may arise due to factors that determine their partial or total non-collectability.

A.4.3 Fair value hierarchy

The financial statements present financial assets measured at fair value on a recurring basis.

These are financial assets measured at fair value through profit or loss – mandatorily measured at fair value, represented by minority interests in banks, financial companies, in a reserved closed-end alternative investment fund and in an alternative investment fund with variable capital.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

Assets/Liabilities measured at fair value	Total 30/06/2025			Total 31/12/2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	-	-	7,914,542	-	-	8,145,408
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	7,914,542	-	-	8,145,408
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	-	-	7,914,542	-	-	8,145,408
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-

During the first half of the year, part of the subscribed units of the reserved closed-end alternative investment fund, called “Finint Special Credit Opportunity Fund”, were paid up for EUR 191,045, and revenues were distributed from the “VER Capital Credit Partners IX – Trade Receivables” fund for EUR 43,163.

The fair value of the units of the “Finint Special Credit Opportunity Fund” and “Ver Capital Credit Partners IX – Trade Receivables” funds was determined on the basis of the latest available update of the Net Asset Value (NAV) reported by the respective asset management companies.

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	8,145,408	-	-	8,145,408	-	-	-	-
2. Increases	4,731	-	-	4,731	-	-	-	-
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits allocated to:	4,731	-	-	4,731	-	-	-	-
2.2.1. Income statement	4,731	-	-	4,731	-	-	-	-
of which capital gains	4,731	-	-	4,731	-	-	-	-
2.2.2. Shareholders' equity	-	X	X	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	235,597	-	-	235,597	-	-	-	-
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Refunds	234,208	-	-	234,208	-	-	-	-
3.3. Losses allocated to:	1,389	-	-	1,389	-	-	-	-
3.3.1. Income statement	1,389	-	-	1,389	-	-	-	-
of which capital losses	1,389	-	-	1,389	-	-	-	-
3.3.2. Shareholders' equity	-	X	X	-	-	-	-	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	7,914,542	-	-	7,914,542	-	-	-	-

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	Total 30/06/2025				Total 31/12/2024			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	616,841,618	-	-	616,841,618	614,945,539	-	-	614,945,539
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups	-	-	-	-	-	-	-	-
Total	616,841,618			616,841,618	614,945,539	-	-	614,945,539
1. Financial liabilities measured at amortised cost	597,445,162	-	-	597,445,162	635,239,008	-	-	635,239,008
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	597,445,162	-	-	597,445,162	635,239,008	-	-	635,239,008

Key: BV = Book Value; L1 = Level 1; L2 = Level 2; L3 = Level 3

A.5 INFORMATION ON THE “DAY ONE PROFIT/LOSS”

The Company does not carry out transactions involving losses/profits as established by IFRS 7, par. 28.

PART B - INFORMATION ON THE BALANCE SHEET**ASSETS****Section 1 – Cash and cash equivalents – Item 10***Breakdown of item 10 "Cash and cash equivalents"*

Items/Values	Total 30/06/2025	Total 31/12/2024
Cash	1,428	1,355
"On demand" loans to banks	92,276,910	120,395,453
"Term" loans to banks	3,012,992	2,001,534
Total	95,291,330	122,398,342

The amount of EUR 92,276,910 is made up of temporary liquidity deposits with credit institutions.

It should be noted that, on 29 January 2019, at the same time as the signing of a medium/long-term loan agreement with a pool of banks, renewed in December 2024, the Company signed a specific pledge agreement based on which the credit balance of the current accounts indicated therein was pledged to guarantee the debt relating to the loan disbursed by the pool of banks.

As at 30 June 2025, the credit balance of the current accounts subject to the pledge amounted to EUR 32,389,374, while the payable relating to the medium/long-term loan with a pool of banks, including interest payable accrued, amounted to EUR 261,272,855.

Section 2 – Financial assets measured at fair value through profit or loss – Item 20*2.6 Other financial assets mandatorily measured at fair value: breakdown by type*

Items/Values	Total 30/06/2025			Total 31/12/2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	22,974	-	-	22,974
3. UCITS units	-	-	7,891,568	-	-	8,122,434
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total	-	-	7,914,542	-	-	8,145,408

The amount classified in Level 3 of Equity securities refers to shares of Banca di Credito Cooperativo di Milano and shares of Rete Fidi Liguria, whose valuation is periodically verified on the basis of internal methodologies. The amount classified in Level 3 of UCITS units refers to the investment funds mentioned above, whose valuation is based on the latest management statements received from the companies that established and manage them.

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: breakdown by type of loans to banks

Breakdown	Total 30/06/2025						Total 31/12/2024					
	Book value			Fair Value			Book value			Fair Value		
	First and second stage	Third stage	Purchased or Originated Impaired	L1	L2	L3	First and second stage	Third stage	Purchased or Originated Impaired	L1	L2	L3
1. Term Deposits	-	-	-	-	-	-	-	-	-	-	-	-
2. Current accounts	-	-	-	-	-	-	-	-	-	-	-	-
3. Loans	74,239	-	-	-	-	74,239	17,169	-	-	-	-	17,169
3.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Loans for leases		-	-	-	-		-	-	-	-	-	-
3.3 Factoring	74,239	-	-	-	-	74,239	17,169	-	-	-	-	17,169
- with recourse		-	-	-	-		-	-	-	-	-	-
- without recourse	74,239	-	-	-	-	74,239	17,169	-	-	-	-	17,169
3.4 Other loans		-	-	-	-		-	-	-	-	-	-
4. Debt securities		-	-	-	-		-	-	-	-	-	-
4.1 structured securities		-	-	-	-		-	-	-	-	-	-
4.2 other debt securities		-	-	-	-		-	-	-	-	-	-
5. Other assets		-	-	-	-		-	-	-	-	-	-
Total	74,239	-	-	-	-	74,239	17,169	-	-	-	-	17,169

L1 = level 1; L2 = level 2; L3 = level 3

4.2 Financial assets measured at amortised cost: breakdown by type of loans to financial companies

Breakdown	Total 30/06/2025						Total 31/12/2024					
	Book value			Fair Value			Book value			Fair Value		
	First and second stage	Third stage	Purchased or Originated Impaired	L1	L2	L3	First and second stage	Third stage	Purchased or Originated Impaired	L1	L2	L3
1. Loans	4,932,978	-	-	-	-	4,932,978	57,587	-	-	-	-	57,587
1.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	4,932,978	-	-	-	-	4,932,978	57,587	-	-	-	-	57,587
- with recourse	4,891,110	-	-	-	-	4,891,110	-	-	-	-	-	-
- without recourse	41,867	-	-	-	-	41,867	57,587	-	-	-	-	57,587
1.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	4,932,978	-	-	-	-	4,932,978	57,587	-	-	-	-	57,587

L1 = level 1; L2 = level 2; L3 = level 3

4.3 "Financial assets measured at amortised cost: breakdown by type of loans to customers"

Breakdown	Total 30/06/2025						Total 31/12/2024					
	Book value			Fair Value			Book value			Fair Value		
	First and second stage	Third stage	Purchased or Originated Impaired	L1	L2	L3	First and second stage	Third stage	Purchased or Originated Impaired	L1	L2	L3
1. Loans	602,329,301	9,505,101	-	-	-	611,834,402	610,846,274	4,024,509	-	-	-	614,870,783
1.1 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
<i>of which: without final purchase option</i>	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	602,329,301	9,505,101	-	-	-	611,834,402	610,846,274	4,024,509	-	-	-	614,870,783
- with recourse	447,835,986	9,405,244	-	-	-	457,241,230	415,377,788	4,001,258	-	-	-	419,379,046
- without recourse	154,493,315	99,857	-	-	-	154,593,172	195,468,486	23,251	-	-	-	195,491,737
1.3 Consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Pledged loans	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Loans granted in relation to payment services provided	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
<i>of which: from enforcement of guarantees and commitments</i>	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	602,329,301	9,505,101	-	-	-	611,834,402	610,846,274	4,024,509	-	-	-	614,870,783

L1 = level 1; L2 = level 2; L3 = level 3

4.4 Financial assets measured at amortised cost: breakdown by debtor/issuer of loans to customers

Type of transactions/Values	Total 30/06/2025			Total 31/12/2024		
	First and second stage	Third stage	Purchased or Originated Impaired	First and second stage	Third stage	Purchased or Originated Impaired
1. Debt securities	-	-	-	-	-	-
a) Public administrations	-	-	-	-	-	-
b) Non-financial companies	-	-	-	-	-	-
2. Loans to:	602,329,301	9,505,101	-	610,846,274	4,024,509	-
a) Public administrations	35,766,138	-	-	9,249,959	-	-
b) Non-financial companies	556,534,029	9,505,101	-	590,093,385	4,024,509	-
c) Households	10,029,134	-	-	11,502,930	-	-
3. Other assets	-	-	-	-	-	-
Total	602,329,301	9,505,101	-	610,846,274	4,024,509	-

4.5 Financial assets measured at amortised cost: gross value and total value adjustments

	Gross value					Total value adjustments				Total partial write-offs
	First stage	of which: instruments with low credit risk	Second stage	Third stage	Purchase d or Originate d Impaired	First stage	Second stage	Third stage	Purchase d or Originate d Impaired	
Debt securities	-	-	-	-	-	-	-	-	-	-
Loans	592,133,415		17,289,952	12,039,585		1,752,975	341,129	2,543,484	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total 30/06/2025	592,133,415		17,289,952	12,039,585		1,752,975	341,129	2,543,484	-	-
Total 31/12/2024	596,157,089	-	16,336,278	5,524,082	-	1,458,059	114,278	1,499,573	-	-

As at the date of these financial statements, there are no loans subject to “moratoria” pursuant to law or other forbearance measures or that constitute new liquidity granted through public guarantee mechanisms issued in response to Covid-19.

4.6 Financial assets measured at amortised cost: guaranteed assets

	Total 30/06/2025						Total 31/12/2024					
	Loans to banks		Receivables from financial companies		Loans to customers		Loans to banks		Receivables from financial companies		Loans to customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:	-	-	3,436,773	3,428,658	375,624,621	375,624,621	-	-	-	-	406,771,893	406,771,893
- Assets under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	1,928,658	1,928,658	370,347,809	370,347,809	-	-	-	-	335,099,884	335,099,884
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	1,508,115	1,500,000	71,454,214	71,454,214	-	-	-	-	71,672,009	71,672,009
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-performing assets guaranteed by:	-	-	-	-	7,646,870	7,046,360	-	-	-	-	4,001,258	4,001,258
- Assets under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	-	-	7,046,359	7,046,359	-	-	-	-	3,923,648	3,923,648
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	600,511	1	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-	-	-	-	-	77,610	77,610
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	3,436,773	3,428,658	383,271,491	382,670,981	-	-	-	-	410,773,151	410,773,151

VE = book value of exposures

VG = fair value of guarantees

The table shows the value of financial assets measured at amortised cost that are guaranteed and the amount of the related guarantee.

The guarantees consist of factoring receivables transferred.

In addition, the Company acquires i) insurance guarantees to protect against the risk of default of the transferred debtors, ii) letters of patronage, iii) letters of compensation between transferors and iv) in some cases personal guarantees (sureties) from directors or shareholders of its transferors.

In the case of guarantees that have a value that exceeds the amount of the guaranteed asset, the value of the guaranteed asset is indicated in the column "Value of guarantees".

Section 7 – Equity investments – Item 70

7.1 Equity investments: information on equity investments

Name	Registered office	Operational headquarters	% shareholding	Avail. votes %	Book value	Fair Value
C. Companies subject to significant influence						
a) Mit Partners S.p.A.	Milan	Milan	25%	25%	-	--
Total					-	

On 11 May 2023, the Company acquired a 25% stake in the company Mit Partners S.p.A., with registered office in Milan, Via Lodovico Mancini 5, whose purpose is the acquisition and management of equity investments in other companies or entities and the provision of business and strategic consulting services, including management and turnaround services.

As at 30 June 2025, the equity investment was fully written down.

Section 8 – Property, plant and equipment – Item 80

8.1 Property, plant and equipment for business use: breakdown of assets measured at cost

Assets/Values	Total 30/06/2025	Total 31/12/2024
1. Owned assets	2,597,521	2,502,101
a) land	178,952	178,952
b) buildings	1,610,031	1,644,845
c) furniture	214,992	244,646
d) electronic systems	96,162	113,705
e) others	497,384	319,953
2. Rights of use acquired through leasing	3,628,752	3,975,108
a) land		-
b) buildings	3,269,343	3,540,050
c) furniture	-	-
d) electronic systems	-	-
e) others	359,409	435,058
Total	6,226,273	6,477,209
of which: obtained through the enforcement of guarantees received	-	-

As from 1 January 2019, this item also includes rights of use acquired through leasing and relating to property, plant and equipment that the Company uses for business purposes, including the accounting effects relating to lease and operating lease agreements in which the Company is the lessee.

Section 9 – Intangible assets – Item 90

9.1 Intangible assets: breakdown

Items/Valuation	Total 30/06/2025		Total 31/12/2024	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets				
of which: software		-	-	-
2.1 owned	3,433,724	-	3,260,736	-
- generated internally	1,017,636	-	814,093	-
- others	2,416,088	-	2,446,643	-
2.2 rights of use acquired through leasing		-	-	-
Total 2	3,433,724	-	3,260,736	-
3. Assets relating to finance leases				
3.1 unopted assets	-	-	-	-
3.2 assets withdrawn following termination	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	-	-	-	-
Total (1+2+3)	3,433,724	-	3,260,736	-
Total	3,433,724		3,260,736	

The item “Other internally generated intangible assets” includes – in terms of wages, salaries and other costs related to the employment of personnel involved in generating the business – the amount invested for the development of software applications whose use extends beyond a single year, also generating economic benefits in the future.

The item “Other owned intangible assets – others” includes the cost incurred for the acquisition and development of software, amortised on a straight-line basis for an estimated useful life of five years from entry into operation and the cost incurred for the acquisition and development of software for which the amortisation period has not yet begun, as the assets, at the reporting date, are not used and available for use.

Section 10 - Tax assets and tax liabilities - Item 100 of assets and Item 60 of liabilities

Name	Total 30/06/2025	Total 31/12/2024
Current tax assets	3,991,646	6,866,662
Deferred tax assets	458,577	475,762
Total	4,450,223	7,342,424

It should be noted that for a more correct representation in the financial statements, starting from 31 December 2024, the tax credits on investments and those connected with the “Cura Italia” and “Rilancio” Law Decrees acquired following the sale by previous buyers, were classified under item 120 of balance sheet assets, “Other assets”, in line with paragraphs 54 and 55 of IAS 1 “Presentation of Financial Statements”.

10.1 “Tax assets: current and deferred”: breakdown

The item “Current tax assets” consists entirely of receivables from the tax authorities for IRES and IRAP advance payments amounting to EUR 3,229,840 and EUR 761,806, respectively.

The item “Deferred tax assets” includes deferred tax assets arising mainly from temporary differences for allocations to the bad debt provision and for provisions for risks and charges incurred and deductible in accordance with current tax regulations.

10.2 “Tax liabilities: current and deferred”: breakdown

Name	Total 30/06/2025	Total 31/12/2024
Current tax liabilities	6,228,132	10,361,986
Deferred tax liabilities	70,964	49,256
Total	6,299,096	10,411,242

The item “*Current tax liabilities*” consists of the payable to the Tax Authorities for IRES of EUR 5,131,733 and for IRAP of EUR 1,096,399.

The item “*Deferred tax liabilities*” relates to the actuarial effect (Actuarial Gain) resulting from the actuarial valuation of the employee severance indemnity provision according to IAS 19.

Section 12 – Other assets – Item 120

12.1 Other assets: breakdown

Items/Values	Total 30/06/2025	Total 31/12/2024
110% Superbonus tax credits	4,153,628	3,157,586
Prepaid expenses	3,178,182	2,438,281
Sundry assets	639,950	728,552
Withholding taxes	133,054	440,725
Security deposits	91,585	88,175
Other tax credits (Art Bonus, Innovazione Digitale 4.0, Beni Strumentali 4.0, others)	81,965	192,966
Suppliers advances	61,568	31,232
Accrued income	54,856	57,346
Total	8,394,788	7,134,863

The item “110% Superbonus tax credits” increased compared with 31 December 2024, due to purchases made during the half-year, whose total amount exceeded the offsets applied against the Company’s tax liabilities at the end of the half.

LIABILITIES**Section 1 – Financial liabilities measured at amortised cost – Item 10****1.1 Financial liabilities measured at amortised cost: breakdown by type of payables**

Items	Total 30/06/2025			Total 31/12/2024		
	to banks	to financial companies	to customers	to banks	to financial companies	to customers
1. Loans	276,411,682	79,421,595	-	277,625,116	71,649,724	-
1.1 repurchase agreements	-	-	-	-	-	-
1.2 other loans	276,411,682	79,421,595	-	277,625,116	71,649,724	-
2. Lease payables	-	-	2,942,981	-	-	3,186,688
3. Other payables	-	137,058,116	1,506,071	-	202,235,521	3,699,753
Total	276,411,682	216,479,711	4,449,052	277,625,116	273,885,245	6,886,441
Fair value – level 1	-	-	-	-	-	-
Fair value – level 2	-	-	-	-	-	-
Fair value – level 3	276,411,682	216,479,711	4,449,052	277,625,116	273,885,245	6,886,441
Total Fair Value	276,411,682	216,479,711	4,449,052	277,625,116	273,885,245	6,886,441

The total for this item therefore amounts to EUR 497,340,445, decreased by 61.1 million euros compared to 31 December 2024 mainly for the reduction of payables to the securitization vehicle General SPV S.r.l. for €64.8 million, just partially offset by the lower increase in other sub-items, such as payables to customers which grew by €2.2 million, approximately.

Payables to banks refer to:

Technical form	Amount
Current account exposures for SBF advances	1,989,262
Unsecured loans	13,149,565
Pool loan	261,272,855
Total	276,411,682

As at the date of the financial report, the following unsecured loans were outstanding:

Bank	Expiry	Residual capital
Cassa di Risparmio di Asti S.p.A.	18/06/2026	4,998,591
Intesa Sanpaolo S.p.A.	30/09/2027	8,150,974

With regard to the revolving pool loan agreement, it should be noted that the Company – in the context of funding strategies – has obtained an extension of the contract's expiry from the credit institutions until December 2027.

In this regard, it is specified that the RCF Agreement envisages certain covenants relating in particular to:

- ✓ the capitalisation of the Company ("Financial Parameter");
- ✓ the proportion of non-performing loans to total loans;
- ✓ the loan to value of the overall line;
- ✓ the degree of insurance coverage of credit exposures.

These covenants have been constantly respected since the signing of the RCF Contract and are in line with the contractual limits also with reference to 30 June 2025.

Payables for loans to financial companies mainly refer to payables for re-factoring with recourse on Italian and foreign invoices (i.e. "refactoring transactions").

Other payables to financial companies refer to payables to the special purpose vehicle (General SPV S.r.l.) relating to the securitisation transaction completed on 13 December 2021, which expired in December 2024 but was renewed for a further three years until 31 December 2027, and relating to a revolving portfolio of performing trade receivables arising from factoring agreements owned by the Company. With reference to the securitisation transaction in place, it should be noted that the contractual documentation signed with the lenders provides for certain triggers, after which the transaction may go into a phase of amortisation. These triggers refer in particular to the performance of the securitised portfolio (delinquency and default levels). These triggers are in line with the contractual limits also with reference to 30 June 2025.

Currently, the three-year securitisation programme provides for a maximum amount of outstanding nominal loans of EUR

737.5 million. Purchases of receivables are financed through the issue of various classes of partly-paid type ABS securities, with different degrees of subordination.

Payables to customers refer to amounts to be paid to transferors deriving from collections of transferred receivables, to payables for leases, recognised following the adoption of the new accounting standard “IFRS 16 Leases”.

1.2 Financial liabilities measured at amortised cost: breakdown by type of securities issued

Type of securities/Values	Total 30/06/2025				Total 31/12/2024			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	63,578,705	-	-	63,578,705	12,776,933	-	-	12,776,933
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	63,578,705	-	-	63,578,705	12,776,933	-	-	12,776,933
2. other securities	36,526,012	36,526,012	-	-	64,065,273	64,065,273	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	36,526,012	36,526,012	-	-	64,065,273	64,065,273	-	-
Total	100,104,717	36,526,012	-	63,578,705	76,842,206	64,065,273	-	12,776,933

As for bonds, during September and October 2021, the Company issued and placed two Tier 2 subordinated bonds, while in April 2025 it issued and placed one Senior Unsecured bond.

The first, with a duration of six years and maturity on 30 September 2027, was issued for an amount of EUR 5 million with an annual coupon at a fixed rate of 10%.

The second, with a duration of five years and maturity on 28 October 2026, was issued for an amount of EUR 7.5 million and with an annual coupon at a floating rate equal to the 3-month Euribor plus a spread of 800 basis points.

The Senior Bond, with a maturity of 3 years and expiring on 17 April 2028, was issued for a total amount of EUR 50 million with a fixed annual coupon of 5.50% and is traded on Euronext ACCESS Milan, a multilateral trading facility operated by Borsa Italiana S.p.A.

The bonds – subscribed by institutional investors – were entered into the centralised management system at Monte Titoli S.p.A. and subject to the dematerialisation regulations.

The other securities are commercial paper admitted in dematerialised form in Monte Titoli and traded on Euronext ACCESS Milan, a multilateral trading system managed by Borsa Italiana S.p.A.

In particular, at the reporting date, six securities were issued and still not reimbursed.

Securities	Issuing Date	Amount	Annual rate	Duration
1	November 2024	5,000,000	2.023%	12 months
2	December 2024	5,000,000	3.420%	12 months
3	January 2025	5,000,000	3.560%	6 months
4	March 2025	10,000,000	3.370%	9 months
5	May 2025	2,000,000	2.100%	9 months
6	June 2025	10,000,000	2.970%	6 months
Total		37,000,000		

1.3 Payables and subordinated securities

The item “Debt securities issued” includes subordinated securities of EUR 12.5 million, relating to the issue of Tier 2 bonds for a nominal amount of EUR 12.5 million, as well as a senior bond for a nominal amount of EUR 50 million.

Section 6 – Tax liabilities – Item 60

For the content of the item “Tax liabilities”, please refer to Section 10 of assets “Tax assets and Tax liabilities”.

Section 8 – Other liabilities – Item 80

8.1 Other liabilities: breakdown

Items/Values	Total 30/06/2025	Total 31/12/2024
Factoring payables	40,306,647	28,839,105
Deferred income	5,641,981	4,898,507
Payables to suppliers and lenders	3,712,069	3,287,255
Accrued expenses	1,391,255	1,252,021
Payables to employees	1,120,831	1,575,159
Sundry payables	1,083,367	523,839
Payables to Directors	633,847	1,133,200
Payables to tax authorities	405,665	360,885
Social security and welfare institutions	358,251	337,389
Total	54,653,913	42,207,360

The item “Factoring payables” includes both the payments received from debtors for existing factoring transactions, for which the allocation to the relative positions has taken place in the first few days of July, and the differential between the items of bills with credit institutions and the relative positions still open on the transferred debtors, due to the time lag between the closing operation carried out by the credit institutions and that carried out by the Company, which, with the same expiry date, will take place when the security is actually collected.

Section 9 - Employee severance indemnity - Item 90

9.1 Employee severance indemnity: annual changes

	Total 30/06/2025	Total 31/12/2024
A. Opening balance	1,550,314	1,471,156
B. Increases	103,653	217,408
B.1 Provision for the year	103,653	217,408
B.2 Other increases	-	-
C. Decreases	85,095	138,250
C.1 Payments made	6,158	124,356
C.2 Other decreases	78,937	13,894
D. Closing balance	1,568,872	1,550,314

The liability recognised in the financial statements as at 30 June 2025, relating to the employee severance indemnity, is equal to the present value of the obligation estimated by an independent actuarial study on the basis of demographic and economic assumptions.

9.2 Other information

The main actuarial assumptions are reported below:

Salary increase and inflation: based on analyses conducted on company data updated to 2024, the decision was taken to adopt an annual salary increase rate of 3% for all job categories. In addition to this salary increase, an annual increase was assumed due to inflation, the ratios of which are indicated below;

Average probabilities and percentages of use of the employee severance indemnity provision: given the modest size of the community under investigation, the probabilities and percentages of use were estimated, based on seniority and on the basis of experience derived from similar companies;

Probability of elimination from the community due to death: the census tables of the Italian general population (Tables ISTAT SIM/F 2023 of the Italian Institute of Statistics) differentiated according to gender were used;

Probability of elimination from the community due to retirement: given the small number of the community, probabilities already adopted for similar companies were used. These probabilities, differentiated by gender and work category, take into account the latest provisions on retirement age;

Probability of elimination from the community for reasons other than death and retirement (resignation, permanent disability, etc.): on the basis of the historical series recorded by the Company, these probabilities were set at 5% per year;

Rates of revaluation of employee severance indemnity: inflation is set equal to the index estimated for the medium term by the European Central Bank for the Eurozone and is equal to 2% flat;

Interest rates: the “Europe Corporate” “AA” rating curve produced by Bloomberg Finance as at 30 June 2025 was used.

The table below summarises the results of the sensitivity analysis.

	Value of the DBO	Increase (or decrease) in the DBO
Basic assessment	1,568,872	
Sensitivity with respect to interest rates		
I) 0.5% decrease in rates	1,636,852	4.33%
II) 0.5% increase in interest rates	1,505,648	-4.03%
Sensitivity with respect to the salary scale		
III) 0.5% decrease in the salary scale	1,550,254	-1.19%
IV) 0.5% increase in the salary scale	1,588,740	1.27%

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions for risks and charges: breakdown

Items/Values	Total 30/06/2025	Total 31/12/2024
1. Provisions for credit risk relating to commitments and financial guarantees issued	-	-
2. Provisions on other commitments and other guarantees issued	-	-
3. Company pension funds	194,790	186,116
4. Other provisions for risks and charges	412,272	22,579
4.1 legal and tax disputes	-	-
4.2 personnel expenses	412,272	22,549
4.3 others	-	30
Total	607,062	208,695

10.5 Defined benefit company pension funds

The “Pension funds” refer to the “Provision for supplementary customer indemnity” and the “Provision for non-competition agreements” allocated to the sole agent. These amounts will be paid at the end of the relationship.

10.6 Provisions for risks and charges - other provisions

“Other provisions for risks and charges” refer to the provision made for the long-term incentive plan for the 2025-2027 period approved by resolution of the Board of Directors at the meeting of 28 February 2025.

As at the reporting date, 6 (six) disputes were brought against the Company.

With reference to the disputes in which the Company is involved as defendant, also on the basis of the specific opinions provided by the legal defence attorneys, as at 30 June 2025, the same disputes were all assessed as having a “remote” risk of losing (including the “Leali Steel S.p.A. / Roma 2014 S.r.l.” lawsuit which was previously discussed), except for two:

- the first, originating in 2018, concerning a claim for the restitution of sums charged during the course of the relationship. Although the value of the case (as declared by the plaintiff in the summons), is equal to EUR 201,626.19, the risk of losing is assessed as “possible” for EUR 94,986.76 (but “remote” for the residual amount);
- the second, resulting from the appeal brought by the opposing party against the first instance judgment in favour of the Company, relates to the re-proposal, at the appeal stage, of a request pursuant to Article 67 of the Bankruptcy Law, rejected without stating reasons by the court of first instance and re-proposed in second instance by the bankruptcy. The value of the case is EUR 2,246,457 and the risk of losing the case is assessed as “possible”.

In line with the provisions of the relevant accounting standards and internal policies, the Company has not made any provisions.

Section 11 – Equity – Items 110, 140, 150, 160 and 170

11.1 Share capital: breakdown

Types	Amount
1. Share capital	4,202,329
1.1 Ordinary shares	4,202,329
1.2 Other shares	-

The Company's share capital amounts to EUR 4,202,329.36 and is divided into 12,635,066 ordinary shares without nominal value, pursuant to paragraph 3 of Art. 2346 of the Italian Civil Code and Art. 5 of the current Articles of Association.

As at 30 June 2025, based on the information available to the Company, it is broken down as follows:

- **GGH – Gruppo General Holding S.r.l. (GGH)**, which holds approximately 41.37% of the share capital (roughly 53.53% of the voting rights taking into account the increased vote);
- **Investment Club S.r.l. (IC)**, which holds approximately 9.55% of the share capital (approximately 9.41% of the voting rights);
- **BFF Bank S.p.A. (BFF)**, which holds approximately 8.02% of the share capital (approximately 5.19% of the voting rights);
- **First4Progress 1 S.r.l. (F4P – formerly First4Progress S.p.A.)**, which holds approximately 5.39% of the share capital (around 6.66% of the voting rights);
- **Banca del Ceresio SA (BS)**, which holds roughly 4.77% of the share capital (approximately 5.22% of the voting rights);
- **free float**, which overall holds approximately 30.90% of the share capital (roughly 19.99% of total voting rights).

The shares, all ordinary and traded on Euronext STAR Milan, have equal rights, both administrative and financial, as established by law and by the Articles of Association, except for the provisions of the latter regarding increased voting rights, as specified below. The shares are indivisible, registered and freely transferable by an act *inter vivos* and transmissible on death. The legislation and regulations in force from time to time regarding representation, legitimate entitlement and circulation of equity investments set forth for financial instruments traded on regulated markets are applied to the shares. The shares are issued in dematerialised form.

Pursuant to Article 127-*quinquies* of Italian Legislative Decree no. 58 of 24 February 1998 (**TUF**, Consolidated Law on Finance), two voting rights are assigned to each share, belonging to the same party, based on a right in rem that gives a legitimate entitlement to exercise the voting right (full ownership with voting right or bare ownership with voting right or usufruct with voting right) for a continuous period of at least 24 months certified by the continuous registration, for a period of at least 24 months, in the duly established list kept by the Company. In addition, to the extent permitted by the law currently in force, each share owned by the same party, based on a right in rem that gives a legitimate entitlement to exercise the voting right, is assigned one additional vote at the due date of each period of 12 months following the accrual of the 24-month period referred to above up to a total maximum of ten voting rights per share.

The assessment of the prerequisites for the attribution of the increased vote is carried out by the administrative body.

11.2 Treasury shares: breakdown

As at 30 June 2025 and 31 December 2024, the Company held no treasury shares.

11.3 Equity instruments: breakdown

As at 30 June 2025 and 31 December 2024, the Company did not recognise the item equity instruments.

11.4 Share premium reserve: breakdown

Types	Amount
1. Share premium reserve	25,419,745
1.1 Ordinary shares	25,419,745
1.2 Other shares	-

PART C - INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	30/06/2025	30/06/2024
1. Financial assets measured at fair value through profit or loss:					-
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
3. Financial assets measured at amortised cost	-	20,722,538	X	20,722,538	18,142,387
3.1 Loans to banks	-	511,339	X	511,339	925,992
3.2 Receivables from financial companies	-	604,643	X	604,643	788,818
3.3 Loans to customers	-	19,606,556	X	19,606,556	16,427,577
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	270,826	270,824	71,045
6. Financial liabilities	X	X	X	-	-
Total		20,722,538	270,826	20,993,363	18,213,432
of which: interest income on impaired financial assets					-
of which: interest income on leases	X		X		-

1.3 Interest expense and similar charges: breakdown

Items/Technical forms	Payables	Securities	Other transactions	30/06/2025	30/06/2024
1. Financial liabilities measured at amortised cost	11,641,334	2,177,642	-	15,996,617	13,255,250
1.1 Due to banks	5,129,356	X	-	5,129,356	4,855,045
1.2 Payables to financial companies	6,450,304	X	-	6,450,305	6,926,611
1.3 Due to customers	61,674	X	-	61,674	28,609
1.4 Securities issued	X	2,177,642	-	4,355,283	1,444,985
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities	X	X	1	1	1
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	-	-
Total	11,641,334	2,177,642	1	15,996,618	13,255,251
of which: interest expense on lease payables		X	X	61,674	28,609

Section 2 – Commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

Detail	Total 30/06/2025	Total 30/06/2024
a) lease transactions	-	-
b) factoring transactions	26,702,258	18,016,786
c) consumer credit	-	-
d) guarantees issued	-	-
e) services of:		
- management of funds on behalf of third parties	-	-
- foreign exchange brokerage	-	-
- product distribution	-	-
- others	-	-
f) collection and payment services	-	-
g) servicing in securitisation transactions	-	-
h) other commissions	-	-
Total	26,702,258	18,016,786

2.2 Fee and commission expense: breakdown

Detail/Sectors	Total 30/06/2025	Total 30/06/2024
a) guarantees received	185	188
b) distribution of services by third parties	-	-
c) collection and payment services	-	-
d) other commissions	3,689,157	2,000,669
d.1 advances on business loans (It. Law no. 52/91)	1,344,433	712,710
d.2 others	2,344,724	1,287,959
Total	3,689,342	2,000,857

Fee and commission expense for advances on business receivables are represented by commissions and fees paid to third parties.

The sub-item “Other” is mainly composed of bank charges and commissions for EUR 479,486 and costs incurred for credit insurance for EUR 1,865,238.

Section 8 – Net value adjustments/write-backs for credit risk – Item 130

8.1 Net value adjustments/write-backs for credit risk relating to financial assets measured at amortised cost: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs (2)				Total 30/06/2025	Total 30/06/2024
	First stage	Second stage	Third stage		Purchased or Originated Impaired		First stage	Second stage	Third stage	Purchased or Originated Impaired		
			Write-off	Other	Write-off	Other						
1. Loans to banks	372	-	-	-	-	-	644	-	-	-	272	(1,236)
- for leases	-	-	-	-	-	-	-	-	-	-		-
- for factoring	-	-	-	-	-	-	-	-	-	-		-
- other receivables	372	-	-	-	-	-	644	-	-	-	272	(1,236)
2. Receivables from financial companies	-	-	-	-	-	-	1	-	-	-	1	-
- for leases	-	-	-	-	-	-	-	-	-	-		-
- for factoring	-	-	-	-	-	-	-	-	-	-		-
- other receivables	-	-	-	-	-	-	1	-	-	-	1	-
3. Loans to customers	336,460	265,281	105,040	1,629,514	-	-	79,972		281,303	-	1,975,019	(1,396,131)
- for leases	-	-	-	-	-	-	-	-	-	-		-
- for factoring	336,460	265,281	105,040	1,629,514	-	-	79,972		281,303	-	1,975,019	(1,396,131)
- for consumer credit	-	-	-	-	-	-	-	-	-	-		-
- loans on pledge	-	-	-	-	-	-	-	-	-	-		-
- other receivables	-	-	-	-	-	-	-	-	-	-		-
Total	336,832	265,281	105,040	1,629,514	-	-	80,617		281,303	-	1,974,746	(1,397,367)

The amounts included in the item “Loans to banks” refer to the amounts due from banks “on demand” reported in the item “Cash and cash equivalents”.

For further details, please refer to “Part D - Other information - Section 3 - Information on risks and related hedging policies”.

Section 10 – Administrative expenses – Item 160

10.1 Personnel expenses: breakdown

Types of expenses/Values	Total 30/06/2025	Total 30/06/2024
1. Employees	4,036,927	3,636,658
a) wages and salaries	2,695,721	2,520,279
b) social security contributions	719,548	652,716
c) employee severance indemnity	2,516	9,216
d) social security expenses	-	-
e) employee severance indemnity provision	106,718	110,662
f) allocation to the provision for pensions and similar obligations:		
- defined contribution	-	-
- defined benefit	-	-
g) payments to external supplementary pension funds:	79,239	64,062
- defined contribution	79,239	64,062
- defined benefit	-	-
h) other employee benefits	433,140	279,723
2. Other active personnel	2,000	-
3. Directors and Statutory Auditors	821,651	653,025
4. Retired personnel	-	-
5. Expense recoveries for employees seconded to other companies	-	-
6. Reimbursement of expenses for employees seconded to the company	-	-
Total	4,860,752	4,289,683

Item “h) other employee benefits” and item “3. Directors and Statutory Auditors” include the provisions made against the long-term incentive plan for the period 2025-2027 approved by resolution of the Board of Directors at the meeting of 28 February 2025.

10.3 Other administrative expenses: breakdown

Type of expense/Values	Total 30/06/2025	Total 30/06/2024
Professional fees and consultancy	2,532,398	1,540,164
Commercial information	437,559	394,249
Entertainment & marketing expenses	392,712	301,491
Travel & transportation expenses	238,643	201,758
Utility costs	179,848	141,898
Rent payable and condominium expenses	154,224	94,948
Postage and shipping	95,823	63,667
Charges for indirect taxes and duties	85,595	72,636
Maintenance costs	63,832	92,389
Insurance	19,959	18,885
Stationery and various consumables	10,983	11,981
Other administrative expenses	426,374	299,694
Total	4,637,950	3,233,760

Section 11 – Net provisions for risks and charges – Item 170

11.3 Net allocations to other provisions for risks and charges: breakdown

	Provisions	Uses	Write-backs	Reallocations of surpluses	30/06/2025	30/06/2024
1. Allocations to the pension fund	8,674	-	-	-	8,674	(6,451)
2. Allocations to other provisions for risks and charges:	-	-	-	-	-	243,533
a) legal and tax disputes	-	-	-	-	-	-
b) personnel expenses	-	-	-	-	-	243,533
c) others	-	-	-	-	-	-
Total	8,674	-	-	-	8,674	237,082

The provision in the table refers almost exclusively to the supplementary customer allowance for agents.

Section 14 – Other operating income and expenses – Item 200

14.1 Other operating expenses: breakdown

	Total 30/06/2025	Total 30/06/2024
Contingent liabilities	(244,202)	(33,281)
Donations	(88,500)	(20,400)
Others	(101,993)	(97,071)
Total	(434,695)	(150,752)

14.2 Other operating income: breakdown

	Total 30/06/2025	Total 30/06/2024
Reimbursement of expenses	437,225	279,541
Insurance reimbursements	33,827	22,073
Contingent assets	362,852	122,073
Others	366,156	372,139
Total	1,200,060	795,826

The sub-item “Others” includes EUR 289,285 for direct costs (essentially personnel costs) relating to the development of software generated internally.

Section 19 – Income taxes for the year on current operations – Item 270

19.1 Income taxes for the year on current operations: breakdown

	Total 30/06/2025	Total 30/06/2024
1. Current taxes (-)	(6,228,132)	(4,133,903)
2. Changes in current taxes from previous years (+/-)		-
3. Reduction in current taxes for the year (+)		-
3 bis. Reduction in current taxes for the year for tax credits pursuant to Italian Law no. 214/2011 (+)		-
4. Change in deferred tax assets (+/-)	(17,185)	8,744
5. Change in deferred tax liabilities (+/-)		-
6. Taxes for the year (-) (-1+/-2+3+3 bis+/-4+/-5)	(6,245,317)	(4,125,159)

Current taxes pertaining to the first half of 2025 are estimated at EUR 5,131,733 for IRES and EUR 1,096,399 for IRAP.

For the calculation of the income tax (IRES), the rate of 27.5% was applied, including 3.5% relating to the IRES surcharge. For the regional tax on productive activities (IRAP), the rate of 5.57% was adopted.

The change in deferred tax assets is determined by the algebraic sum obtained from increases of EUR 243,485 for new deferred tax assets arising during the half-year and from decreases of EUR 260,670 for the recovery of taxable income taxed in previous years.

Earnings per share

The methods for calculating the basic earning (loss) per share and diluted earnings (losses) per share are defined by IAS 33 – Earnings per share. Basic earnings (loss) per share is defined as the ratio between the economic result or the result of operating activities in the year (thus excluding the result of non-current assets being disposed of net of taxes) attributable to the holders of ordinary capital instruments and the weighted average of ordinary shares outstanding during the year. The table below shows the basic earnings (loss) per share with the details of the calculation.

Detail	30/06/2025	30/06/2024
Earnings (loss) attributable to holders of ordinary shares	12,320,367	7,984,298
Weighted average of ordinary shares	12,635,066	12,635,066
Basic earnings (loss) per share	0.97	0.63

There are no instruments in place with a potential dilutive effect, therefore, the diluted earnings (loss) per share is equal to the basic earnings (loss) per share.

PART D - OTHER INFORMATION

Section 1 – Specific references on operations carried out

B. Factoring and assignment of receivables*B.1 – Gross value and book value**B.1.1 – Factoring transactions*

Items/Values	Total 30/06/2025			Total 31/12/2024		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing	609,430,620	2,094,103	607,336,517	612,493,367	1,572,337	610,921,030
• exposures to transferors (with recourse)	454,488,098	1,761,003	452,727,095	416,579,491	1,201,703	415,377,788
- assignment of future receivables	81,777,824	1,325,783	80,451,501	81,068,333	790,429	80,277,904
- others	372,710,814	435,220	372,276,468	335,511,158	411,274	335,099,884
• exposures to transferred debtors (without recourse)	154,942,522	333,101	154,609,412	195,913,876	370,634	195,543,242
2. Non-performing	12,039,585	2,534,484	9,505,101	5,524,082	1,499,573	4,024,509
2.1 Bad loans	5,055,932	1,615,918	3,440,014	2,513,329	1,159,630	1,353,699
• exposures to transferors (with recourse)	4,995,883	1,608,457	3,387,426	2,513,329	1,159,630	1,353,699
- assignment of future receivables	-	-	-	388,051	310,441	77,610
- others	4,995,883	1,608,457	3,387,426	2,125,278	849,189	1,276,089
• exposures to transferred debtors (without recourse)	60,050	7,461	52,589	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	60,050	7,461	52,589	-	-	-
2.2 Unlikely to pay	5,602,451	780,426	4,822,025	2,766,421	324,695	2,441,726
• exposures to transferors (with recourse)	5,602,451	780,426	4,822,025	2,766,421	324,695	2,441,726
- assignment of future receivables	2,797,267	438,382	2,358,885	-	-	-
- others	2,805,184	342,044	2,463,140	2,766,421	324,695	2,441,726
• exposures to transferred debtors (without recourse)	-	-	-	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
2.3 Non-performing past due exposures	1,381,202	138,140	1,243,062	244,332	15,248	229,084
• exposures to transferors (with recourse)	1,328,121	132,328	1,195,793	218,222	12,389	205,833
- assignment of future receivables	-	-	-	-	-	-
- others	1,328,121	132,328	1,195,793	218,222	12,389	205,833
• exposures to transferred debtors (without recourse)	53,081	5,812	47,268	26,110	2,859	23,251
- purchases below the nominal value	-	-	-	-	-	-
- others	53,081	5,812	47,268	26,110	2,859	23,251
Total	621,470,205	4,628,587	616,841,618	618,017,449	3,071,910	614,945,539

The table provides details of the value of the receivables recorded in item 40 of the Assets, with exclusive reference to the exposures relating to the specific activity of advancing business receivables (factoring).

Receivables are distinguished between performing and non-performing assets and classified by type of counterparty: transferor and transferred debtor.

The recognition of a receivable in the category “Exposures to transferred debtors” assumes that the assignment of the receivables determined the actual transfer to the transferee of all risks and benefits.

B.3 - Other information**B.3.1 – Turnover of receivables subject to factoring transactions**

Items	30/06/2025	30/06/2024
1. Transactions without recourse	276,256,566	289,337,232
- of which: purchases below nominal value	-	-
2. Transactions with recourse	1,364,140,272	967,957,934
Total	1,640,396,838	1,257,295,166

The table details the turnover of receivables transferred (amount of the gross flow of receivables transferred by customers to the Company during first half-year), distinguishing the transactions in relation to the assumption or not by the transferor of the guarantee of solvency of the transferred debtor.

B.3.3 - Nominal value of contracts for the acquisition of future receivables

Items	30/06/2025	30/06/2024
Flow of contracts for the purchase of future receivables during the year	182,697,649	112,088,518
Amount of contracts outstanding at year-end	150,852,128	86,879,790

As at 30 June 2025, the net exposure for future receivables amounted to EUR 85,495,021.

D. Guarantees given and commitments**D.1 – Value of guarantees (collateral or personal) issued and commitments**

Transactions	Amount 30/06/2025	Amount 31/12/2024
1. Financial guarantees issued on first demand	111,810,969	93,374,071
a) Banks	32,389,375	21,724,347
b) Financial companies	79,421,594	71,649,724
c) Customers	-	-
2. Other financial guarantees issued	-	-
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
3. Commercial guarantees issued	-	-
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
4. Irrevocable commitments to disburse funds	-	-
a) Banks	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
b) Financial companies	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
c) Customers	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
5. Commitments underlying credit derivatives: protection sales	-	-
6. Assets pledged as collateral for third-party obligations	-	-
7. Other irrevocable commitments	-	-
a) to issue guarantees	-	-
b) others	-	-
Total	111,810,969	93,374,071

In relation to “Financial guarantees issued on first demand – a) Banks”, it should be noted that, in relation to the medium/long-term loan agreement in place with a pool of banks, the Company signed a specific pledge agreement based on which the credit balance of the current accounts indicated therein was pledged to guarantee the debt relating to the loan disbursed by the pool of banks.

As at 30 June 2025, the credit balance of the current accounts subject to the pledge amounted to EUR 32,389,374, while the payable relating to the medium/long-term loan with a pool of banks, including interest payable accrued, amounted to EUR 261,272,855.

In addition, it should be noted that the Company has pledged part of the receivables acquired from its Transferors as collateral to the pool of banks, in line with the provisions of the medium and long-term loan agreement. In particular, the contract envisages that Generalfinance – at each drawdown of the line – make assignments as collateral of nominal loans for a total amount equal to the amount of the line used as at the reference date. Since this is a particular case and different from a financial or personal guarantee, this guarantee is not indicated in the table above.

“Financial guarantees given on first demand – b) Financial companies” includes the amount of with-recourse guarantees issued in relation to the “refactoring” transactions with counterparties of Italian factoring companies, in which Generalfinance maintains the guarantee of solvency on reclassified loans. The amount of the guarantee, covering the entire *with recourse* exposure, is equal to the debt for *with recourse* transfer transactions as at the reference date.

Section 2 – Securitisation transactions, disclosure on structured entities not consolidated for accounting purposes (other than special purpose vehicles for securitisation) and asset disposal transactions

A – Securitisation transactions

Qualitative information

On 13 December 2021, Generalfinance signed a first securitisation programme – a three-year programme subject to annual renewal – of trade receivables under which it transfers without recourse, on a revolving basis, portfolios of performing trade receivables originated in the exercise of its core business to an Italian special purpose vehicle established pursuant to the law on securitisation (General SPV S.r.l.).

Subsequently, on 14 June and 9 December 2022 respectively, the entry of Intesa Sanpaolo (IMI Corporate & Investment Banking Division) and Banco BPM as new senior lenders was defined – alongside BNP Paribas – as part of the securitisation programme.

In December 2024, the three-year programme was renewed until 31 December 2027.

Currently, the programme envisages a maximum amount of outstanding nominal receivable of EUR 737.5 million. Purchases of receivables are financed through the issue of various classes of partly-paid ABS securities, with different degrees of subordination; details of the notes outstanding as at 30 June 2025 are provided below:

- Maximum EUR 150,000,000 of “A1 Senior Notes”, subscribed by BNP Paribas, through the “Matchpoint Finance LTD” conduit, with a commitment amount of EUR 100 million and an uncommitted amount of EUR 50 million;
- Maximum EUR 125,000,000 of “A2 Senior Notes”, subscribed by Intesa Sanpaolo, through the “Duomo Funding PLC” conduit, with a commitment amount of EUR 100 million and an uncommitted amount of EUR 25 million;
- Maximum EUR 70,000,000 of “A3 Senior Notes”, subscribed by Banco BPM, with a commitment amount of EUR 50 million and an uncommitted amount of EUR 20 million;
- Maximum EUR 36,570,000 of “B1, B2 and B3 Mezzanine Notes”, subscribed and retained by Generalfinance and which could be subsequently placed with institutional investors;
- Maximum EUR 25,530,000 of “Junior Notes”, fully subscribed and retained by Generalfinance, also in order to satisfy the regulatory retention rule.

The securities issued by General SPV are unrated and are not listed.

In the context of securitisation – which does not determine the deconsolidation of loans to customers, which therefore continue to remain registered in the balance sheet of the factor – Generalfinance operates as “Originator” and “Sub-Servicer”. From an accounting point of view – on the basis of the economic substance of the transaction – the amount of the Senior notes subscribed by Matchpoint Finance LTD, Duomo Funding PLC and Banco BPM was recognised under liabilities in the balance sheet, under financial liabilities measured at amortised cost, net of the available liquidity in the special purpose vehicle's current account, as it represents the net debt obtained from Generalfinance through the securitisation structure. The mezzanine and junior notes – fully retained by Generalfinance – were subscribed to offset the corresponding part of the initial consideration relating to the assignment of the receivables by the originator; therefore, these notes do not appear in the financial statements as they do not represent a cash exposure of Generalfinance, and are recognised in the memorandum accounts.

The Company has no exposure to third-party securitisation.

Quantitative information

As at 30 June 2025, the payable to the vehicle company (including accrued interest) amounted to EUR 137,058,116.

The capital structure – with the relative maximum values – of the only securitisation transaction in place at the reporting date is shown below.

Transaction: General SPV	Amount
Maximum nominal outstanding of receivables	737,500,000
Maximum nominal value of notes issued – General SPV	
Senior (A1)	200,000,000
Senior (A2)	200,000,000
Senior (A3)	100,000,000
Mezzanine (B1)	21,200,000
Mezzanine (B2)	21,200,000
Mezzanine (B3)	10,600,000
Junior	37,000,000
TOTAL	590,000,000

The table below shows the parts of the General SPV securitisation.

Role	Subject
Issuer and Transferee	General SPV S.r.l. – Special purpose vehicle established pursuant to Italian Law no. 130/99
Master Servicer	Zenith Service S.p.A.
Originator/Sub-Servicer	Generalfinance S.p.A.
Programme Agent	BNP Paribas S.A., Italian branch
Calculation Agent	Zenith Service S.p.A.
Corporate Servicer	Zenith Service S.p.A.
Representative of the bondholders	Zenith Service S.p.A.
Interim Account Bank	Banco BPM S.p.A.
Account Bank	The Bank of New York Mellon SA/NV Milan branch
Paying Agent	The Bank of New York Mellon SA/NV Milan branch
Subscriber of the ABS A1 Senior Notes	BNP Paribas S.A., through the Matchpoint Finance LTD conduit
Subscriber of the ABS A2 Senior Notes	Intesa Sanpaolo S.p.A., through the Duomo Funding PLC conduit
Subscriber of the ABS A3 Senior Notes	Banco BPM S.p.A.
Subscriber of the ABS Mezzanine and Junior Notes	Generalfinance S.p.A.

The following table shows the conditions of the senior funding, subscribed by Banco BPM, by BNP Paribas, through Matchpoint Finance LTD, and by Intesa Sanpaolo, through Duomo Funding PLC.

Description	Level
Senior Noteholders	BNP Paribas S.A., through Matchpoint Finance LTD Intesa Sanpaolo, through Duomo Funding PLC Banco BPM S.p.A.
Target of Senior Funding Line	Nominal amount of Senior notes: EUR 500 million Maximum amount of Senior notes: EUR 345 million
Senior committed line	EUR 250 million
Senior committed and uncommitted line (maximum amount)	EUR 345 million
Duration	3 years with commitment renewable annually, expiry on 31.12.2027
Revolving period	3 years, subject to early termination events
Generalfinance percentage disbursement limit	Limit 85%
Senior Advance Rate	85% (senior note) of the advances (Initial Advanced Amount)
Portfolio subject to the Transaction	Factoring With Recourse and Factoring Without Recourse
Credit support	<i>Dynamic Credit Enhancement based on the levels of (i) default, (ii) dilution, (iii) the average amount financed to the originators, subject to a floor and adjusted for the level of concentration of the debtors.</i> The Credit Support corresponds to the Deferred Purchase Price (DPP)
Senior Notes	Variable Funding Notes equal to 85% of the advances of GF
Mezzanine Notes	Partly Paid Notes equal to roughly 8.8% of the advances of GF
Junior Notes	Partly Paid Notes equal to around 6.2% ¹ of the advances of GF
Interest Rate	1-month EURIBOR with floor at 0% + Margin
Margin	1.1% for A1 and A2 notes 0.98% for A3 notes
Commitment Fee	30% of the margin of the senior notes, calculated on the portion of the committed line not used
Rating	Not provided
Hedging	Not provided

Notes: ¹ Assuming an Initial Purchase Price equal to 80% of the nominal value of the loans transferred (factoring with recourse).

Section 3 - Information on risks and related hedging policies

FOREWORD

Corporate risk governance

Generalfinance is exposed to the typical risks of a financial intermediary. In particular, also on the basis of the defined ICAAP process, the Company is exposed to the following significant “first pillar” risks:

- **Credit risk:** risk that the debtor (and the transferor, in the case of transactions with recourse) is not able to meet its obligations to pay interest and repay the principal. It includes counterparty risk, i.e. the risk that the counterparty to a transaction is in default before the final settlement of the cash flows of a transaction.
- **Operational risk:** risk of losses resulting from procedural malfunctions, inadequacy of internal processes, human resources and technological systems or deriving from unexpected external events.

Generalfinance is also exposed to the following other risks:

- **Concentration risk:** risk deriving from exposures to counterparties, including central counterparties, groups of related counterparties and counterparties operating in the same economic sector, in the same geographical region or carrying out the same activity or trading in the same goods, as well as the application of credit risk mitigation techniques, including, in particular, risks deriving from indirect exposures, such as, for example, with respect to individual providers of guarantees (for concentration risk with respect to individual counterparties or groups of related counterparties).
- **Country risk:** risk of losses caused by events occurring in a country other than Italy. The concept of country risk is broader than that of sovereign risk as it refers to all exposures regardless of the nature of the counterparties, whether natural persons, companies, banks or public administrations.
- **Transfer risk:** the risk of exposure to a borrower financing itself in a currency other than that in which it earns its main sources of income, and therefore realising losses due to the borrower's difficulties in converting its currency into the currency in which the exposure is denominated.
- **Interest rate risk:** the risk that arises as a result of unfavourable market rate trends and relates to the mismatch of maturity and repricing dates (repricing risk) and the different trend in the reference rates of asset and liability items (basis risk).
- **Liquidity risk:** the risk of not being able to meet its payment commitments due to the inability both to raise funds on the market (funding liquidity risk) and to sell its assets (market liquidity risk). For Generalfinance, the case of funding liquidity risk is particularly relevant. In other words, the liquidity risk derives from a possible imbalance between expected cash flows and outflows and the consequent imbalances/surpluses in different maturity brackets, depending on the collectability of the assets or payment of the liabilities divided by residual life (maturity ladder).
- **Residual risk:** risk that the recognised techniques for mitigating credit risk used by the Company are less effective than expected. This risk essentially arises when, at the time of the debtor's impairment, the mitigation instrument against the exposure provides, in fact, a degree of protection lower than that originally envisaged and, consequently, the equity benefit obtained with the related usage is overestimated.
- **Securitisation risk:** risk determined by the absence of adequate policies and procedures to ensure that the economic substance of said transactions is fully in line with their risk assessment and with the decisions of the corporate bodies. The Company has a securitisation transaction in place (General SPV), which does not envisage the transfer of the portfolio's credit risk, as the transaction is exclusively aimed at raising funds on the institutional market and envisages the underwriting of the mezzanine and junior notes by the originator (Generalfinance).
- **Excessive leverage risk:** the risk that a particularly high level of indebtedness with respect to the amount of equity makes the intermediary vulnerable, making it necessary to adopt corrective measures to its business plan, including the sale of assets with recognition of losses, which could lead to impairment adjustments on remaining assets.
- **Strategic risk:** defined as the current or future risk of a decline in profits or capital deriving from changes in the operating environment or from incorrect company decisions, inadequate implementation of decisions, poor responsiveness to changes in the competitive environment.
- **Reputational risk** Conversely, reputation represents an essential intangible resource and is considered a distinctive element on which a lasting competitive advantage is based.

- **Compliance risk**: the risk of incurring judicial or administrative sanctions, or significant financial losses as a result of violations of mandatory regulations (laws or regulatory provisions) or self-regulation (e.g. articles of association, codes of conduct or corporate governance codes). This includes regulations on anti-money laundering, counter-terrorism financing, and transparency in banking and financial services.
- **IT risk**: risk of incurring economic, reputation and market share losses in relation to the use of Information and Communication Technology (ICT).
- **Risk deriving from outsourcing**: risk linked to the outsourcer's activities, in particular to its inefficiency/service disruptions and to the loss of skills by the Company's human resources. These are mainly operational risks, although the implications for credit, compliance and reputational risks are not negligible.

In this context, the resulting risks are monitored by specific organisational structures (which operate in agreement with the Risk Management Department), policies and procedures aimed at their identification, monitoring and management. In particular:

- the Credit Department (Chief Lending Officer) and the Operations Department (Chief Operating Officer) oversee the management of credit risk, country risk and concentration risk, being organisationally responsible for the various phases of the credit process, i.e. investigation, granting and monitoring as regards the Credit Department and management and recovery in relation to the Operations Department;
- the Finance and Administration Department (Chief Financial Officer) manages and monitors liquidity, interest rate, residual, securitisation, excessive leverage and strategic risks (the latter, in particular, in close collaboration with the Chief Executive Officer);
- the Legal and Corporate Affairs Department manages and monitors reputational risks (in collaboration with the CFO, as regards relations with the media);
- the AML and Compliance Department monitors the risk of non-compliance (which includes the risk of money laundering) and the risk deriving from outsourcing relationships;
- the Internal Audit Office oversees third-level controls on the credit process;
- the ICT and Organisation Department oversees IT risk.

On an operational level, the Finance and Administration Department provides periodic reports (through the management planning and control system) to the corporate bodies on the performance of the activities and on the deviations from the budget and the business plan; this disclosure is structured on a daily (commercial data, asset figures, profitability of factoring transactions) and monthly (tableau de bord, which summarises financial, portfolio risk and liquidity information, capitalisation) basis. The Risk Management Office closely monitors the performance of the main risk indicators using a specific document on credit risk trends, the credit risk monitoring "*tableau de bord*", which is submitted to the Board of Directors on a quarterly basis, and by monitoring the main indices defined in the Risk Appetite Statement through a specific quarterly report submitted to the Board for review.

The Company therefore has a management control and risk management system aimed at allowing the operating areas to periodically acquire detailed and updated information on the operating results, financial position and cash flows and the trend of the main figures related to the risks assumed. The management control system, which is part of the wider internal control system, was developed by Generalfinance from a strategic point of view as it systematically and, in advance, draws the attention of management to the consequences of the decisions taken on a daily basis (operation management). It is therefore intended as the integrated set of technical-accounting tools, information and process solutions used by management to support planning and control activities.

This model provides for the assignment of responsibilities to clearly identified individuals within the Company to ensure the constant monitoring of critical success factors (FCS) and risk factors (FCR) through the identification of performance and risk indicators (KPI and KRI) and, where necessary, the activation of other types of control.

INTERNAL CONTROL SYSTEM

The Internal Control System implemented by the Company ("ICS") consists of the set of rules, functions, structures, resources, processes and procedures aimed at achieving the following objectives, in compliance with sound and prudent management:

- verification of the implementation of company strategies and policies;
- safeguarding the value of assets and protection against losses;

- effectiveness and efficiency of business processes;
- reliability and security of company information and IT procedures;
- prevention of the risk of involvement, even involuntary, in illegal activities (with particular reference to those connected with money laundering, usury and terrorism financing);
- compliance of transactions with the law and supervisory regulations, as well as internal policies, regulations and procedures.

Risk Management Department

In the organisation of Generalfinance, the risk management department is located in the Risk Management Office.

The office reports directly to the body with management functions (Chief Executive Officer), with direct access to the Board of Directors through periodic information flows.

Risk management activities aim to verify compliance with prudential supervisory rules and the management of company risks. In particular, this office contributes to the definition of the process of risk identification, analysis, modeling, valuation and measurement, verifying ongoing compliance with the overall prudential supervisory limits imposed by the Supervisory Authority.

Compliance Function

The compliance function is carried out by the AML and Compliance Office, which is responsible for the activities relating to the monitoring and verification of compliance with the regulations. The purpose of compliance control activities is to monitor the compliance of procedures, regulations and company policies with respect to regulatory provisions. In particular, the AML and Compliance Office, with the help of the Legal and Corporate Affairs Department, identifies the rules applicable to the Company and assesses and measures their impact on the business, proposing appropriate organisational changes in order to ensure effective and efficient monitoring of the identified non-compliance and reputational risks.

The Anti-Money Laundering Function

The Anti-Money Laundering Function is part of the AML and Compliance Office. The office reports directly to the body with management functions (Chief Executive Officer), with direct access to the Board of Directors through periodic information flows.

The Anti-Money Laundering Function (hereinafter AML) deals with:

- monitoring the risk of money laundering, overseeing the proper functioning of business processes;
- preparing activities related to combating money laundering and the financing of international terrorism;
- overseeing compliance with anti-money laundering regulations within the Company and monitoring its development, verifying the consistency of anti-money laundering and anti-terrorism processes with respect to regulatory requirements;
- carrying out checks and controls on customer due diligence and proper data storage.

In addition, it is involved in the preliminary investigation process prior to reporting suspicious transactions to the relevant bodies. In compliance with the general principle of proportionality, the Head of the AML Function is also granted the mandate for the Reporting of Suspicious Transactions (“SOS”), pursuant to Article 35 of Italian Legislative Decree no. 231 of 21 November 2007.

The AML Function sends to the Board of Directors, to the Board of Statutory Auditors, at least once a year, a report on the activities carried out during the previous year.

Internal Audit Function

The internal audit function is carried out by the Internal Audit Office, which reports directly to the Board of Directors, ensuring compliance with sound and prudent management.

The internal audit activity is aimed, on the one hand, at checking the regularity of operations and risk trends, including through ex-post checks at the individual organisational units, and on the other hand at assessing the functionality of the overall internal control system and to bring to the attention of the Board of Directors possible improvements to risk management policies, control mechanisms and procedures.

3.1 CREDIT RISK

Qualitative information

1. General aspects

Credit risk is a typical risk of financial intermediation and can be considered the main risk to which the Company is exposed. Factoring, which is the operating area of Generalfinance, is the main determinant of credit risk. The factoring activity also has some specific characteristics that help contain the relative risk factors: the presence of several parties (transferor and transferred debtor), the insurance guarantee that covers the bulk of business volumes, any additional personal guarantees acquired and, in particular, the transfer to the factor of the supply credit between the transferor and the transferred debtor. These factors, on the one hand, make it possible to contain credit risk compared to that of ordinary banking activities and, on the other hand, characterise the entire credit process that is regulated by specific policies in Generalfinance.

Guaranteed loans

The Company did not approve moratoria on existing loans, did not grant changes to the loan agreements as a result of Covid-19 and did not disburse loans backed by the State guarantee. The Company showed itself to be willing – as part of the ordinary management of trade receivables – to reschedule certain deadlines in order to facilitate transferred debtors and transferors, with some rescheduling of trade receivables, almost all of which returned to normal conditions and were collected as at the reporting date.

2. Credit risk management policies

2.1 Organisational aspects

The assumption of credit risk is governed by the policies approved by the Board of Directors and is governed by internal procedures that define the management, measurement and control activities and identify the organisational units responsible for them.

Credit risk management activities are carried out by the Credit Department and the Operations Department.

The Credit Department acts through:

- the Transferor Assessment Office, ensuring the compliance of loan applications with the Company's credit policy and expresses opinions for decision-making purposes. This Office is also responsible for the activities that characterise the preliminary phase and the secretarial activities of the Credit Committee;
- the Legal Support Office, constantly monitoring the changes and updates of the legal aspects of the transferor customers. This Office manages the legal aspects that arise during the relationship with the transferor customers, assists the Collection Office in judicial credit recovery activities and, in collaboration with the Operations Department and the Legal and Corporate Affairs Department, within their respective areas of competence, manages disputes by liaising with the lawyers in charge, providing them with guidance and agreeing on litigation strategies;
- the Debtor Assessment Office, dealing in detail with the assessment of the individual transferred debtors and defining the overall risk of the transferred debtor portfolio;
- the Portfolio Monitoring Office, monitoring credit risk from a portfolio perspective, assessing performance and credit quality indicators.

The Operations Department acts through:

- the Collection Office, which is entrusted with the continuous monitoring of maturities and the management of the collection of receivables. This Office is responsible for the credit recovery process in all the different phases, from the past due to any legal recovery;
- the Debtor Management Office, which is responsible for managing the relationship with the transferred debtors as part of the operating procedures defined with the Transferor and managing the reconciliation of daily collections;
- the Back Office, which monitors compliance with the operating procedures envisaged for the specific relationship and deals with the process of disbursement of credit and settlement of amounts not advanced to the transferors.

The authority to grant credit is divided between the Board of Directors, the Credit Committee and, to a limited extent and only with regard to the Debtor Credit Line (as specified below), the Chief Lending Officer (CLO). The Credit Committee and the CLO operate under the powers granted to them by the Board of Directors, as set out below.

As part of their duties, the decision-making bodies carry out an in-depth analysis of the documentation and the level of risk

of the financing operation and, if the assessment is positive, decide on the granting of the loan.

In the analysis phase, the decision-making bodies are supported by the proprietary management information system (Generalweb/TOR) and by the data analytics systems, which allow a detailed analysis of each individual credit facility requested, both with reference to the assessment of the Transferor and the transferred debtors. The process of approving the granting/disbursement of credit is managed electronically through the appropriate function of the company management system (Electronic Credit Application and transferor position), through which it is possible to acquire immediate evidence of all the data relating to the various positions subject to assessment and the outcome of the resolutions. Once the analysis is completed, the process concludes with the generation of specific disclosures for the various company departments and customers concerned.

The Credit Committee is a collective body within which resolutions are taken following a discussion between the various company functions involved in the credit process (some of which are represented on the Credit Committee with voting rights, while others have a purely informative, advisory or proposal-making role). It consists of:

- the Chief Executive Officer;
- the Head of the Credit Department (CLO);
- the Head of the Sales Department (CCO);
- the Head of the Operations Department (COO);
- the two heads of the Business Development Office.

Sessions in which the Credit Committee is called upon to examine the credit classification of an active position must also be attended by the Head of the Risk Management Office, in an advisory role, without voting rights.

Subsequently, a document containing the outcome of the resolution is generated. The outcome of the resolution is then uploaded to the system to input data into or update the management records that report the specific economic and operating conditions that govern the relationship with the transferor, in such a way that all criteria and operating limits are set in a definitive and complete manner for the subsequent disbursement phase.

The Credit Committee resolves, in compliance with the provisions of the “Policy on the classification and measurement of credit exposures”, the transfers of receivables between administrative statuses (unlikely to pay (UTP), bad loans) and the related analytical provisions; the Committee also receives timely reports from the Portfolio Monitoring Office of the “automatic” transfers from Stage 1 to Stage 2, which occurred in execution of the specific company policy and in accordance with the IFRS 9.

In addition, on a quarterly basis the Committee analyses the positions classified as Watchlist and assesses any proposals for reclassification into clusters other than Stage 1, if necessary.

The results of the Committee's deliberations are always forwarded to the CFO, the head of the Administration and Financial Reporting Department and the head of the Supervisory Reporting Office, in order for the results to be correctly incorporated into the financial and reporting framework, as well as to the head of the Risk Management Office.

As part of the credit process, the Risk Management Office plays an important role, dealing with the second-level controls of the risk of the Company's credit portfolio by monitoring the performance of credit exposures and identifying potentially problems positions. The Risk Management Office carries out its verification activities on the basis of information flows from the corporate functions, periodically reporting to the Board of Directors on credit risk trends, formalised in the *Tableau de Bord* on Credit Risk Monitoring.

The main risk management activities concern the following areas:

- the measurement of the credit risk underlying the performing portfolio and the problem portfolio;
- monitoring of “problem loans” (non-performing, watchlist, stage 2 and under observation);
- monitoring of limits and exceptions to company policies;
- verification of consistency over time between the rules for assessing creditworthiness and the related pricing;
- monitoring the concentration limits of credit exposures to a single Counterparty (Groups of companies), as per the regulations of the Supervisory Authority;
- monitoring the IFRS 9 framework, as part of the determination of the Expected Credit Loss.

Lastly, the Chief Operating Officer is assigned certain powers regarding overruns related to the maximum disbursable amount per transferor and/or credit limit at the debtor level, as well as the definition of extensions, rescheduling, and repayment plans.

2.2 Management, measurement and control systems

General considerations

The main types of customers are represented by the following two segments into which “Distressed” transactions are structured:

- companies “in turnaround”, to which the Company, through operations to support the sales and distribution and/or purchasing cycles, offers specific skills geared towards financial assistance in the event of the financial tension situations, during and after the restructuring procedure;
- “performing/high risk” companies, which are offered flexible services, aimed at solving financing problems, also extended to customers and suppliers.

The reference area in which the company operates, as regards transferred debtors, is mainly represented by the so-called “Eurozone”. A component – historically around 25% – of turnover is achieved with foreign transferred debtors, mainly in the EU and North America, with a limited assumption of “country risk”. As regards Transferors, the scope of operations relates to Italian companies. In particular, at geographical level, operations are mainly concentrated in Northern Italy – with a particular focus on Lombardy – and, at sector level, in manufacturing and sales.

The core business of the Company is represented by the granting of loans to the parties indicated above (typically identified with the term “transferor customers” or simply “transferors”) by advancing trade receivables claimed by them in the technical form of factoring.

In particular, the Company’s main transactions are as follows:

- Factoring transactions with recourse: the Company operates through the granting of a loan to customers, which at the same time transfers to the Company business receivables, the payment of which is attributed to the repayment of the financed sum. The collection of the receivable transferred gradually extinguishes the loan and covers its costs and the residual amount (any difference between the nominal amount of the receivable collected and the amount disbursed as an advance) is transferred to the transferor.
The average percentage of advance payments on the entire portfolio with recourse stood, over the years, at around 80% of the nominal value of the loan transferred; the percentage of disbursement per individual assignment varies according to the specific characteristics of the transaction, the transferor and the transferred debtors (e.g. according to the method of payment of the receivables, the nature and solvency of the transferred debtor, the transferor's situation, past relations, collection trend data and other elements that are assessed from time to time for granting purposes). In this type of transaction, the risk of insolvency of the transferred debtor remains with the transferor.
- Factoring transactions without recourse: this type of transaction follows the same operating methods described in the previous point but requires the Company to assume the risk of non-payment of the receivable transferred. The non-recourse transactions carried out by the Company are IAS-compliant, with the transfer of risks from the transferor to the factor.

The transactions carried out by Generalfinance normally provide for the notification of the individual assignments to the transferred debtor (“Factoring Notification”); based on specific operational controls, transactions are implemented without notification (“Non-notification”).

The assignments normally concern receivables that have already arisen while in certain situations – on the basis of specific operational controls defined from time to time by the decision-making body – assignments of future receivables are carried out (contracts or orders).

The assumption of risks involves the acquisition of suitable documentation to allow an assessment of the individual customer, codified in an investigation process, which also provides for customer profiling for anti-money laundering purposes. Through this activity, an analysis report is prepared in favour of the Credit Committee (summarised in a document called Electronic Credit Application or PEF) aimed at highlighting the level of credit risk associated to the Transferor and the Transferred Debtors (evaluated, in said case, also at overall portfolio level), as well as the compatibility between the individual loan applications and the credit policy adopted by the Company. The preliminary investigation process is completed when all the additional checks required by internal and supervisory regulations (e.g. anti-money laundering) are completed, at the end of which the case may be submitted to the Credit Committee.

As the transferee of trade receivables, Generalfinance is exposed to trade credit risk and, subsequently, to financial credit risk. In particular, the risk is appropriately managed through:

- the analysis of the customer (transferor) and the Transferred debtor, both through internal processing of information taken from company databases, and with the help of data from third parties and specialised public and private bodies; in particular, a score is calculated for each transferor and debtor, based on the methodology developed over time by Generalfinance. The score at the debtor level is then aggregated at the portfolio level, so as to calculate the overall score of the factoring transaction, based on the weighted average between the Transferor and the Debtor portfolio. Taking into account the self-liquidating nature of the risk assumed, the greatest weight in the scope of the scoring method is assigned to the debtor portfolio;
- the continuous verification of the entire position of the transferor, both statically, i.e. with reference to the overall risk situation, and dynamically, i.e. with reference to the performance of its relationship with each individual transferred debtor;
- the verification and analysis of any intragroup relations, understood as relations between a transferor and transferred debtors belonging to the same legal or economic group;
- continuous verification of the regularity of payments by the transferred debtors;
- portfolio diversification;
- the continuity and quality of commercial relations between supplier and customer;
- the analysis of the consistency and size of the transferor in order to obtain the balance of the assumed risk.

In addition to the above-mentioned elements of a purely valuation nature, the prudential policy of the Company is also expressed in the adoption of underwriting and contractual measures:

- insurance coverage of most of the turnover;
- explicit acceptance of the assignment (also in the form of recognition) by the transferred debtor, on positions deemed worthy of special attention;
- notification to debtors of the “Letter of Initiation of the Relationship – LIR” and of the individual assignments in order to obtain the enforceability of the factoring transactions and the channelling of collections;
- setting a limit on the amount that can be disbursed to customers (as determined by the Credit Committee) with particular attention to any situations of risk concentration;
- diversification of customers by economic sector and geographical location.

The phases of the Company’s credit process were identified as follows:

- ✓ Investigation: represents the moment in which credit applications from customers are acquired and assessed submitted, in order to provide the decision-making bodies, with the utmost possible objectivity, with a complete and exhaustive representation of the position of the credit applicant with regard to its capital assets and all other elements necessary for the assessment of creditworthiness and its reliability. In this phase, the information collected with reference to the potential transferred debtors for the purposes of their assessment is analysed.
- ✓ Resolution: final act of the decision-making process to which credit applications are submitted. The objective of this process may be the acceptance or rejection of the request.
- ✓ Initiation of the relationship: phase in which the contractual documentation is formalised.
- ✓ Disbursement: indicates the management process at the end of which the amount subject to the advance of the transferred credit is credited to the transferor. It therefore refers to a progression of management activities that result in the provision of funds in favour of the transferor.
- ✓ Settlement: indicates the possible management process, at the end of which the Available amounts Not Disbursed are credited to the transferor, accrued as a result of the collection of the transferred receivables, following the payment made by the transferred debtor.
- ✓ Monitoring & Reviewing: these describe the methods for monitoring the loans disbursed in order to ensure proper credit management, as well as a correct representation of the Company’s exposure to each transferor or group of connected customers. The monitoring is also carried out in order to promptly review the conditions of the loan if the circumstances relating to both the economic performance of the situation of the transferor and the value of the guarantees should change.
- ✓ Renewal/Reviewing: represents the periodic activity, with variable frequency based on the risk profile of the transaction (12 months for less risky transactions and 6 months for the others), involving the complete review of the Transferor’s position. On the basis of the operational monitoring activities carried out on a monthly basis by the Portfolio Monitoring Office, positions that show significant deviations in the risk profiles over a period of 1 month

may also be reviewed.

- ✓ **Reporting:** reporting is the set of information flows intended for the Corporate Bodies and the functions involved in the loan disbursement and monitoring process.

The possibility for the transferor to receive the advance payment of the purchase price of the receivables is subject to an in-depth assessment of the transferred debtors, as well as the transferor itself and the prior granting of an adequate credit line, referring to each debtor.

Maximum Payable

A limit is also defined ("Maximum Payable") which represents the maximum amount within which Generalfinance is available to disburse amounts by way of advance payment of the purchase price of the receivables. It refers to the entire position of the transferor (individual or at Group level), considered as a whole, and constitutes an operating ceiling, resolved internally by the Company, predetermined and defined to meet operational needs of a management nature. Having these characteristics and not representing any contractual commitment to the customer to grant advances on the transferred receivables up to the defined amount, the above-mentioned limit may be reviewed and modified at its discretion by the Company at any time. The Maximum Payable per transferor is decided by the Credit Committee or by the Board of Directors based on the autonomy and powers granted.

Percentage of disbursement

The percentage of disbursement is defined as the ratio between the value advanced by Generalfinance during the disbursement phase and the nominal value of the loans transferred by the customer to the Company.

The percentage of disbursement, in respect of factoring with recourse, per individual transferor/debtor varies at the discretion of the factor based on the specific characteristics of the transaction, the transferor and the transferred debtors (e.g. according to the method of payment of the receivables, the nature and solvency of the transferred debtor and other elements that are assessed on each occasion a disbursement is carried out). With regard to factoring without recourse, the disbursement percentage is 100%, as these are only outright purchases (IAS Compliant). The disbursement percentage per transferor is decided by the Credit Committee or by the Board of Directors based on the autonomy and powers granted.

Debtor Advance Limit

In addition to the previous one, an additional operating limit is assessed ("Debtor Advance Limit" or "Cross credit line") which represents the maximum amount within which Generalfinance is available to disburse amounts by way of Advance on receivables due from a single debtor or a group of related debtors. It represents the ratio between the maximum limit (in terms of nominal value) of receivables due from a single debtor (or group of related debtors) that the Company is willing to acquire from a particular transferor ("Cross Credit Line") and the percentage of advances on individual loans.

In any case, the Debtor Advance Limit cannot, in any case, exceed the limits envisaged by the applicable Supervisory provisions.

The Cross Credit Line by debtor is approved by the CLO, the Credit Committee or the Board of Directors based on the autonomy and powers granted.

Minimum insurance coverage percentage

The insurance coverage percentage represents the ratio of insured exposure to total exposure. The definition of this minimum threshold applicable to the Customer's entire position represents a risk management parameter.

Pricing

The pricing of factoring transactions is calculated using an automated model.

The methodology followed represents a first step towards the practices required by the Regulator, which, particularly in the EBA LOM, has emphasised the importance of adopting risk-adjusted pricing models.

Generalfinance's pricing model formalises all revenues and costs associated with the transaction in a single indicator ("EVA Based"):

- estimated cost of risk: expected cost of credit for Generalfinance measured through the estimated Expected Loss to hedge against the risk of counterparty default;
- cost of capital: cost of the assets necessary to grant the loan, given by the product of the expected return to shareholders ("Ke") and the capital absorbed;
- cost of funding: costs to be incurred to finance the transaction;

- operating expenses: direct and indirect costs incurred by Generalfinance in carrying out its operating processes.

A profit margin is added to these costs based on profitability targets.

The automatic preliminary assessment is then duly defined by the Sales Department according to the system of powers.

Internal rating (scoring)

The Company assigns each transaction its own internal rating defined as the “Transaction score”, in order to classify the riskiness of the factoring relationship, according to a numerical progression.

The Transaction score is calculated on the basis of independent assessments of the economic and financial performance of the Transferor, both historical and forward-looking, and the analysis of additional performance factors related to the legal context that characterises the customer company (factors summarised in the “transferor score”) and the riskiness of its portfolio of transferred debtors (“portfolio score”).

➤ *Transferor Score*

The “Transferor score” is a score that summarises the risk level of the counterparty through the assessment of specific key performance indicators (identified and assessed differently based on the type of company being analysed), grouped into dimensions that define the scope of analysis; the weighting logic of the KPIs makes it possible to calculate the value of the individual dimension to which, in turn, a specific weight has been attributed that allows the final score to be determined.

The valuation model was consolidated, defining at least one mandatory indicator for each dimension, distributing the weight of the indicators that cannot be assessed proportionally on the indicators assessed. Lastly, the different dimensions are in turn weighted in order to generate a Transferor score which will then be expressed on a scale from 1 to 4, where 4 represents the maximum risk level of the counterparty.

The main indicators subject to assessment are:

- sustainability of the repayment of the indebtedness with respect to the flows generated and outlined in the restructuring plan (in the case of a Distressed Transferor) or in the Business Plan (in the case of a Performing Transferor);
- the objective and subjective assessment of the Transferor (through qualitative/quantitative analysis of the economic and financial results together with an assessment of the main business elements such as, for example: the goods/services offered, the market to which it belongs, the production and management organisation, as well as on the legal status and corporate relations);
- any presence of legal safeguards (sureties, pledges, mortgages, etc.).

➤ *Portfolio Score*

With reference to the transferred debtors, the creditworthiness is calculated using a matrix formula that triggers – based on the size class of estimated overall exposure to the Debtor – different requests for information from selected infoproviders.

This analysis is based on three distinct valuation elements: financial assessment, performance evaluation, and insurability analysis, along with the evaluation of the actual insurance coverage obtained on the Debtor.

The financial valuation component summarises the evaluation of data available from Chamber of Commerce sources (including historical financial statements and additional factors such as company activity, history, and governance), along with an analysis of the Debtor's economic and financial assets, and verification of any prejudicial or negative public information.

On the other hand, the performance assessment component identifies – drawing from leading private databases – punctuality in payments to suppliers.

The insurance assessment component integrates both the summary credit rating assessment expressed by various credit insurance companies and the precise assessment of the insurance guarantee issued by the Insurance Company with which the insurance coverage is in place (Allianz Trade).

Once the score of each individual transferred debtor has been obtained (on a scale from 1 to 4, where 4 represents the maximum risk level of the counterparty), each of them is weighted on the basis of the amount payable of the related cross credit line (understood as the product of the amount of the cross credit line and the expected disbursement percentage), so as to be able to determine the score of the transferor portfolio.

➤ *Transaction Score*

Once the Transferor's score and the score of its portfolio have been obtained, these are used to determine the score of the final transaction. In the case of Distressed Transferors, the score of the transaction is calculated by weighting the transferor

score and the score of the transferred portfolio based on the type of instrument for the settlement of the business crisis that characterises the legal status of the Transferor.

In the event that the analysis of the debtor's creditworthiness reveals the existence of risk factors or areas of attention, the Credit Department reports this in the analysis report intended for the Credit Committee. For these positions, at the time of its resolution, the Credit Committee can define specific operating methods, aimed at mitigating the credit risk such as, for example, the reduction of the percentage of advances relating to receivables due from the debtor concerned, or the containment of the exposure, again with regard to the debtor concerned, within a given maximum limit of the total credit line granted to the transferor.

If, on the other hand, the analysis of the creditworthiness of the debtor should reveal the existence of significant risk factors, the Credit Committee excludes the transferred receivables due from the debtor concerned from those subject to advances.

Heading of the risk on the Transferred Debtor

In consideration of the fact that sector regulations (i.e. Circular no. 288 of 3 April 2015) allow the performing exposure to be assigned to the transferred debtor – rather than the transferor – if certain legal and operational requirements are met aimed at ensuring that the recovery of the credit exposures depends on the payments made by the same debtor, rather than on the solvency of the transferor, the Credit Committee assesses the advisability of adopting this approach in the case of transactions that, as a whole: (i) concern advances to the transferor for an amount exceeding EUR 2 million or (ii) in the event in which it is considered necessary to strengthen the controls for monitoring of the loan assignment relationship, by virtue of the characteristics of the portfolio of "transferred customers".

In order to verify the fulfilment of the aforementioned requirements of the supervisory regulations, Generalfinance has provided that, in the case of the choice of the "transferred customer" approach, a specific "check list" is compiled, subject to evaluation and approval by the Credit Committee and stored electronically to accompany the investigation of the transferor position.

Specific controls are defined with reference to non-notification operations, in order to comply with the provisions of Circular 288.

In addition, both with reference to the "transferred debtor" approach and that relating to the "transferor debtor", Generalfinance has adopted internal procedures that make it possible to ascertain ex ante the deterioration of the financial situation of the individual debtor and the quality of the business loans acquired, as well as adequate procedures that make it possible to manage any anomalies that may arise during the relationship (e.g. management of anomalous loans, recovery actions, etc.).

Insurance guarantees and maximum duration of the loan

The decision-making bodies (CLO, Credit Committee and Board of Directors, as appropriate) define minimum levels of insurance coverage associated with the transferred debtor portfolio and maximum credit durations. In particular, minimum insurance coverage thresholds are in place, differentiated between transactions without recourse and those with recourse. Beyond certain thresholds envisaged by the Credit Regulation on the duration of the loan or insurance coverage, resolutions may be passed exclusively by the higher bodies, up to the Board of Directors.

Staging criteria

In compliance with the approach defined by IFRS 9 for the classification of financial assets (the "Standard"), as well as in relation to the methods for determining the relative provision to cover losses, the Company provides for the allocation of financial assets in three clusters called Stages, in relation to the level of credit risk inherent in the instrument.

Value adjustments are therefore defined as follows:

- *Stage 1:* the write-down is equal to the expected loss within the next 12 months (12-month ECL), taking account of the duration of the loans;
- *Stage 2:* the write-down is equal to the expected loss over the entire residual life of the financial instrument (lifetime ECL);
- *Stage 3:* for non-performing financial assets, the write-down is equal to the lifetime expected loss and is measured in relation to management and debt collection activities.

For the purposes of classification in the three stages, the following rules apply:

- *Stage 1:* performing financial assets (including "Watchlist" financial assets) that have not undergone a significant

increase in credit risk since origination;

- *Stage 2*: performing financial assets for which there has been a significant increase in credit risk (SICR) between the origination date and the reporting date or are characterised by unique characteristics defined in the “backstops” possibly adopted by the Company;
- *Stage 3*: includes all positions classified in default status at the reporting date according to the regulatory definition of impaired loans (EU Regulation no. 575/2013, Regulation (EU) no. 2019/630, EBA GL 2016/07 and Circular no. 288/2015 which acknowledged Consultation Document of the Bank of Italy from 10 June 2020 to 8 September 2020 “Amendments to the supervisory provisions for financial intermediaries: application of the new definition of default and other changes regarding credit risk, own funds, investments in property and significant transactions”).

The process of allocation to internships adopted by the Company, with simultaneous verification of the conditions inherent to the significant increase in credit risk, is also characterised by elements of complexity and subjectivity. In line with the requirements of the Standard, the quantification of the SICR must be based on the change in the risk of default expected for the expected life of the financial asset and not on the change in the amount of expected loss (ECL).

The Company has chosen to measure the significant increase in the credit risk of the counterparty (transferor) with subsequent classification of the exposure in Stage 2 in relation to certain automatic events (triggers), for the past due condition is evaluated, according to the definition of the Delegated Regulation (EU) no. 171/2018 on the materiality threshold of past due obligations pursuant to Art. 178, paragraph 2, letter d) of the CRR (RD) and discretionary (based on the assessment of the status of the counterparty, in particular in cases of access to an insolvency procedure by the transferor after the disbursement of the loan).

If, in relation to an exposure classified in Stage 2, the conditions for this classification no longer apply at a subsequent reporting date, it will be reclassified by the Credit Committee to Stage 1.

The Standard requires that the same transfer criteria be used to transfer an exposure from the different stages. This also refers to the so-called symmetrical approach, which allows an entity to recognise an expected loss over a time horizon of 12 months for all exposures classified in Stage 1, unless the recognition of the expected loss throughout the life of the receivable is changed once the credit risk of these exposures has increased significantly after initial recognition. Therefore, IFRS 9 provides for the possibility of allocating financial assets in Stage 2 or Stage 3 and to report these exposures in the initial categories if subsequent assessments show that the credit risk has decreased significantly.

In this regard, the Standard states that “if in the previous year an entity measured the loss provision of the financial instrument at an amount equal to the expected losses over the entire life of the instrument, but at the current reporting date it determines that the paragraph 5.5.3 is no longer satisfied, it must measure the loss provision at an amount equal to the expected credit losses in the 12 months following the current reporting date”.

Calculation of expected credit loss – Stage 1 and Stage 2

The Company has implemented an accounting model in line with the provisions of international accounting standards, in order to calculate the risk parameters underlying the determination of the Expected Credit Loss (ECL): PD, LGD, EAD, at the level of individual exposure.

The Standard provides that the calculation of expected losses (ECL) must reflect:

- a target, probability-weighted amount determined by assessing a range of possible outcomes;
- the time value of money, discounting the expected cash flows at the reporting date;
- reasonable and demonstrable information that is available without excessive cost or effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

For the measurement of expected losses, the Company has a set of rules defined in accordance with the requirements set out by the accounting standard.

For exposures in Stage 1 and 2, the expected losses at 12 months and lifetime are calculated respectively, based on the stage assigned to the exposure, taking into account the duration of the financial instrument.

In this regard, the approach adopted is differentiated to take into due consideration the potential significant increase in credit risk associated with loans classified in Stage 2. In light of these considerations, taking into account the short duration (less than one year) of loans disbursed by the Company, a time factor is applied to positions classified as Stage 1 that rescales the exposure on the basis of the residual life of the loan, according to the following formula:

$$EAD = Exposure * N/365$$

Where *N* represents the number of days remaining for the single due date of the loan (so-called “practical line”).

In the case of loans classified as Stage 1, the following measures apply in any case:

- a) a minimum “floor” of 30 days in the case of receivables falling due with a residual life of less than 1 month and no more than 5 days for performing past due receivables (minimum time needed for recording the collection);
- b) a factor N equal to 365, or no split if the credit exposure is past due by at least 6 days and not yet collected.

On the other hand, with regard to the positions classified as Stage 2, in consideration of the observed significant increase in credit risk, the exposure is not re-proportioned from a timing perspective. In fact, a duration of the exposure of 12 months is assumed, consistent with the Probability of Default (PD) time horizon.

The calculation of expected losses – with the related definition of the risk parameters – is updated monthly and in any case at each reporting date. In particular, the expected loss recognised is measured by taking into consideration the specific nature of the portfolio and the business model, or the active risk mitigation policies used in portfolio management.

The ECL is therefore calculated according to the following formula:

$$ECL = PD * LGD * EAD$$

“PD” represents the probability of default considering a time horizon of 1 year;

“LGD” represents the loss given default;

“EAD” measures exposure at default.

Considering that the average credit days are very limited (on average less than 90 days), the different degree of risk recorded between the positions classified in Stage 2 compared to the positions in Stage 1 is identified using a time factor applied to the EAD, added to the calculation formula, as specified above.

With regard to credit exposures to financial intermediaries, a 12-month ECL is considered (since the company does not have exposures other than on demand to financial institutions) equal to the average EL of a peer group of Italian banks, based on the PD provided by external providers (Bloomberg), taking into account an estimated LGD of 10%.

Risk parameters: Probability of Default (PD)

The Probability of Default is measured at the level of the transferred debtor; this approach is also consistent with the Company’s business model, which assesses the risk of the counterparties primarily on the basis of the transferred debtors portfolio.

The approach is also consistent with the provisions of the Supervisory regulations which, under certain legal and operating conditions, allow the transfer of the risk to the transferred debtor – in place of the transferor – for prudential purposes also for with recourse transactions, which represents the core business of Generalfinance.

The 12-month PD is that inferred from the ratings provided by external providers associated with the rating classes which are then reclassified within a single distribution of risk classes (mapping). The identification and allocation of the PD parameter to the transferred debtor takes place according to the following steps:

- 1) identification of the ratings associated with the transferred debtor;
- 2) association with each rating of the relative PD on the basis of the “Master scales” provided by the various providers or, alternatively, a reconciliation between them;
- 3) average of the PDs associated with the ratings available for each transferred debtor at the reference date of the calculation. The result of the average PD is the PD assigned to the transferred debtor.

Taking into account the estimated time horizon of the PD, i.e. 12 months, it is considered reasonable to consider the rating of each transferred debtor on an annual basis. Where the rating has been validated beyond the previous 12 months, it is discarded by the system and the position is treated as “unrated”.

With regard to the estimate of the lifetime PD to be used to calculate the ECL for loans classified as Stage 2, the following elements were taken into consideration:

- specific nature of the business model (“factoring”);
- average days of credit of the portfolio, less than 90 days on average.

The proxy of the lifetime PD is the 12-month PD identified according to the previously reported approaches.

With regard to counterparties for which it is not possible to identify any rating provided by external providers, a PD equal to the weighted average PD of the loan portfolio is used as a proxy. This PD is updated periodically (at least annually) in order to reflect the latest information available on the portfolio in the calculation.

With regard to cases involving “advance payments on future receivables”, a specific treatment is envisaged for the calculation of the ECL. In particular, in cases where the nominal value of the receivables transferred with recourse:

- is greater than or equal to 50% of the exposure relating to the future receivables of the same transferor, the PD is calculated as the weighted average for the exposure of the PDs relating to the portfolio of transferred debtors with recourse of the transferor.
- is less than 50% of the exposure relating to the future receivables of the same transferor, the PD is calculated using the average of the PDs associated with the available ratings of the transferor.

If the transferred debtor is a Public Administration (e.g. Revenue Agency, Ministries or other public entities of the Central Administration), the PD used is that provided by Bloomberg in relation to the Italian Republic at the reference date.

Lastly, in the case of a position without recourse in relation to which the receivable from the transferred debtor is fully covered by the receivables cycle in which the same party is the transferor (situation associated with reverse factoring), a specific treatment is envisaged for the purposes of calculating the ECL. In particular, the PD relating to that transferred debtor will be equal to the weighted average for the exposure of the PD of the portfolio of the transferred debtors relating to the trade receivables purchased by the transferor.

Risk parameters: Loss Given Default (LGD)

For the definition of the Loss Given Default (LGD) parameter to be used, due consideration was given to the Company's business model that makes it possible, for transfers of receivables with recourse that have already arisen, to recover the credit position from both the transferred and the transferor. In this sense, it is considered reasonable to use different approaches, for with and without recourse portfolios and the future credit advances portfolio, in order to incorporate a different estimate of the loss, in line with i) the management of the portfolio ii) the specific nature of the factoring business iii) the risk mitigation policies used by the Company.

In the event that the transferred debtor is a Public Administration (e.g. Revenue Agency, Ministries or other public entities of the Central Administration), the LGD, in the absence of information and historical data on the default of these entities, is expected to be 5%.

With reference to advances on future receivables, the relative LGD is prudentially assumed to be equal to the regulatory LGD of the IRB – Foundation models (45%).

With reference to positions in Stage 3, the policy envisages analytical provisions by respecting the increasing minimum levels of provisions for past due, unlikely to pay and bad loans.

Risk parameters: Exposure at Default (EAD)

The Exposure at Default (EAD) at the reference date consists of the carrying amount at amortised cost. More specifically, the EAD for factoring transactions is equal to the exposure (disbursed not yet collected, net of any unpaid portions already collected and not yet retroceded to the transferor) at the reporting date.

Forward-looking elements and macro-economic scenarios

IFRS 9 requires the inclusion of forward-looking elements in the expected loss estimates, so that they are suitable to represent the macroeconomic conditions forecast for the future. The inclusion of forward-looking information in the estimate of the lifetime expected loss is therefore fundamental for a correct implementation of IFRS 9. However, in consideration of the approach adopted for the estimate of the ECL, the following elements are noted:

- the use of an accurate PD from “third-party” information sources makes it possible to incorporate forward looking elements that are reasonably foreseeable in the short term and taken into consideration by the infoproversiders that process the external ratings;
- the updating of the LGD on an annual basis makes it possible to increase the representativeness of the estimate, already incorporating forward-looking elements and potential overlays in the calculation model, in respect of estimates of deterioration in the reference macroeconomic scenario.

Write-off

The write-off is an event that gives rise to a full or partial derecognition, when there are no longer reasonable expectations of recovering all or part of the financial asset.

The standard defines the write-down of the gross carrying amount of a financial asset as a result of the reasonable expectation of non-recovery as a case of derecognition. The write-off may concern the entire amount of a financial asset or a part of it and corresponds to the reversal of total value adjustments, as an offsetting entry to the gross value of the financial asset and, for the part exceeding the amount of the total value adjustments, to the impairment of the financial asset recognised directly in the income statement.

If the Company has reasonable expectations of recovering the receivable, the latter can be maintained in the financial statements (current receivable) without effecting a write-off and, in all cases in which there is an expected loss, an appropriate provision must be made to cover the possible lack of full recovery.

Otherwise, if the Company does not have reasonable expectations of recovering it, in whole or in part, the write-off must be carried out, with the effect of shifting the receivable itself or part of it from the financial statements assets to dedicated escrow accounts.

The amount of the write-offs carried out in the reference period that exceeds the amount of the total adjustments made in previous years (and which is therefore recorded as a loss directly in the income statement) is included in the value adjustments.

Any recoveries from collections subsequent to the write-off, on the other hand, are recognised in the income statement under write-backs as a result of the improvement in the creditworthiness of the debtor and the recoveries of the assets previously written down.

Operationally, the write-off resolutions are adopted by the Credit Committee on the proposal of the Credit Department, once the reasonable expectations of recovery, including legal, of the exposure no longer exist. In any case, the maximum term for maintaining the exposure in the financial statements is 2 years. After this deadline, the exposure must be fully written off.

2.3 Credit risk mitigation techniques

Insurance guarantees

Generalfinance has signed two insurance policies with Allianz Trade (formerly Euler Hermes S.A.), to cover the risks of insolvency of the transferors of the trade receivables and/or the related transferred debtors acquired by the Company in the context of factoring transactions (the “Policies”).

In order to improve the disclosure of risk-weighted assets relating to the core business, the Company uses the Policies as instruments to mitigate credit risk, also for prudential purposes for Credit Risk Management (“CRM”), in compliance with the provisions of the CRR and the Circular No. 288/2015. This use takes place in the context of a long-term strategic partnership with the company whose primary objective is to support the internal structures in the risk assessment activity, thanks to the enormous information assets, at global level, that it can boast on the transferred debtors. For Generalfinance, the company is therefore seen as a business partner, rather than a pure protection “provider”, which makes the insurance contract particularly effective in the ordinary management of the activity and high-performing from the point of view of the “claims on premiums” ratio.

Due to the recognition of the Policies for CRM purposes, the Company has a so-called “large exposure” towards the guarantor Allianz Trade. Therefore, the overall exposure to Allianz Trade must comply with the requirements of the CRR and, in particular, not exceed 25% of the Company’s eligible capital, thus limiting the maximum protection effects recognised for prudential purposes to this amount.

In this context, the impacts deriving from the recognition of the Policies for prudential purposes – in terms of lower risk-weighted assets – are calculated on the basis of the maximum exposure to Allianz Trade, an entity currently weighted at 20% based on its rating; in essence, Generalfinance calculates on a quarterly basis the ratio between the limit of large risks and the total exposure insured by Allianz Trade. This percentage is then applied to the insured risk of each exposure, thus dividing the insurance benefit proportionally over all guaranteed exposures.

The activities carried out by Generalfinance and defined in a specific company policy are summarised below, in order to continuously verify the eligibility of insurance policies for CRM purposes and consequently recognise their effect in the calculation of capital requirements.

The guarantee management process for CRM purposes is divided into the following sub-phases:

- Acquisition of the guarantee: in this phase, the supplier of the guarantee (i.e. the insurance company) is selected and evaluated. In this context, attention is also paid to the possible concentration risk that would derive from the use of the

personal guarantee, taking into account the nature of the guarantee provider, its creditworthiness and business model; in any case, from an internal policy point of view, also taking into account the constraints relating to loan agreements, Generalfinance underwrites policies to hedge credit risk exclusively with leading companies (Allianz Trade – current partner – Coface or Atradius) for the purpose of avoiding the concentration of risks on insurance intermediaries of lower standing. The assessment is carried out by the Credit Department and resolved by the Board of Directors.

- Assessment of eligibility requirements: the eligibility of the guarantee for CRM purposes is assessed, in particular by verifying the type of guarantee and whether the contractual conditions are in line with regulatory provisions; in this context, the contractual text of the policy is defined by the Credit Department and must be submitted in advance to the AML and Compliance Office, which is responsible for assessing compliance with regulatory provisions on CRM, in coordination with the Finance and Administration Department.
- Monitoring of the guarantee, a phase in turn broken down into:
 - o Monitoring of eligibility requirements: the purpose of this monitoring is to verify the continued compliance of the guarantee contract with the regulatory provisions, with particular attention to the phases of renewal of the insurance policy contract or in the presence of contractual changes; in this context, the contractual text of the policy is defined by the Credit Department and must be submitted in advance to the Finance and Administration Department for the assessment of impacts and to the AML and Compliance Office, which is responsible for assessing its adequacy with respect to regulatory provisions on CRM;
 - o Compliance with contractual conditions and clauses: the objective of this phase is to comply with the operating procedures and practices that allow Generalfinance to operate in compliance with the contractual conditions contained in the guarantee contract, in order to maintain the effectiveness of the protection; this activity is the responsibility of the Credit Department, which checks that the Company's operations are constantly in line with contractual provisions.
- Identification of the relevant characteristics of the policy for reporting purposes: the characteristics of the guarantee used for CRM purposes are analysed in order to identify the relevant aspects for the Supervisory Reports, such as the determination of the value of the guarantee or the weighting to be associated with the supplier of the guarantee, with particular reference to compliance with concentration limits. This activity falls under the responsibility of the Finance and Administration Department (Supervisory Reporting Office).

Lastly, against specific credit exposures, eligible guarantees were acquired for CRM purposes provided by SACE S.p.A. The assessment of eligibility of the aforementioned guarantees, also for the purpose of calculating capital requirements, is also supported by an opinion from a leading law firm, as well as by the analyses of the competent internal structures.

External ratings provided by ECAI

For the purposes of the Standardised Approach, to determine the risk weighting factor of an exposure, the regulator requires the use of the external credit assessment only if issued, or endorsed, by an External Credit Assessment Institution ("ECAI"). The list of authorised ECAIs is periodically published on the EBA website and adopted by the Bank of Italy. The technical standards regarding the association between the credit risk assessments and the creditworthiness classes of the ECAIs are identified in Implementing Regulation (EU) No. 2016/1799, in accordance with Article 1361, paragraphs 1 and 3, of Regulation (EU) No. 575/2013.

In line with the aforementioned regulations, Generalfinance uses "Cerved Rating Agency" and "Modelfinance" as external rating agencies (ECAIs) for the calculation of RWAs relating to exposures to companies, with specific reference to those counterparties (Italian and foreign, respectively) that have, as of the reporting date, an exposure greater than EUR 100,000, in the context of a factoring relationship (without recourse or with recourse, with the risk being borne by the transferred debtor) with a Maximum Agreed Payable amount greater than EUR 2 million.

3. Non-performing credit exposures

The Company has internal procedures that make it possible to ascertain ex ante the deterioration of the financial situation of the individual debtor and the quality of the trade receivables purchased, as well as adequate procedures that allow it to manage any anomalies that may arise during the relationship (e.g. management of outstanding debts, recovery actions, etc.). The entire business process is homogeneous for the types of customers and is implemented by all company functions. It is developed – as mentioned above – along the following main phases: (i) customer acquisition; (ii) investigation

(customer/transferor assessment, debtor assessment, guarantor assessment); (iii) approval of the Credit Committee; (iv) formalisation and activation of the advance relationship; (v) monitoring and management of existing relationships, credit lines and guarantees.

The Company carries out periodic checks – typically on a daily basis – to verify the emergence, both among transferors and debtors, of unpaid positions that may generate particular critical issues and in order to promptly adopt the appropriate decisions, if there are any reasons for alarm or criticality. Moreover, on the basis of the flow acquired by the Home Banking system and any information obtained from other company or external sources, all non-payments are duly and promptly recorded and credit risk is continuously monitored.

With reference to the specific risk deriving from delay or non-collection of receivables, the operating methodology developed allows Generalfinance to obtain a series of important safeguards for its exposure. In fact, by virtue of the credit transfer agreement, the Company has the possibility of recovering the amount from the transferred debtor and in the case of transfer with recourse, also from the transferor.

Classification – Stage 3

Stage 3 includes all exposures with objective evidence of impairment, therefore all non-performing exposures: past due loans, unlikely to pay and bad loans.

As regards the classification in the three stages highlighted, note that:

- the classification as impaired past due takes place automatically, on the basis of the provisions of Bank of Italy Circular no. 217, with specific reference to the technical form of factoring and the new definition of default valid from 1 January 2021 provided for by the European Regulation relating to prudential requirements for credit institutions and investment firms (Article 178 of Reg. (EU) no. 575/2013);
- with regard to unlikely to pay, the classification in this stage takes place automatically on the basis of the days past due and based on specific triggers defined in the company policies;
- with regard to bad loans, a classification in this status is envisaged, in the event of initiation of legal actions on a significant portion of the transferred portfolio and also based on specific triggers defined in the company policies.

The classification as unlikely to pay/bad loans is always resolved by the Credit Committee on the proposal of the Credit Department. As the conditions no longer apply, the Committee resolves on the possible reclassification of the exposure from unlikely to pay or bad loans.

Expected Credit Loss – Stage 3

The Standard requires the entity to recognise a provision to cover losses for expected credit losses on financial assets measured at amortised cost or at fair value through other income components (FVOCI), receivables implicit in lease contracts, assets deriving from contract or commitments to disburse loans and financial guarantee agreements to which the provisions on impairment apply.

The EAD as at the reporting date consists of the book value at amortised cost net of the insurance guarantee supporting the loan, except for the component of the commitment to disburse the loan, for which the exposure is the off-balance sheet value weighted by the Credit Conversion Factor (CCF) estimated by the Company. In this regard, it should be noted that the Company has no commitments to disburse funds, therefore the EAD is equal to the exposure (disbursed not yet collected net of any unpaid portions already collected and not yet retroceded to the transferor) net of the insurance guarantee as at the reporting date.

The Standard also requires an entity to measure the expected credit losses of the financial instrument in a way that reflects:

- a) a target, probability-weighted amount, determined by assessing a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and demonstrable information that is available without excessive cost or effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

For a non-performing financial asset as at the reporting date, which is not a purchased or originated impaired financial asset, the entity must measure the expected credit losses as the difference between the gross carrying amount of the asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the financial asset. Adjustments are recognised as a profit or loss due to impairment in the income statement.

With regard to unlikely to pay and bad loans, the value of the provisions is always established by resolution of the Credit Committee on the proposal of the Credit Department, at the time of classification in said administrative statuses.

The company policy also makes provision for increasing minimum thresholds for provisions for positions classified as past due, unlikely to pay or bad loans.

In terms of credit risk management, the Risk Management Office handles second-level control by continuously monitoring credit exposures, identifying potentially problematic positions and the relative level of provisions. The Risk Management Office carries out its verification activities on the basis of information flows from the corporate functions, periodically reporting to the Board of Directors on credit risk trends.

Quantitative information

1. Distribution of financial assets by portfolio and credit quality (book values)

Portfolios/Quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	3,440,014	4,822,025	1,243,062	15,413,511	591,923,003	616,841,618
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	7,914,542	7,914,542
5. Financial assets held for sale	-	-	-	-	-	-
Total 30/06/2025	3,440,014	4,822,025	1,243,062	15,413,511	599,837,545	624,756,160
Total 31/12/2024	1,353,699	2,441,726	229,084	15,447,585	595,473,445	614,945,539

6. Credit exposures to customers, banks and financial companies*6.1 Credit and off-balance sheet exposures to banks and financial companies: gross and net values*

Types of exposures/Values	Gross exposure					Total value adjustments and total provisions					Net exposure	Total partial write-offs
		First stage	Second stage	Third stage	Purchased or Originated Impaired		First stage	Second stage	Third stage	Purchased or Originated Impaired		
A. Cash credit exposures												
A.1 On demand	95,290,854	95,290,854	-	-	-	953	953	-	-	-	95,289,901	-
a) Non-performing	X	X	-	-	-	X	X	-	-	-	-	-
b) Performing	95,290,854	95,290,854	-	X	-	953	953	-	X	-	95,289,901	-
A.2 Others	5,010,872	5,010,872	-	-	-	3,656	3,656	-	-	-	5,007,216	-
a) Bad loans	X	X	-	-	-	X	X	-	-	-	-	-
- of which: forborne exposures	X	X	-	-	-	X	X	-	-	-	-	-
b) Unlikely to pay	X	X	-	-	-	X	X	-	-	-	-	-
- of which: forborne exposures	X	X	-	-	-	X	X	-	-	-	-	-
c) Non-performing past due exposures	X	X	-	-	-	X	X	-	-	-	-	-
- of which: forborne exposures	X	X	-	-	-	X	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	5,010,872	5,010,872	-	X	-	3,656	3,656	-	X	-	5,007,216	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	100,301,726	100,301,726	-	-	-	4,609	4,609	-	-	-	100,297,117	-
B. Off-balance sheet credit exposures												
a) Non-performing	X	X	-	-	-	X	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (B)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B)	100,301,726	100,301,726	-	-	-	4,609	4,609	-	-	-	100,297,117	-

6.4 Credit and off-balance sheet exposures to customers: gross and net values

Types of exposures/Values	Gross exposure					Total value adjustments and total provisions					Net exposure	Total partial write-offs
		First stage	Second stage	Third stage	Purchased or Originated Impaired		First stage	Second stage	Third stage	Purchased or Originated Impaired		
A. Cash credit exposures												
a) Bad loans	5,055,932	X	-	5,055,932	-	1,615,918	X	-	1,615,918	-	3,440,014	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	5,602,451	X	-	5,602,451	-	780,426	X	-	780,426	-	4,822,025	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	1,381,202	X	-	1,381,202	-	138,140	X	-	138,140	-	1,243,062	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	15,786,663	14,431,733	1,354,930	X	-	373,153	296,795	76,357	X	-	15,413,511	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	588,633,085	572,698,064	15,935,021	X	-	1,717,294	1,452,523	264,771	X	-	586,916,663	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	616,459,333	587,129,797	17,289,951	12,039,585	-	4,624,931	1,749,318	341,129	2,534,484	-	611,835,274	-
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (B)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B)	616,459,333	587,129,797	17,289,951	12,039,585	-	4,624,931	1,749,318	341,129	2,534,484	-	611,835,274	-

9. Credit concentration

9.3 Large Exposures

(values in Euro)	30/06/2025
a) book value	280,694,807
b) weighted value	97,898,293
c) number	14

The table shows the amount and number of counterparties with a weighted exposure, according to the rules envisaged by the prudential supervisory regulations, greater than 10% of the eligible capital.

The risks with respect to individual customers of the same intermediary are considered as a whole if there are legal or economic connections between the customers.

The amount is the sum of cash risk assets and off-balance sheet transactions with a customer.

10. Models and other methods for measuring and managing credit risk

For the purposes of measuring the capital requirement for credit risk, Generalfinance adopts the standardised approach envisaged by prudential regulations, taking into account any portion of exposure guaranteed by insurance policies on eligible credits for CRM purposes. The Company also makes use of Cerved Rating Agency and Modefinance as external rating agencies (ECAIs) for the calculation of RWAs relating to exposures to companies, with specific reference to those counterparties (Italian and foreign, respectively) that have, as at the reporting date, an exposure greater than EUR 100,000, in the context of a factoring relationship (without recourse or with recourse, with the risk being borne by the transferred debtor) with a Maximum Agreed Payable amount greater than EUR 2 million.

11. Other quantitative information

There are no other quantitative aspects worthy of mention in this section.

3.2 MARKET RISKS

3.2.1 Interest rate risk

Qualitative information

1. General aspects

Interest rate risk is caused by differences in maturities and in the repricing times of the interest rate of assets and liabilities. In the presence of these differences, fluctuations in interest rates can determine both a change in the expected net interest income and a change in the value of assets and liabilities and therefore in the value of shareholders' equity.

The operations of Generalfinance are concentrated in the short-term; the loans granted are self-liquidating and have a short residual life directly related to the collection times of the transferred trade receivables.

In addition, a large proportion of asset and liability items are variable-rate, with a natural immunisation against fluctuations in market rates.

These characteristics determine a significant mitigation of the exposure to interest rate risk.

3.2.2 Price risk

Qualitative information

1. General aspects

The financial institution does not normally assume price fluctuations.

3.2.3 Currency risk

Qualitative information

1. General aspects

The financial institution does not normally assume exchange rate risks.

3.3 OPERATIONAL RISKS

Qualitative information

1. General aspects, management processes and measurement methods for operational risk

In relation to operational risk, understood as the risk of losses deriving from malfunctions at the level of procedures, personnel and internal systems, or from external events, the Company is constantly engaged in the implementation of processes and controls – particularly with regard to the proprietary IT platform – in order to improve the monitoring of operational risks.

General finance is exposed to risks typically associated with operations that include, inter alia, risks associated with the interruption and/or malfunctioning of services (including IT services), errors, omissions and delays in the services offered, as well as failure to comply with the procedures relating to risk management.

The Company is therefore exposed to multiple types of operational risk: (i) risk of fraud by employees and external parties; (ii) risk of unauthorised transactions and/or operational errors; (iii) risks related to the failure to keep the documentation relating to the transactions; (iv) risks related to the inadequacy or incorrect functioning of company procedures relating to the identification, monitoring and management of company risks; (v) errors and/or delays in providing the services offered; (vi) risk of sanctions deriving from violation of the regulations applicable to the Company; (vii) risks associated with the failure and/or incorrect functioning of IT systems; (viii) risks related to damages caused to property, plant and equipment deriving from atmospheric events or natural disasters.

To monitor operational risk, the Company has the following controls in place:

- definition of a clear organisational structure, with well-defined, transparent and consistent lines of responsibility; in particular, the ICT and Organisation Department oversees the maintenance and development of the proprietary IT platform which – through the progressive digitalisation of processes and services – allows, natively, a reduction in operational risks;
- mapping and formalisation of business processes (“core” and “support” processes) that describe operating practices and identify first-level controls;
- adoption of a “Code of Ethics”, which describes the ethical principles, i.e. the rules of conduct that inspire the style of the Company in the conduct of relations with its stakeholders to which each Recipient must refer;
- adoption of the “Organisation, management and control model”, pursuant to Italian Legislative Decree no. 231 of 8 June 2001, which sets out the mix of preventive and disciplinary measures and procedures suitable for reducing the risk of commission of offences envisaged by the aforementioned decree, within the company organisation;
- provision of specific SLAs (Service Level Agreements) in outsourcing contracts.

In relation to the operations of the Company, a significant type of operational risk is represented by legal risk. In this regard, to mitigate potential economic losses resulting from pending legal proceedings against the Company, a provision has been made in the financial statements to an extent consistent with international accounting standards. In view of the requests received, the Company posts the appropriate provisions in the financial statements based on the definition of the amounts potentially at risk, the assessment of the risk carried out according to the degree of actual “probability” of loss, as defined by accounting standard IAS 37 and taking into account the most consolidated relevant case law.

In particular, the amount of the provision is estimated on the basis of multiple elements of opinion mainly concerning the forecast on the outcome of the case and, in particular, the probability of losing the case with the conviction of the Company, and the elements of quantification of the amount that, in the event of losing the case, the Company may be required to pay the counterparty.

The forecast on the outcome of the case (risk of losing) takes into account, for each individual case, the aspects of law raised in the court, assessed in the light of the case law stance, the evidence actually emerged during the proceedings and the progress of the proceedings, as well as the outcome of the first instance judgement, as well as past experience and any other useful element, including the opinions of experts, which allow adequate account to be taken of the expected development of the dispute.

The amount due in the event of losing is expressed in absolute terms and shows the value estimated on the basis of the results of the proceedings, taking into account the amount requested by the counterparty, the technical estimate carried out internally on the basis of accounting findings and/or those that emerged in the course of the proceedings and, in particular, of the amount ascertained by the court-appointed expert witness – if ordered – as well as the legal interest, calculated on the principal from the notification of the preliminary statement, in addition to any expenses due in the event the case is lost. In cases where it is not possible to determine a reliable estimate (failure to quantify the claims for compensation by the plaintiff, presence of legal and factual uncertainties that render any estimate unreliable), no provisions are made as long as it is impossible to predict the results of the judgment and reliably estimate the amount of any loss.

Quantitative information

For the purpose of measuring operational risk, Generalfinance adopts the basic method proposed by the Supervisory Authority. The capital requirement for operational risk is equal to 15% of the average of the relevant indicators for 2021-2023 pursuant to Art. 316 of Regulation (EU) no. 575/2013.

3.4 LIQUIDITY RISK

Qualitative information

1. General aspects, management processes and methods for measuring liquidity risk

Liquidity risk measures the risk that the Company may not be able to meet its obligations when they mature. Non-payment may be caused by the inability to obtain the necessary funds (funding liquidity risk) or by limits on the disposal of certain assets (market liquidity risk). The liquidity risk calculation also includes the risk of meeting its payment deadlines at out-of-market costs, i.e. incurring a high cost of funding or even incurring capital losses. With specific reference to the operations of Generalfinance, the funding liquidity risk is significant.

The risk assessment takes place through the preparation of a maturity ladder (prepared both daily and monthly) that models future receipts (which, for the Company, are essentially identified with the collection of receivables transferred from customers, plus the opening of new loans and cash flows generated by the profitability of the core business) and expected cash outflows (mainly: disbursements of loans, payment of suppliers and repayments of loans, payments of dividends and taxes), determining the positive and negative imbalances relating to certain time horizons and comparing the imbalances themselves with the amount of liquidity reserves (available on bank current accounts and unused credit lines or other unused funding instruments).

Liquidity risk is therefore controlled based on the dynamics of future cash flows, generated by the expected disbursements and by the financial needs covered with the use of available lines and with the cash flow generated by ordinary operations. The funding structure guarantees an adequate structural balance, benefiting from diversified credit lines and financing instruments, partly committed; in particular:

- a loan disbursed by a pool of banks – maturing in December 2027 – for the amount of EUR 260 million, fully committed;
- a three-year securitisation programme, maturing in December 2027, for a total maximum senior financing of EUR 500 million, with an approved credit line of EUR 345 million, of which EUR 250 million committed. The maximum outstanding amount of receivables that can be purchased remains unchanged at EUR 737.5 million;
- bilateral bank lines and lines with factoring companies for a total of roughly EUR 262 million;
- a programme for the issue of commercial paper of up to EUR 100 million. Lastly, the Company also issued subordinated bonds for EUR 12.5 million.

The Company adopts a careful loan acquisition policy, which has historically guaranteed a limited duration of assets (loans to customers) (around 82 days in the first half of 2025) and low seasonality of turnover, elements that help to reduce funding needs; in addition to this, the constant monitoring of the maturities and effective credit collection makes it possible to achieve significant benefits in terms of the structural liquidity profile, reducing its overall needs.

Lastly, the Company has defined a Contingency Funding Plan that makes it possible to monitor the liquidity risk on a daily basis and, if necessary, to promptly activate funding initiatives, where liquidity levels fall below the minimum levels established, also taking into account the external market context.

Section 4 – Information on equity

4.1 – Shareholders' equity

4.1.1 Qualitative information

In the first half of 2025, the profit amounted to EUR 12,320,367, bringing shareholders' equity to EUR 81,978,393.

The nature of the mandatory minimum external capital requirements and the related monitoring methods

Generalfinance is required to comply with the mandatory minimum capital requirements, pursuant to prudential regulations, with reference to credit risk and operational risk. Market risk, according to the definition provided by the prudential regulations, is not present in the activities of Generalfinance, since the Company does not hold a regulatory trading portfolio. Therefore, the risk is not relevant for the purpose of determining the mandatory minimum requirements.

Currency risk, according to the definition provided by the prudential regulations, is also not significant in Generalfinance's activities, as assets and liabilities are all denominated in euro.

The Company carries out a constant analysis of capital absorption against credit risk and operational risk.

The credit risk control methods and the related supporting reporting are described in the company operating procedures on:

- Resolution and renewal of factoring transactions;
- Debtor assessment;
- Management of the ordinary relationship with customers;
- Management of problem loans.

The presence of the operational requirements instrumental to the transfer of the risk to the debtor in the context of with-recourse or without recourse exposures not recorded is guaranteed by the procedures defined in the loans domain.

The management of operational risk is mainly entrusted to the organisational units (line controls), the risk management function (second-level controls) and the internal audit function (third-level controls).

4.1.2 Quantitative information

4.1.2.1 Shareholders' equity: breakdown

Items/Values	Total 30/06/2025	Total 31/12/2024
1. Share capital	4,202,329	4,202,329
2. Share premium reserve	25,419,745	25,419,745
3. Reserves	39,848,868	29,236,823
- of profits	39,848,868	29,236,823
a) legal	840,465	840,465
b) statutory	-	-
c) treasury shares	-	-
d) others	39,008,403	28,396,358
- others	-	-
4. (Treasury shares)	-	-
5. Valuation reserves	187,085	129,856
- Equity securities designated at fair value through other comprehensive income	-	-
- Hedging of equity securities designated at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	-
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedging of foreign investments	-	-
- Cash flow hedging	-	-
- Hedging instruments (non-designated elements)	-	-
- Exchange rate differences	-	-
- Non-current assets and disposal groups	-	-
- Financial liabilities designated at fair value through profit or loss (changes in creditworthiness)	-	-
- Special revaluation laws	-	-
- Actuarial gains/losses relating to defined benefit plans	187,085	129,856
- Portion of valuation reserves relating to equity-accounted investments	-	-
6. Equity instruments	-	-
7. Profit (loss) for the year	12,320,367	21,099,149
Total	81,978,393	80,087,902

4.2 – Own funds and regulatory ratios

4.2.1 – Own funds

4.2.1.1 Qualitative information

1. Tier 1 capital

It should be noted that – in accordance with Article 26(2) of Regulation (EU) no. 575/2013 of the European Parliament (the “CRR”) – the Tier 1 Capital includes the net profits resulting from the 2024 financial statements, net of dividends.

For the purposes of the above, please note that:

- the profits were verified by entities independent from the entity responsible for auditing the entity’s accounts, as required by Article 26(2) of the CRR;
- the profits were valued in compliance with the standards established by the applicable accounting regulations;
- all foreseeable charges and dividends were deducted from the amount of profits;
- the amount of dividends to be deducted was estimated in accordance with applicable regulations.

The amount referred to the so-called “Quick Fix” with which the value of the assets in the form of software to be deducted from the Common Equity Tier 1 capital and the amount referred to intangible assets in progress was also deducted from Tier 1 capital.

2. Tier 2 capital

Tier 2 capital includes subordinated bonds that the Company issued in 2021, net of the amortisation charge calculated in accordance with Art. 64 of the CRR (EU Regulation no. 575/2013).

4.2.1.2 Quantitative information

	Total 30/06/2025	Total 31/12/2024
A. Tier 1 capital before the application of prudential filters	80,145,131	72,567,333
B. Prudential filters of Tier 1 capital		-
B.1 Positive IAS/IFRS prudential filters (+)		-
B.2 Negative IAS/IFRS prudential filters (-)		-
C. Tier 1 capital gross of elements to be deducted (A+B)	80,145,131	72,567,333
D. Elements to be deducted from Tier 1 capital	12,302,202	8,489,416
E. Total Tier 1 capital (C-D)	67,842,929	64,077,917
F. Tier 2 capital before the application of prudential filters	12,500,000	12,500,000
G. Prudential filters of Tier 2 capital	-	-
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-	-
H. Tier 2 capital gross of elements to be deducted (F+G)	12,500,000	12,500,000
I. Elements to be deducted from Tier 2 capital	8,244,797	7,005,750
L. Total Tier 2 capital (H-I)	4,255,203	5,494,250
M. Elements to be deducted from total Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	72,098,132	69,572,167

4.2.2 – Capital adequacy

4.2.2.1 Qualitative information

Generalfinance assesses the adequacy of own funds to support current and future assets, in line with its own risk containment policy.

In the context of the ICAAP process, Generalfinance defines the components of total capital (capital components to cover internal capital, i.e. the capital requirement relating to a given risk) on the basis of the prudential methodology. The components of total capital therefore coincide with the items of shareholders’ equity and with those of own funds.

The Company measures the following types of risk: credit, operational, concentration, interest rate on the banking book, liquidity. With regard to the first four types, the Company determines the internal capital necessary to hedge the risks generated by current and future assets. Pillar I risks are measured with similar criteria to those used to determine the minimum prudential requirements and, in particular, the standardised method for credit risk and the basic method for

operational risk. With reference to the pillar II risks, Generalfinance uses the following quantitative measurement tools proposed in Bank of Italy Circular no. 288/15:

- for concentration risk (by parties and by groups of connected customers), the simplified method proposed in Bank of Italy Circular no. 288/15 under Title IV, Chapter 14, Annex B;
- for interest rate risk on the banking book, the simplified method envisaged by Bank of Italy Circular no. 288/15 in Title IV, Chapter 14, Annex C;
- for liquidity risk, the funding risk measurement maturity ladder model, envisaged by Bank of Italy Circular no. 288/15.

The other Pillar 2 risks are subject to qualitative assessment.

4.2.2.2 Quantitative information

Categories/Values	Non-weighted amounts		Weighted amounts/requirements	
	30/06/2025	31/12/2024	30/06/2025	31/12/2024
A. RISK ASSETS	-	-	-	-
A.1 Credit and counterparty risk	752,277,994	777,359,272	454,864,039	461,975,860
B. REGULATORY CAPITAL REQUIREMENTS	-	-	-	-
B.1 Credit and counterparty risk	-	-	36,389,123	36,958,068
B.2 Risk for the provision of payment services	-	-	-	-
B.3 Requirement for the issue of electronic money	-	-	-	-
B.4 Specific prudential requirements	-	-	5,908,657	5,908,657
B.5 Total prudential requirements	-	-	42,297,780	42,866,725
C. RISK ASSETS AND SUPERVISORY RATIOS	-	-	-	-
C.1 Risk-weighted assets	-	-	528,722,247	535,834,068
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	-	-	12.8%	12.0%
C.3 Regulatory capital/Risk-weighted assets (Total capital ratio)	-	-	13.6%	13.0%

The risk-weighted assets, shown in item C.1, also used in the calculation of the ratios reported in items C.2 and C.3, are calculated as the product of the total prudential requirement (item B.5) and 12.50 (inverse of the mandatory minimum coefficient of 8%).

Section 6 - Transactions with related parties

At present, national legislation does not provide any definition of “related parties”; Art. 2427, par. 2, therefore, refers to the provisions of international accounting practice. The accounting standard of reference is IAS 24, the new version of which, approved by the IASB on 4 November 2009, was endorsed with Regulation no. 632 of 19 July 2010. This version defines a related party as a person or entity related to the one preparing the financial statements. Two entities cannot be included among related parties simply because they share a director or another key manager.

6.1 Information on remuneration of key management personnel

The Board of Directors has identified five key management personnel, namely the CFO, the CCO, the CLO, the CIO and the COO. The gross annual remuneration of key managers amounts to a total of EUR 668,033.

This amount does not consider allocations to the employee severance indemnity provision, the employee severance indemnity provision paid to supplementary pension funds, the non-competition agreement and any bonuses in relation to short- and medium/long-term monetary incentive plans determined on the basis of the Company's results.

6.2 Loans and guarantees issued in favour of directors and statutory auditors

It should be noted that the Company has no receivables due from directors and statutory auditors and that no guarantees have been issued in favour of directors and statutory auditors.

6.3 Information on transactions with related parties

The following table shows the amounts relating to the balance sheet and income statement transactions with related parties in the first half of 2025 as defined above on the basis of the provisions of IAS 24.

TRANSACTIONS WITH RELATED PARTIES (amounts in Euro)	Parent company	Other related parties
BALANCE SHEET ITEMS		
40. Financial assets measured at amortised cost	-	1,059,440
120. Other assets	-	83,082
Total assets	-	1,142,522
80. Other liabilities	-	1,923,490
90. Employee severance indemnity	-	118,303
100. Provisions for risks and charges	-	330,932
Total liabilities	-	2,372,725

TRANSACTIONS WITH RELATED PARTIES (amounts in Euro)	Parent company	Other related parties
INCOME STATEMENT ITEMS		
10. Interest income and similar income	-	36,439
40. Fee and commission income	-	37,083
160. Administrative expenses: a) personnel expenses	-	(1,719,188)
160. Administrative expenses: b) other administrative expenses	-	(440,393)
200. Other operating expenses/income	15,174	18,922
Total items	15,174	(2,067,137)
NB. It should be noted that the costs include non-deductible VAT.		

DETAILED STATEMENT OF RELATIONS WITH GROUP COMPANIES (amounts in Euro)	GGH – Gruppo General Holding S.r.l.	Generalbroker S.r.l.
INCOME STATEMENT ITEMS		
200. Other operating expenses/income	15,174	149
Total items	15,174	149

All transactions with related parties were carried out under market conditions.

Attestation on the half-yearly financial statements

Certification of the half-yearly condensed financial statements pursuant to art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned Massimo Gianolli, as Chief Executive Officer, and Ugo Colombo, as Financial Reporting Manager, of Generalfinance S.p.A. certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
 - the adequacy in relation to the characteristics of the company and
 - the effective application of the administrative and accounting procedures for the preparation of the half-yearly condensed financial report, during the period 1 January 2025 - 30 June 2025.
2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the half-yearly condensed financial report as at 30 June 2025 took place on the basis of methods defined by Generalfinance S.p.A. in line with the COSO and COBIT models (for the IT component) that make up the generally accepted framework at international level.
3. It is also certified that:
 - 3.1 the half-yearly condensed financial statements
 - a) have been prepared in compliance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the results of the accounting books and records;
 - c) are suitable for providing a true and fair view of the equity, economic and financial situation of the issuer and of the group of companies included in the consolidation.
 - 3.2 The interim report on operations includes a reliable analysis of the references to important events that occurred in the first six months of the year and their impact on the half-yearly condensed financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 1 September 2025

Massimo Gianolli
Amministratore Delegato

Ugo Colombo
Dirigente preposto alla redazione
dei documenti contabili societari

Limited audit report

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED FINANCIAL STATEMENTS

To the Shareholders of Generalfinance S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed financial statements, which comprise the balance sheet and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and the related explanatory notes of Generalfinance S.p.A. as of June 30, 2025. The Directors are responsible for the preparation of the half-yearly condensed financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed financial statements of Generalfinance S.p.A. as at June 30, 2025 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Avolio
Partner

Milan, Italy
September 4, 2025

*This report has been translated into the English language solely for the convenience of international readers.
Accordingly, only the original text in Italian language is authoritative.*



GENERAL
FINANCE

HALF-YEARLY REPORT
as at 30 June 2025