GENERAL FINANCE

2024 FINANCIAL STATEMENTS

GENERAL INDEX

CORPORATE BODIES

Board of Directors

Name and surname	Office
Maurizio Dallocchio(*)(**)(****)	Chairperson
Mauro Selvetti(*)(**)(****)	Deputy Chairperson
Massimo Gianolli(***)	Chief Executive Officer
Leonardo Luca Etro(*)(**)(****)	Director
Maria Luisa Mosconi(*)(**)(****)	Director
Annalisa Raffaella Donesana(*)(**)(****)	Director
Marta Bavasso(*)(**)(****)	Director
Gabriele Albertini (*)(**)(****)	Director
Federica Casalvolone (*)(**)(****)	Director

(*) *Independent Director pursuant to Article 147-ter, paragraph 4, of the Consolidated Law on Finance (TUF).*
(**) *Independent Director pursuant to Article 2 of the Corporate Governance Code.*
(***) *Executive Director.*
(****) *Non-executive Director.*

Board of Statutory Auditors

Name and surname	Office
Paolo Francesco Maria Lazzati	Chairperson of the Board of Statutory Auditors
Marco Carrelli	Standing Auditor
Maria Enrica Spinardi	Standing Auditor
Andrea di Giuseppe Cafà	Alternate Auditor
Luca Zambanini	Alternate Auditor

Independent Auditors
Deloitte & Touche S.p.A.

Financial Reporting Manager
Ugo Colombo

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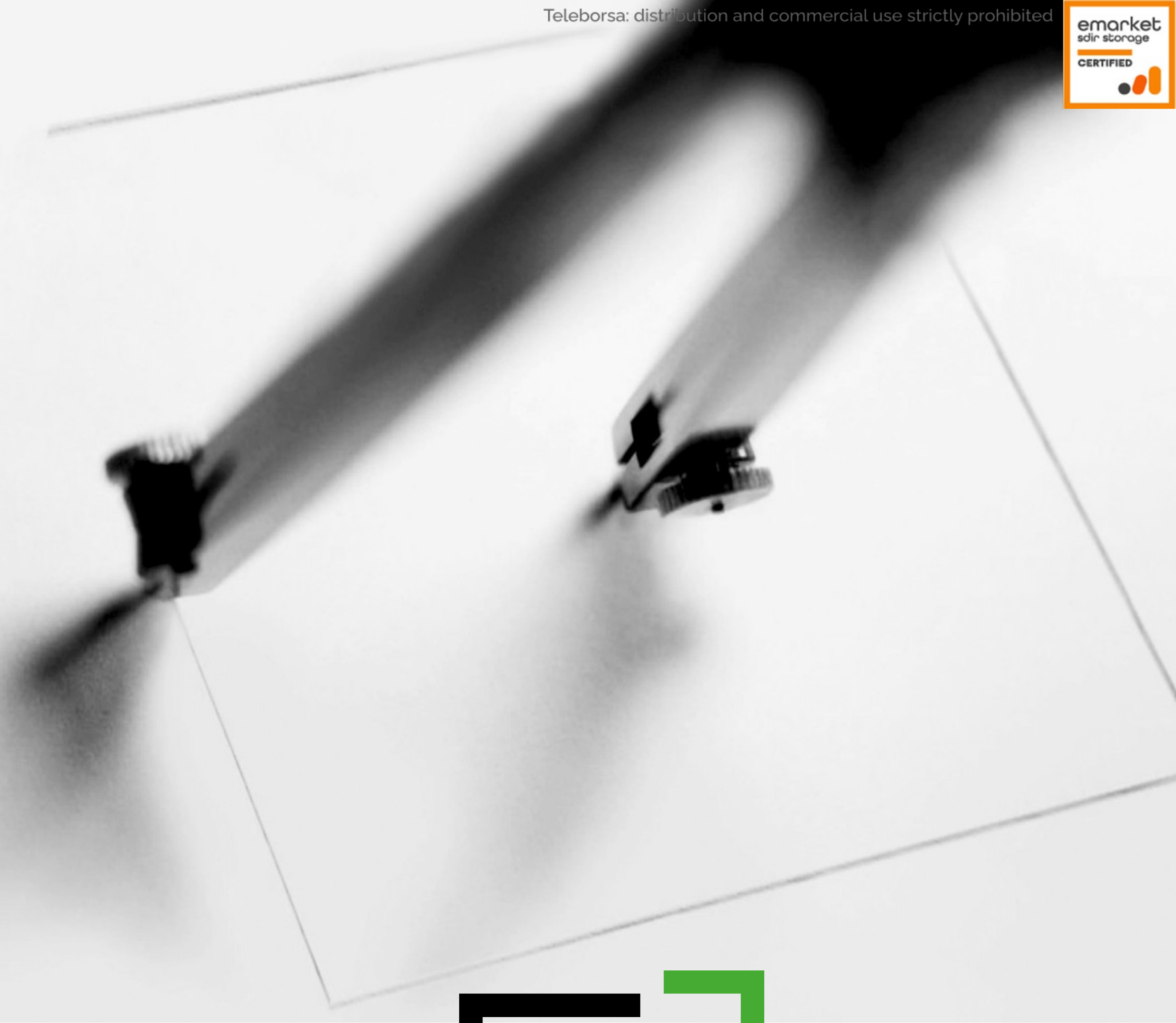


REPORT ON OPERATIONS

Report of the Board of Directors on operations for the year ended 31 December 2024 (Article 2428 of the Italian Civil Code)

Dear Shareholders,

The financial statements as at 31 December 2024, submitted for your approval, were prepared by the Directors in compliance with the international accounting standards 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 (IFRIC) in force at the reporting date.

They have 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 financial statements as at 31 December 2024 are composed of the following documents: Balance Sheet and Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' equity, Cash Flow Statement and Explanatory Notes.

Since Generalfinance S.p.A. (“Company” or “Generalfinance”), has been a company with shares listed on the Euronext STAR Milan market as from 29 June 2022, the "Report on corporate governance and ownership structures" drawn up pursuant to Article 123-bis of the Consolidated Law on Finance is added to the report on operations. In addition, the Company provides the public with a "Report on the remuneration policy and the remuneration paid", according to the methods established by CONSOB with regulations.

The evaluations and judgements of the Directors were formulated in the assumption of the company as a going concern, in the light of the positive historical – also confirmed by the results of the 2024 financial statements – and forward-looking income and financial data entered 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.

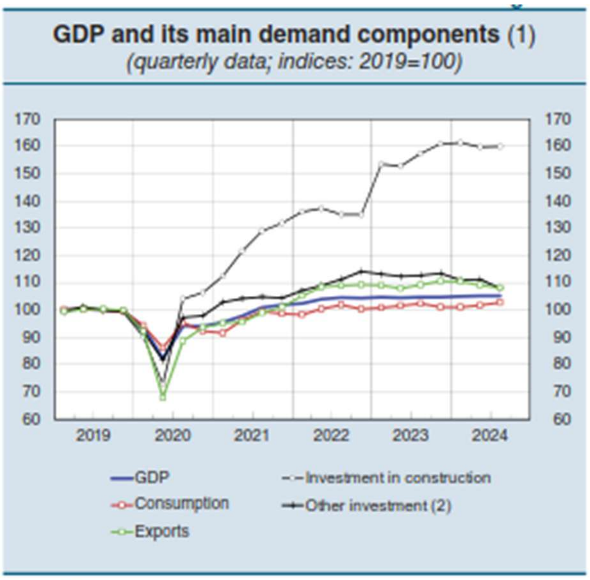
The financial year 2024, in which the Company celebrated its forty-second year since its establishment, closed with a net profit of EUR 21,099,149. The main reference indicators, as with the trend in economic and equity aggregates, the significant capital resources and available liquidity reserves make 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.

THE MACROECONOMIC CONTEXT AND THE FACTORING MARKET IN 2024[1]

Macroeconomic context

In Italy, GDP stagnated in the third quarter of 2024, still held back by the weakness of manufacturing, in the contrast to a slight expansion in services and construction. Household consumption recorded a marked increase, while investments fell sharply and the contribution of net exports was negative. Based on our assessments, activity also remained weak in the autumn months. Our most recent projections predict an acceleration of GDP over the three-year period 2025-27, with an average growth rate of approx. 1% per year for the period.

In the third quarter, economic activity remained unchanged compared to the previous three months. Domestic demand supported the GDP performance thanks to the growth in household consumption and the contribution of the change in inventories which more than offset the decline in investments. The decline in capital accumulation concerned almost all the main components; in particular, that of capital goods decreased on a trend basis for the fourth consecutive quarter. Investments in non-residential buildings are growing, benefiting from the construction of works related to the National Recovery and Resilience Plan (NRRP). Foreign trade, on the other hand, subtracted 0.7 percentage points from GDP growth, due to the sharp decline in exports of goods and services and the strong increase in imports. On the supply side, value added continued to decline in industry in the strict sense (-1.0 per cent), while it rose slightly in construction and in services (0.3 and 0.2 per cent, respectively). In the tertiary sector, both the expansion in trade, transport and accommodation services and the contraction in professional services continued to be more accentuated; market activity in the real estate sector declined for the first time since the beginning of 2021.



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

Source: Bank of Italy, Economic Bulletin no. 1/2025

According to our estimates, GDP would have also remained weak in the fourth quarter. The slowdown in manufacturing continued, albeit to a lesser extent, while the value added would again be slightly higher in construction and services. On the demand side, the recovery in net exports, due to a decrease in imports, would have been accompanied by a persistently weak trend in investments and a reduced contribution from consumption, after the bounce in the previous quarter. The Ita-coin indicator, which measures output dynamics excluding cyclical volatility, remained at values close to zero in the autumn months, confirming the continued weakness of economic

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[1] *This chapter cites and/or reports extensive excerpts from "Economic Bulletin no. 1/2025" of the Bank of Italy and Assifact, statistical circular 60-24 "Factoring in figures – Summary of data for September 2024"*

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activity. Based on our most recent macroeconomic projections, GDP, up by 0.5% in 2024 (by 0.7% excluding the correction for working days), stands to grow by an average of 1% in the three-year period 2025-27.

GDP and its main components (1)
(percentage change on previous period and percentage points)

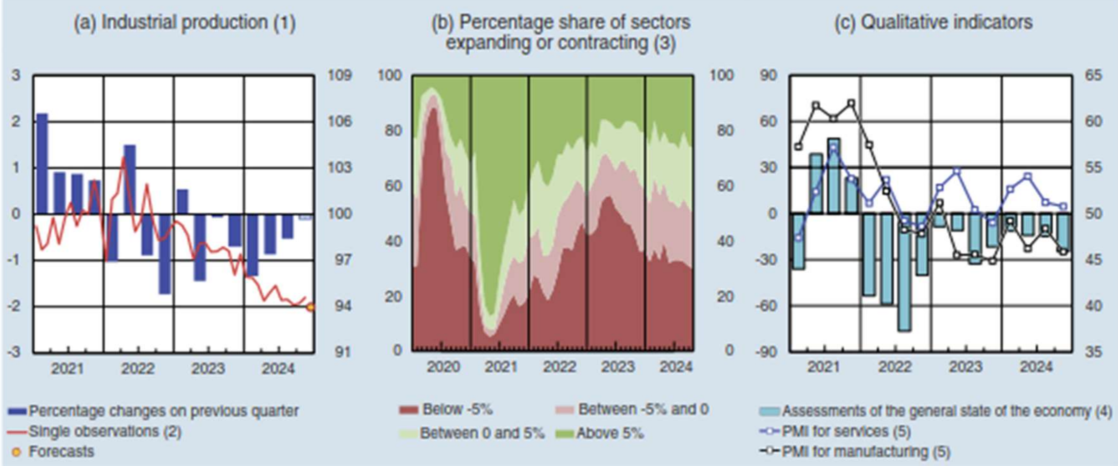
	2023	2023	2024		
		Q4	Q1	Q2	Q3
GDP	0.7	0.0	0.3	0.2	0.0
Imports of goods and services	-0.4	-1.1	-1.0	0.3	1.2
National demand (2)	0.3	-0.9	0.1	0.7	0.7
National consumption	1.2	-1.2	0.0	0.6	1.0
Household spending (3)	1.0	-1.7	0.2	0.6	1.4
General government spending	1.9	0.3	-0.6	0.9	-0.2
Gross fixed investment	8.5	1.5	-0.9	-0.4	-1.2
Construction	14.5	2.3	0.3	-1.0	0.2
Capital goods (4)	2.3	0.7	-2.2	0.2	-2.9
Change in inventories (5)	-2.5	-0.3	0.3	0.3	0.2
Exports of goods and services	0.8	1.3	-0.2	-1.2	-0.9
Net exports (6)	0.4	0.8	0.3	-0.5	-0.7

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 comprise transport equipment), cultivated biological resources and intellectual property products. – (5) Includes valuables; contributions to GDP growth on the previous period; percentage points. – (6) Difference between exports and imports; contributions to GDP growth on the previous period; percentage points.

Source: Bank of Italy, Economic Bulletin no. 1/2025

<u>*Businesses*</u>
In the fourth quarter, business activity remained weak, still stunted by the performance of the manufacturing sector. Services would have continued to expand, albeit slightly, as well as construction, also thanks to non-residential works linked to the NRRP.
On average during the October-November period, industrial production rose by 0.1% compared to the summer. Growth was observed in consumer goods (especially non-durable goods), energy products and, to a lesser extent, capital goods, while the intermediate goods component declined. However, marked reductions again concerned the manufacture of means of transport, reflecting the sector crisis in the euro area. About half of the sectors were up in November compared to the same period of the previous year.

Industrial production, growth by sector and qualitative indicators for industry and services
(quarterly data, unless otherwise specified)

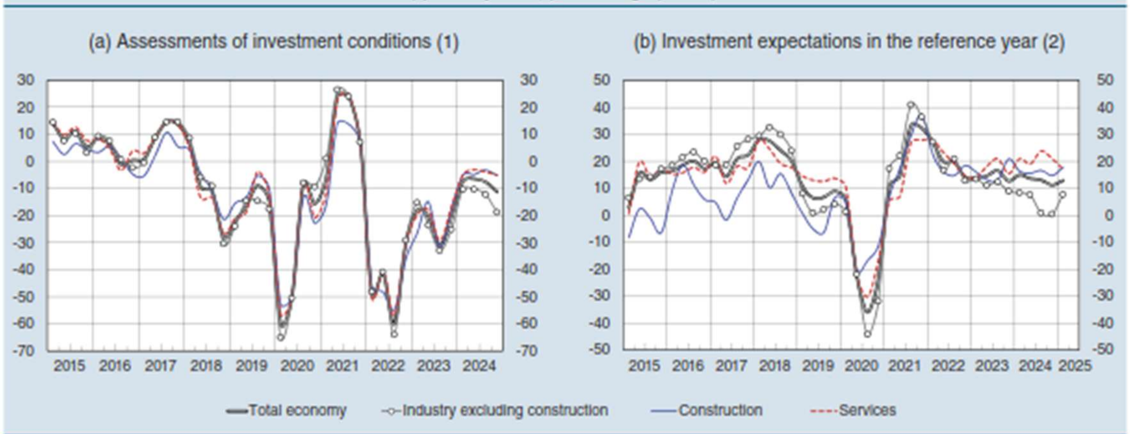


Sources: Based on data from Banca d'Italia, Istat, Markit and Terna.
(1) Data adjusted for seasonal and calendar effects. The yellow dot indicates the forecast for December 2024, the last bar represents the forecast for the third quarter. – (2) Monthly data. Index: 2021=100. Right-hand scale. – (3) Monthly data. The share of sectors expanding or contracting (as per the Ateco classification) is calculated based on the year-on-year growth rates of the 3-month moving averages of the sectoral indices for industrial production, adjusted for calendar effects. – (4) Balance, in percentage points, of 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, 14 January 2025). – (5) Average quarterly data. Diffusion indices for economic activity in the sector. Right-hand scale.

Source: Bank of Italy, Economic Bulletin no. 1/2025

In the autumn months, the PMI for manufacturing deteriorated, remaining below the expansion threshold for the seventh consecutive quarter. Qualitative surveys show similar signs of weakness. Italian companies report a gradual deterioration in production levels and orders, in terms both of current opinions and the expectations; pessimism is more marked among companies that produce intermediate and capital goods. The lack of demand, both domestic and foreign, continues to be viewed as the main factor holding back production. Overall, our December estimates – which take into account data on electricity and gas consumption, motorway and rail traffic, as well as qualitative indicators on business confidence and expectations – indicate a continued slowdown in industrial activity during the autumn: the weakness of the manufacturing cycle in the euro area, particularly in Germany, contributed to this trend. During the same period, the PMI indexes for the services sector point to modest growth in activity. The confidence indicators for companies offering market services also show signs of a slowdown, both in current deals and in orders; by contrast, the opinions of retail trade companies are positive and improving. Bank of Italy surveys conducted between November and December of last year confirm the weakening of demand in the sector.
Investments decreased by -1.2 per cent in the third quarter, a continuation of the trend which took hold at the start of the year. The decline concerned all the main components, with the exception of construction. In this sector, the marked reduction in the housing segment was more than offset by the growth in the non-residential sector, boosted by the implementation of the NRRP projects. Investments in machinery and equipment, which show a sharp decline, were affected by the ongoing weakness of the manufacturing cycle, as well as the uncertainties surrounding the implementation of the Transition 5.0 plan. However, the balance between the number of companies expecting growth in nominal investment spending in 2025 and those predicting a reduction is positively tilted towards the former, although it is more limited in the manufacturing sector specifically. Opinions are more favourable in construction, where more than half of the companies expect to benefit from the measures associated with the National Recovery and Resilience Plan (NRRP).

Firms' assessments of investment conditions and expectations for investment expenditure
(quarterly data; percentage points)



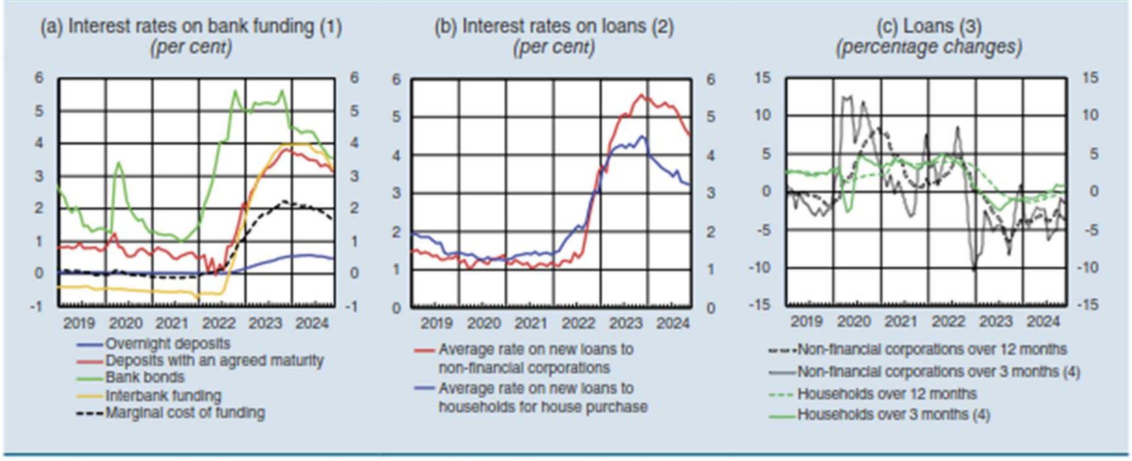
Source: 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 14 January 2025.
(1) Balance of opinion between positive and negative assessments compared with the previous quarter. – (2) Balance between expectations of an increase and of a decrease compared with the previous 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. 1/2025

Credit and loan conditions

The reduction in policy rates is being passed on to the cost of bank funding and credit, consistent with normal historical patterns. Loans to non-financial companies fell further, against the backdrop of persistently sluggish demand for credit and consistently restrictive supply criteria. Companies also made net redemptions of bonds. Lending to households remains weak, although mortgages for home purchases accelerated slightly, reflecting the modest expansion in demand. Between August and November, the marginal cost of bank funding fell by 26 basis points (to 1.7 per cent). The decrease in interest rates on the interbank market, the lower cost of bond funding and the decline in the return of new deposits with a pre-established duration were contributory factors; the rate on current account deposits, which had been impacted, to a limited degree, by the monetary restriction of the 2022-23 period, remained unchanged (0.5 per cent). Bank funding continued to decline (-2.2 per cent over twelve months): the repayment of TLTRO3 funds and the decline in liabilities held by non-residents was only partially offset by the growth in other sources of financing.

Bank funding costs and credit costs and developments in Italy
(monthly data)



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. 1/2025

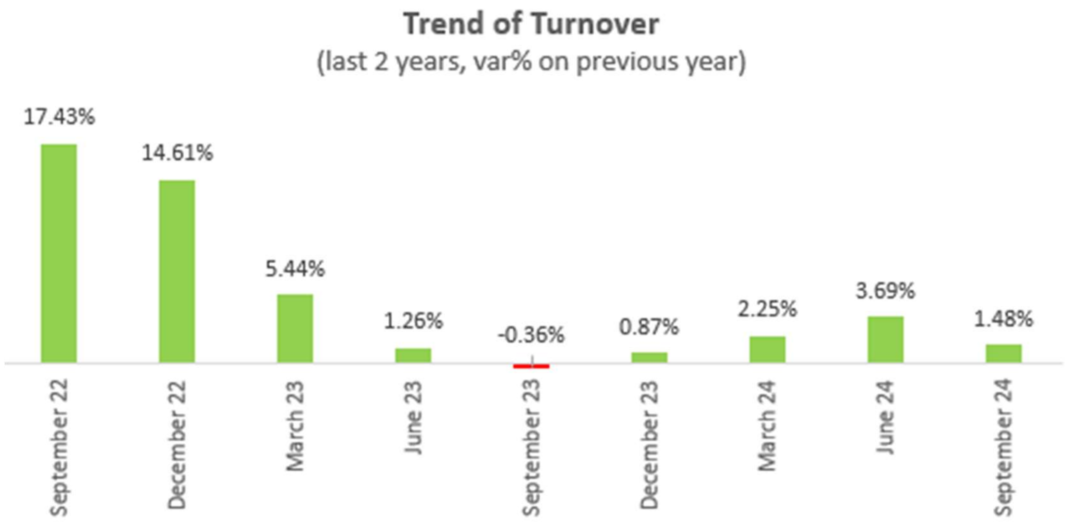
The passing on of the reduction in policy rates to the cost of credit to non-financial companies is in line with normal historical patterns: the period between August and November saw a reduction in both interest rates on new bank loans (from 5.1 to 4.5 per cent), reflecting the decline in the risk-free reference rate, and on existing loans, due to the large number of floating rate transactions. The average cost of new mortgages to households for the purchase of homes also fell (from 3.6 to 3.2 per cent), as did that of consumer credit (from 8.8 to 8.5 per cent).
In November, loans to businesses continued to decline, albeit to a lesser extent than in August (from -5.3 to -1.5 per cent, over the three months). The decline – mainly attributable to the high number of reimbursements in historical comparison – is more pronounced for companies with fewer than 20 employees and for the manufacturing sector. In the third quarter, Italian banks surveyed in September as part of the Euro Area Bank Lending Survey reported a further slight decline in demand for loans from businesses, mainly due to greater use of self-financing; at the same time, they reported no change in the restrictive supply criteria.
For the fourth quarter of 2024, intermediaries expected stable criteria and a growth in demand for loans. The conditions for accessing credit would also remain restrictive according to the Survey on Inflation
and Growth Expectations conducted by the Bank of Italy among companies between the end of November and mid-December, in particular for SMEs, and – according to ISTAT data – for companies in the manufacturing and construction sectors. In November, loans to households remained weak, despite the slight recovery in mortgages and a significant growth in consumer credit. According to what was reported by the Italian intermediaries in the Bank Lending Survey, in the third quarter the increase in household demand for loans for the purchase of homes would have mainly reflected the reduction in general interest rates; the supply criteria for these loans remained substantially unchanged. Based on the forecasts of the banks, at the end of 2024 the criteria for the granting of mortgages would have been slightly relaxed and the demand for loans for the purchase of homes would have grown. In the third quarter of 2024, the persistent weakness in demand for corporate credit was associated, for the first time in the last twelve months, with net redemptions of bonds (for EUR 1.8 billion): the decline in gross issues was only partially offset by the reduction in redemptions. According to preliminary data from Bloomberg, at the end of 2024 the net issues of non-financial companies would have decreased further compared to the autumn. Net financing through venture capital remained limited. Since the beginning of October, the yields of bonds of Italian non-financial companies have risen by around 6 basis points (to 3.7 per cent), in line with the increase in the risk-free reference rate.

__Factoring market – last quarterly report__
At the end of the third quarter of 2024, the factoring market recorded turnover of EUR 209.8 billion, up 1.5% year-on-year. The cumulative turnover from supply chain finance transactions as at 30 September amounted to EUR 20.6 billion, recording growth in line with that of the market as a whole. Operators expect growth in turnover of around of 4% for the whole of 2025. International turnover continued to grow in the third quarter of 2024, up 18% compared to the same period of 2023. Trade receivables purchased from the Public Administration in the first nine months of

2024 amounted to EUR 14.2 billion (down 3.9% YoY). In September 2024, outstanding receivables amounted to EUR 7.2 billion, of which EUR 3.0 billion are past due as a result of the notoriously long payment times of Public Entities.

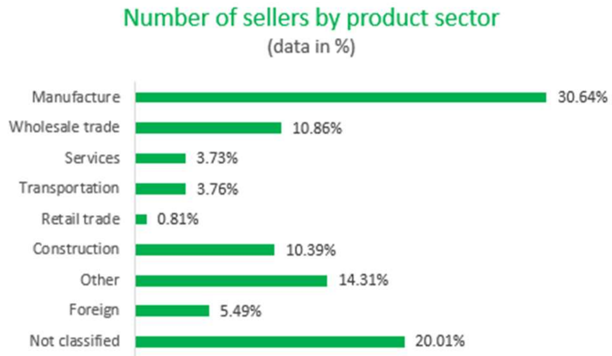
Data in thousands of euro		Share % of total	% change from previous year
Cumulative Turnover	**209,774,908**		**1.48%**
With Recourse	41,643,478	20%	
Without Recourse	168,131,429	80%	
Outstanding	**59,104,593**		**0.33%**
With Recourse	15,249,095	26%	
Without Recourse	43,855,498	74%	
Exposures	**47,380,736**		**-0.28%**

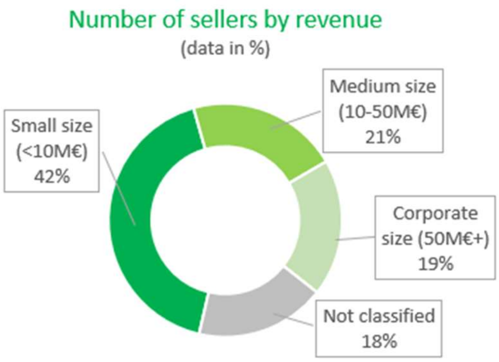
Source: Assifact, statistical circular 60-24 "Il factoring in cifre – Sintesi dei dati di Settembre 2024" (factoring in figures – summary of September 2024 data).



Source: Assifact, statistical circular 60-24 "Il factoring in cifre – Sintesi dei dati di Settembre 2024" (factoring in figures – summary of September 2024 data).

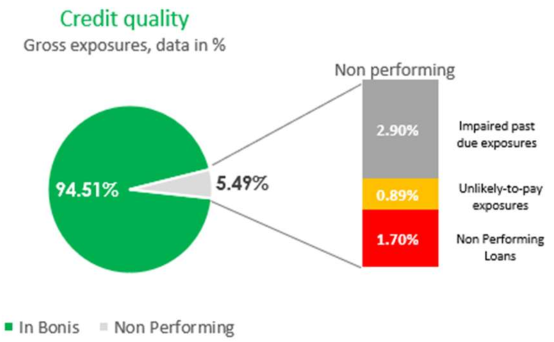
Roughly 32,100 companies use factoring, 63% of which are SMEs. It is used predominantly in the manufacturing sector.

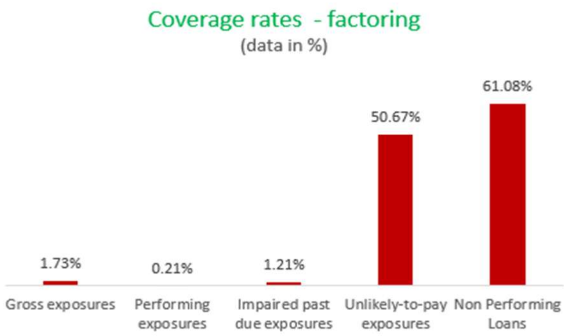




Source: Assifact, statistical circular 60-24 "Il factoring in cifre – Sintesi dei dati di Settembre 2024" (factoring in figures – summary of September 2024 data).

Advances and fees paid, amounting to EUR 47,4 billion, were substantially stable compared to the same period of the previous year. Non-performing loans at the end of the third quarter of 2024 (5.49%) were up slightly compared to June (5.02%). Bad loans represent 1.70% of total gross exposure. The policies for hedging non-performing loans are extremely prudent with respect to unlikely to pay and bad loans.





Source: Assifact, statistical circular 06-25 "La definizione di default nel factoring e la Pubblica Amministrazione" (the definition of default in factoring and the Public Administration).

Factoring market – monthly position in December 2024

Based on the latest monthly report available, turnover for the year 2024 amounted to roughly EUR 289 billion, down by approximately 0.4% YoY (up by 1% compared to the previous year net of purchases of tax credits deriving from building bonuses). Outstanding amounts at the reporting date stood at approximately EUR 71 billion, marking growth of 0.5% on the previous year, while advances amounted to roughly EUR 59 billion, an increase of 1.8% YoY.

Data in thousands of euro		Share % of total	% change from previous year
Cumulative Turnover	**288,587,255**		**-0.40%**
With Recourse	55,840,471	19%	
Without Recourse	232,746,784	81%	
Outstanding	**70,656,943**		**0.52%**
With Recourse	15,723,862	22%	
Without Recourse	54,933,081	78%	
Exposures	**59,153,398**		**1.77%**
of which turnover from Supply Chain Finance operations.	**28,025,064**	**10%**	**0.89%**

Source: Assifact, statistical circular 05-25 "Il factoring in cifre – Sintesi dei dati di dicembre 2024" (factoring in figures – summary of December 2024 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.
One of the notable developments in the past financial year, specifically regarding factoring, was the enactment of the **Model Law on Factoring (MLF)** by the International Institute for the Unification of Private Law (**UNIDROIT**). UNIDROIT highlights that the MLF, approved in May 2023, offers a comprehensive and self-contained legal framework to facilitate factoring transactions. The instrument includes a set of rules primarily aimed at States that have not yet implemented a modern and comprehensive legal framework for factoring but, even for states that have embarked on such a reform path, MLF provides rules that could further strengthen their framework and encourage factoring, loan assignments and trade finance.

At national level, the issuing of measures for the enforcement of the **NRRP** and for the implementation of the reform agenda continued. There has been much debate in this context on the application and evolution of the **Procurement Code** (Codice Appalti). Specifically concerning factoring, the Code has introduced a reduction in the time limit for public assigned debtors to refuse an assignment. Regulations have frequently been introduced that restrict the enforcement of claims and the rights of creditors in cases involving the public administration. In any case, the public administration reform process, which should go in the direction of procedural simplification, is still ongoing.

Digital transition and sustainable transition are the key, overarching themes driving all current and future regulatory interventions, both nationally and internationally. At the European level, the dynamism of regulatory and supervisory authorities continues, as they engage in significant efforts to harmonise and adapt the regulatory framework for credit and financial intermediaries. This aims to address and support ongoing changes, encourage innovation, and ensure the overall stability of the system.

From the point of view of prudential regulations, the revision process was completed during the financial year with the issuance of the final text of the Capital Requirements Regulation (**CRR3**) reform, which required a considerable effort for the factoring sector in an attempt to achieve recognition of the low risk profile of factoring through the proposed changes to the treatment of credit insurance, the weighting applicable to purchased trade receivables and the regulation of the definition of default in Article 178.

The definition of default for trade receivables purchased after CRR3. With the potential introduction of a new regulatory requirement to restrict the nominal payment terms of invoices, the debate over addressing the well-known issues related to the EBA definition of default has intensified. During the financial year, the final text of the reform of the Capital Requirements Regulation (CRR3) was issued, which provides the EBA with a specific mandate to update its guidelines on the definition of default in order to introduce more flexibility, particularly with regard to restructured loans. Thanks to the efforts of the European Factoring Federation, EBA has also introduced the revised treatment of factoring in its business plan for this mandate. Frequent talks are currently underway between the EUF and the EBA to introduce changes to the specific treatment of purchased receivables in the default definition guidelines that would increase their flexibility in allowing the level of "false positives" in identifying impaired exposures to be contained.

With regard to the main measures adopted or under discussion at national level of major interest to the sector, it is worth mentioning the following.
The new **Public Contracts Code** (Codice dei contratti pubblici), introduced by Italian Legislative Decree no. 36 of 31 March 2023 and effective as of 1 July 2023, has not entailed any changes in the regulation of the assignment of public administration receivables compared to the previous Code, other than merely formal changes and changes in the positioning of the rules within the regulatory framework.
However, the so-called **NRRP Decree Law** of 2 March 2024 (Italian Decree Law no. 19/24 converted with amendments by Italian Law no. 56 of 29 April 2024) reduced from forty-five to thirty days from notification the term within which contracting authorities may reject assignments of receivables from contract, concession and design competition fees.

Italian Law no. 28 of 15 March 2024, which converts Italian Decree Law no. 4 of 18 January 2024, containing **urgent provisions on the extraordinary administration of strategically important companies (the so-called Ex-Ilva Decree Law)**, includes a provision for the protection of the supply chain of large companies undergoing extraordinary administration. This provision allows for the pre-deductibility of factoring for transfers made before the start of the procedure. In particular, it is set forth that receivables held by suppliers or assignees and guarantors of such receivables against contracting companies admitted to extraordinary administration after 3 February 2024, which manage at least one industrial plant of national strategic interest, are considered pre-deductible under the CCII. These receivables can be satisfied for the nominal value of the principal, interest and expenses, even if incurred before admission to the aforementioned procedure, as long as they relate to the provision of goods and services, including non-recurring.

The 2022-2023 European Delegation Law, i.e. the Delegation to the Government for the transposition of European directives and the implementation of other European Union acts issued with provision no. 15 of 21 February 2024, sets out the guiding principles and criteria for the **transposition of the NPL Directive** (Directive (EU) no. 2021/2167), which applies to transactions pertaining to a “credit agreement classified as non-performing”, the Corporate Sustainability Reporting Directive (so-called CSRD) and the adaptation of national legislation to the provisions of Regulation (EU) no. 2022/2554 on digital operational resilience for the financial sector (DORA).

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 Chapter 9 of Title IV of the Circular, regarding the provisions 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 Law on Banking).
The following are proceeding under standard arrangements and without modification:
- Instructions on “**The Financial Statements of IFRS Intermediaries other than Banking Intermediaries**”, issued by the Bank of Italy with Measure of 17 November 2022, replacing the previous instructions of 29 October 2021 in order to take into account (as already done for banks) IFRS 17 and the resulting changes in other accounting standards.
- **Circular no. 217 of 5 August 1996** containing the reporting formats and the rules for the compilation of reports, the *23rd update* of which was issued during the year in order to: 1) adjust the references of non-performing credit exposures to the new regulations of company crisis and insolvency; 2) incorporate, in the reports on payment services, the clarifications and indications provided by the PAY Team of the ECB; 3) introduce two new items on purchases and sales of loans for intermediaries pursuant to Art. 106 of the TUB (Consolidated Law on Banking), so as to improve the monitoring of credit quality.
- **Circular no. 115 of 7 August 1990** "Instructions for the compilation of supervisory reports on a consolidated basis" of which the *28th update* was issued during the year in order to: 1) adjust, in the paragraph “General instructions”,

the recipients of the reporting provisions of the groups of Stock Brokerage Firms pursuant to the provisions of Article 11, paragraph 1-bis of the TUF (Consolidated Law on Finance) relating to groups of Stock Brokerage Firms; 2) rename Section III to "Non-harmonised reporting – Prudential Groups of Stock Brokerage Firms".
- **Circular no. 154 of 22 November 1991** "Supervisory reports of credit and financial institutions. Reporting formats and instructions for the forwarding of information flows", whose *76th update* was issued in 2023 in order to modify the reporting formats and the corresponding system of codes, in line with the aforementioned updates to the Circulars nos. 272, 217, 148 and 286.
- 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.
- Reporting in the central credit register (Centrale dei Rischi), according to the regulation contained in **Circular no. 139 of 11 February 1991**, now in its *20th update*.

Published in the **Official Journal of the European Union** is the so-called "**AML Package**", i.e. the **reform package of the AML/CFT framework**, consisting of the Directive (EU) no. 2024/1640 (**6th AML Directive**), the Regulation (EU) no. 2024/1624 (**AML Regulation**) and the Regulation (EU) no. 2024/1620 (**AMLA Regulation**), aimed at strengthening the AML framework and introducing enhanced due diligence measures to verify customer identification and report suspicious activity. More specifically, the AML package consists of:

- the **6th Anti-Money Laundering Directive**, i.e. Directive (EU) no. 2024/1640 of 31 May 2024 on the mechanisms to be put in place by Member States to prevent the use of the financial system for the purpose of money laundering or terrorist financing, amending Directive (EU) no. 2019/1937, and repealing Directive (EU) no. 2015/849.
  This directive shall enter into force on the 20th day following its publication in the Official Journal of the European Union; the Member States will have to transpose it into their legislation by 10 July 2027, with the exception of:
    - Articles 11, 12, 13 and 15 (i.e. the rules relating to the **register on beneficial owners**), which must be implemented **by 10 July 2026;**
    - Article 18 (i.e. the **single access point to information on real estate**), which must be implemented **by 10 July 2029.**
- the **Anti-Money Laundering Regulation, the so-called "*single rulebook*"**, or Regulation (EU) no. 2024/1624 of 31 May 2024, on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing.
  This shall enter into force on the 20th day following its publication in the Official Journal of the European Union, but **will apply from 10 July 2027,** with the exception of the **obliged entities referred to in Article 3, point 3), letters n) and o)** (football agents and professional football clubs), to which it will apply **from 10 July 2029.**
- **Regulation (EU) no. 2024/1620** of 31 May 2024 establishing the Anti-Money Laundering and Countering the Financing of Terrorism Authority (**AMLA**) and amending Regulations (EU) no. 1093/2010, (EU) no. 1094/2010 and (EU) no. 1095/2010. This enters into force on the seventh day following its publication in the Official Journal of the European Union, but **will apply from 1 July 2025**.

The Bank of Italy is actively monitoring and supporting developments in **sustainability**. It engages in the European and national debates on the regulatory framework, implements it at the national level, and encourages banking and financial intermediaries to establish and share best practices, given the lack of a comprehensive and consolidated regulatory framework. In these terms, following the analysis of the action plans on the integration of climate and environmental risks into business processes submitted by intermediaries by 31 March 2023, the Bank of Italy published the main findings and the good practices identified. In addition, an analysis based on a sample of Italian banks on the accounting implications of ESG factors, particularly climate-related risks, and the first public disclosures on climate-related risks prepared by intermediaries in compliance with ESG disclosure requirements was published in December 2023.

During 2023, the European Commission launched a consultation on the revision of the **Directive against late payments**.
During the financial year, Assifact was heavily involved in the legislative process initiated by the European Commission

to update and revise the Directive on late payment in commercial transactions, both directly and through the EUF.

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

Economic operators subject to the DORA Regulation (Regulation (EU) no. 2022/2554) **will have to implement, by 17 January 2025, the obligations laid down in the European legislation on IT risk management**, also taking into account, in this adaptation process, **the technical standards defined in the meantime by the European Supervisory Authorities, i.e. the ITSs** (Implementing Technical Standards) **and the RTSs** (Regulatory Technical Standards), which clarify and specify certain obligations under the DORA Regulation.
As from 17 January 2025, financial entities will have to provide for and periodically review a **strategy for the management of IT risks arising from all ICT service providers.** The Regulation, in fact, considerably broadens the scope of the entities with respect to which financial entities must adequately regulate their relationships: no longer only IT service providers to which financial entities have outsourced essential or important functions, but **all ICT service providers.**
It replaces the NIS2 Directive (Network and Information Security Directive 2) – update of the NIS Directive (Directive no. 2016/1148) – with reference to financial companies.
However, it should be noted that in the 2022-2023 European Delegation Law (Law no. 15 of 21 February 2024, amended by Law no. 90 of 28 June 2024), a delegation criterion was introduced to identify digital operational resilience controls for intermediaries pursuant to Art. 106 of the Consolidated Law on Banking and Poste Italiane S.p.A. (Patrimonio Bancoposta). These parties are not directly included in the scope of application of the DORA Regulation. More specifically, Art. 16 states that the Government is delegated to adopt, within eighteen months of the date of entry into force of this law, one or more legislative decrees to adjust the national legislation into line with Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022, as well as for the transposition of Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022. In exercising the mandate, the Government is required to follow some principles and guiding criteria, among others, for example, making the necessary amendments and additions to the legislation in force, including the penalty system, necessary for the adjustment of the national legal system into line with regulation (EU) 2022/2554 and the transposition of Directive (EU) 2022/2556, with the possible exercise, also through secondary legislation, of the options provided for by regulation (EU) 2022/2554.

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**.

OPERATING PERFORMANCE AND RESULT

Acquisition of Workinvoice S.r.l.

In June, Generalfinance signed a contract for the acquisition of approximately 96% of the share capital of Workinvoice S.r.l. ("Workinvoice"), a leading operator and pioneer in the invoice trading market in Italy (the "Transaction"). Workinvoice, a fintech company founded at the end of 2013 by Matteo Tarroni, Ettore Decio and Fabio Bolognini, manages the invoice trading platform of the same name (www.workinvoice.it), which allows companies to sell their trade receivables to institutional investors, and on which more than EUR 700 million in receivables have been traded since the start of operations. In 2023, trade invoices were exchanged on the Workinvoice marketplace for EUR 107 million in turnover and the company performed extremely well from a profit perspective. With EUR 1.9 million in revenues, it generated an EBITDA of EUR 0.5 million and net profits of EUR 0.2 million. The acquisition of Workinvoice holds significant strategic value for Generalfinance, as it allows the company to develop its invoice discounting and working capital financing services for SMEs by introducing innovative digital lending products and services.
The Transaction, pending authorisation from the Bank of Italy, in compliance with the applicable laws and regulations and subject to the conditions precedent generally applicable to such transactions, provides for an initial consideration

of EUR 6.4 million. Of this amount, EUR 1.8 million will be paid in cash and EUR 4.6 million will be settled in newly issued Generalfinance shares, valued at a unit price of EUR 10.96. These shares will be issued as part of a capital increase reserved for certain Workinvoice shareholders, including the founders Matteo Tarroni and Ettore Decio and the industrial partner Crif S.p.A. This issuance will be executed pursuant to Art. 2441, paragraph 4, first sentence, of the Italian Civil Code, through the contribution of their Workinvoice shares. Banco di Desio e della Brianza S.p.A. ("Banco Desio") is also expected to participate in the Transaction. The bank will subscribe to a share capital increase in Workinvoice, followed by an exchange of the acquired stake in Generalfinance shares. As part of the Transaction, two additional price components ("Earn-outs") are outlined based on the (EBITDA) targets jointly defined in Workinvoice's 2024-2026 Business Plan, which anticipates substantial business growth, enhanced management skills and Workinvoice platform improvements. The first Earn-out, amounting to EUR 1.2 million, will be settled in Generalfinance shares upon reaching a predefined EBITDA target. The second Earn-out, up to EUR 3 million, can be settled at Generalfinance's discretion in either shares or cash, contingent upon achieving a higher EBITDA target. The capital increase serving the Transaction will, therefore, have a maximum value of roughly EUR 8.7 million. Under the terms of the Transaction, following the acquisition of Workinvoice by Generalfinance, within the shortest possible technical time-frame and subject to the necessary regulatory approvals, Workinvoice will be merged by incorporation into Generalfinance. Following the merger, a new Generalfinance Department will be established called "Fintech & Digital Lending", headed by Matteo Tarroni, founder of Workinvoice. Generalfinance will therefore be able to operate in the Workinvoice marketplace through a newly-established special purpose entity in accordance with Italian Law 130/99. It will acquire invoices from Workinvoice's corporate customers, with an investment cap of up to EUR 50 million, and adhere to defined credit policies consistent with the Company's risk assessment standards. This strategy will bolster the platform's transaction volumes and financial performance over the next three years. Primarily, through the Transaction, Generalfinance aims to further specialise its factoring framework, particularly focusing on distressed corporate customers navigating turnaround processes. It plans to offer increasingly specialised financing and working capital management services to this segment, alongside enhancing commercial control and risk management protocols. Gradually, retail customers will be directed to the Workinvoice platform, facilitated by the introduction of standardised digital working capital financing products. This initiative aims to improve time-to-serve, overall efficiency and risk management. Additionally, it will leverage the potential of open banking, artificial intelligence and machine learning.

Opening of a branch in Spain

In December 2024, the Bank of Italy issued its authorisation to open a branch in Spain, the first outside Italy; this marked the start of Generalfinance's internationalisation project, starting from a market – the Spanish one – with similar dynamics to the Italian one, also in terms of legal protection mechanisms in the field of distressed financing. The branch will be based in Madrid, in the Azca area, the city's financial district. The project will involve maintaining operations and risk management in Italy, concentrating commercial development and business origination activities on the branch, by building a network in the world of restructuring over time with the leading players in the Spanish market, similar to what was done in Italy.

The opening of this first foreign branch is part of Generalfinance's objectives to also develop its presence internationally, in the context of the initiatives incorporated in the new 2025-2027 Business Plan, which will be presented to the market in the first quarter of 2025. This is a strategic step that aims to consolidate Generalfinance's presence in new markets and strengthen its position in the factoring sector, with special attention to distressed/high-risk companies.

Activities relating to deposits and funding

Throughout the year, the Company continued working to strengthen and expand available funding to support the development of its core business.

Revolving Credit Facility

The early renewal, for a further three years (new expiry date: 31 December 2027) of the medium/long-term revolving loan agreement entered into with 14 banks ("RCF Line") was finalised on 4 December 2024, with a significant increase in the amount financed, from the previous EUR 173 million to EUR 260 million. In particular, the increase in the RCF Line was signed by the following banks:

- Banco BPM S.p.A. (Mandated Lead Arranger and Agent Bank)
- Intesa Sanpaolo S.p.A. (Mandated Lead Arranger)
- Crédit Agricole Italia S.p.A. (Mandated Lead Arranger)
- Banca Monte dei Paschi di Siena S.p.A.

- Banca di Credito Cooperativo di Milano – Società Cooperativa
- BPER Banca S.p.A.
- Banco di Desio e della Brianza S.p.A.
- BdM Banca S.p.A. – Gruppo Mediocredito Centrale
- Cassa di Risparmio di Asti S.p.A.
- Banca Cassa di Risparmio di Savigliano S.p.A.
- Banca Santa Giulia S.p.A.

In addition to the banks already present, the following new banks joined the pool:

- Banca Popolare di Sondrio S.p.A.
- Bank Of China Limited – Milan Branch
- Banca Centropadana Credito Cooperativo – Società cooperativa

The loan transaction is supported by the SACE guarantee, as part of the “Strategic Importance”, to cover the risk of non-repayment of principal and interest, for a maximum guaranteed amount equal to 50% of the aggregate principal amount of the RCF Line. Thanks also to the intervention of SACE, Generalfinance was able to further optimise the cost of funding, with a reduction in the spread of the RCF Line – with respect to the policy rate (3M Euribor) – from the previous 162 basis points to 150 basis points.

Securitisation programme

On 18 December 2024, the “General” securitisation programme was renewed, until 31 December 2027, to support the funding lines relating to its core business of financing companies in the form of factoring. The securitisation transaction – launched by Generalfinance in 2021 with BNP Paribas, as senior noteholder, through the Matchpoint conduit – subsequently saw the entry of Intesa Sanpaolo, through the Duomo Finance conduit, and Banco BPM, as additional senior noteholders. The securitisation programme involves the sale on a revolving basis of portfolios of performing trade receivables – originated in the exercise of the factoring activity of Generalfinance – to an Italian special purpose entity (General SPV S.r.l.) established pursuant to the law on securitisation (Law no. 130/99), up to a maximum nominal amount of EUR 737.5 million. As part of the renewal, the total amount of the senior line (committed and uncommitted) increased from EUR 300 million to EUR 345 million.

Commercial paper programme

On 3 July 2024, Generalfinance renewed the Euro Commercial Paper Programme under substantially the same terms and conditions as the existing programme, established in 2021. The Commercial Paper will be issued up to a total amount of EUR 100 million. The (three-year) programme makes provision for the admission of commercial paper in dematerialised form in Monte Titoli and trading on the ExtraMOT PRO, Professional Segment of the ExtraMOT Market, multilateral trading system managed by Borsa Italiana S.p.A. The Programme was also prepared in compliance with the criteria and requirements established in the Market Convention on Short-Term European Paper (STEP) and received the relative certification of compliance (STEP Label).

“Re-Factoring” contracts

On 27 December 2024, the factoring contracts were renewed in the technical form of re-factoring of receivables, with and without recourse, with Factorit S.p.A., a factoring company of the Banca Popolare di Sondrio Group, and with Bper Factor S.p.A., a factoring company of the Bper Group. The contracts allow Generalfinance to refactor receivables up to the maximum amount of EUR 215 million, of which EUR 180 million with Factorit (increasing the previous limit of EUR 100 million) and EUR 35 million with Bper Factor.

Amendments to Article of Association and withdrawal

We hereby inform you that, on 6 September 2024, the Company's Extraordinary Shareholders' Meeting approved the amendments to the Articles of Association proposed by the Board of Directors on 6 June 2024 and mainly relating to the new provisions introduced by Italian Law no. 21 of 5 March 2024 (the "Capital Law"). In particular, the Extraordinary Shareholders’ Meeting approved: (i) the introduction of the enhanced increased voting rights with

respect to the increased voting rights system currently in force, providing for up to 10 votes per share[2] and (ii) the introduction of the possibility of holding the shareholders' meetings also with the exclusive participation of the designated representative pursuant to Art. 135-undecies of the Consolidated Law on Finance.
As a result of the aforementioned resolutions, one (only) shareholder – who did not contribute to the adoption of the same – exercised the right of withdrawal with reference to 600 ordinary shares, representing approximately 0.004% of the Company's share capital. Consequently, the Company activated the settlement procedure of the shares subject to withdrawal, pursuant to Art. 2437-quater, of the Italian Civil Code, aimed at offering the shares subject to withdrawal under option to the other shareholders, at the end of which all the shares subject to withdrawal were fully assigned: 326 as part of the exercise of put option and 274 in exercising the right of pre-emption.

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. Based on the information available to the Company, as at 31 December 2024 it is broken down as follows:
- **GGH – Gruppo General Holding S.r.l. (GGH)**, which holds approximately 41.375% of the share capital (roughly 53.533% of the voting rights taking into account the increased voting rights acquired);
- **Investment Club S.r.l. (IC)**, which holds approximately 9.555% of the share capital (approximately 9.413% of the voting rights taking into account the increased voting rights acquired);
- **BFF Bank S.p.A. (BFF)**, which holds approximately 8.021% of the share capital (approximately 5.189% of the voting rights);
- **First4Progress 1 S.r.l. (**formerly **First4Progress S.p.A.) (F4P)**, which owns approximately 5.391% of the share capital (approximately 6.662% of the voting rights, taking into account the increased voting rights acquired);
- **Banca del Ceresio SA (BS)**, which holds approximately 4.667% of the share capital (approximately 5.153% of the voting rights, taking into account the increased voting rights acquired);
- (free float) **market**, which overall holds approximately 30.991% of the share capital (approximately 20.050% 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 legitimately entitles to exercise the voting right, is assigned one additional vote at the due date of each period of twelve months following the accrual of the twenty-four month period referred to above up to a total maximum of ten voting rights per share.
As at 31 December 2024, the shareholders GGH - Gruppo General Holding S.r.l., Investment Club S.r.l., Firt4Progress 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 twenty-four-month period of uninterrupted registration in the Special List had been ascertained. On the same date, no shareholder accrued the enhanced voting right increase.

2 Pursuant to the renewed Article 127-quinquies of the Consolidated Law on Finance – 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.

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	(*)
of which: ordinary shares (regular dividend entitlement)	4,202,329.36	12,635,066	(*)

(*) Shares with no nominal value.

The **total amount of voting rights as at 31 December 2024** is shown below.

	Situation as at 31 December 2024	
	Number of shares making up the share capital	Number of voting rights
Total ordinary shares	12,635,066	19,530,005
of which:		
Ordinary shares without increased voting rights	5,740,127	5,740,127
Ordinary shares with increased voting rights	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:

		31 December 2024	
Shareholder	**Shares held**	**% share capital**	**% voting rights**
GGH – Gruppo General Holding S.r.l.	5,227,750	41.375	53.533
Investment Club S.r.l.	1,207,267	9.555	9.413
First4Progress 1 S.r.l.	681,140	5.391	6.662
BFF Bank S.p.A.	1,013,470	8.021	5.189
Banca del Ceresio SA	589,694	4.667	5.153
Market	3,915,745	30.991	20.050

As at 31 December 2024, 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 be noted that, at the date of this report, the Company does not hold treasury shares in its portfolio.

PERFORMANCE INDICATORS (ART. 2428, PARAGRAPH 2)

Generalfinance closed the financial year 2024 with a net profit of EUR 21.1 million (+40% over 2023) and further growth in core business (distressed financing). Turnover – including advance orders and contracts – reached EUR 3,030 million (+18%) with EUR 2,394 million disbursed (+11%).
In order to provide a clear and immediate view of the Company's economic performance, the following tables show some indicators for the year, compared with the figures for 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 for:	Year 2024	Year 2023	Change
Net interest income	12,376	8,980	38%
Net fee and commission income	36,379	27,219	34%
Net interest and other banking income	**48,819**	**36,199**	**35%**
Operating costs	(16,043)	(12,934)	24%
Pre-tax profit from current operations	**31,541**	**22,002**	**43%**
Profit for the year	**21,099**	**15,067**	**40%**

Key balance sheet data (in thousands of Euro)

Balance sheet item	Year 2024	Year 2023	Change
Financial assets measured at amortised cost	614,946	462,365	33%
Financial liabilities measured at amortised cost	635,239	409,388	55%
Shareholders' equity	80,088	66,433	21%
Total assets	769,705	500,043	54%

Main performance indicators

Indicator	Year 2024	Year 2023
Cost/Income ratio	33%	36%
ROE	36%	29%
Net interest income/Net interest and other banking income	25%	25%
Net fee and commission income/Net interest and other banking income	75%	75%

Notes:

- Cost/Income Ratio calculated as the ratio between Operating costs and Net interest and other banking income

- ROE calculated as the ratio of Net profit to Shareholders' equity at the end of the period, excluding profit for the year

It should be noted that the Bank of Italy published a document entitled "Provisions on the financial statements of banks and other supervised financial intermediaries concerning: 1) the impacts of Covid-19 and the support measures adopted to deal with the pandemic; 2) amendments to IAS/IFRS", with which the Supervisory Authority aimed to make certain amendments and additions to the provisions governing the formats and rules for drawing up the financial statements of banks and other supervised financial intermediaries (Circular no. 262 "Bank financial statements: formats and rules for compilation" and Bank of Italy Measure "The financial statements of IFRS

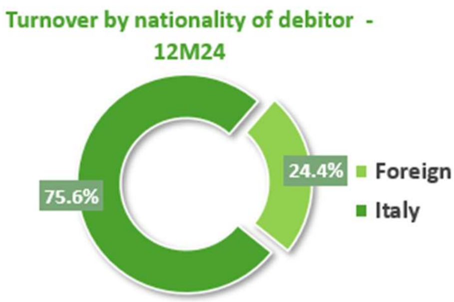
intermediaries other than banking intermediaries"), with the aim of providing a disclosure of the effects of Covid-19 and of the support measures put in place to deal with the pandemic. The proposed actions also take into account the contents of the documents published by the European regulatory and supervisory bodies and the standard setters aimed at clarifying the methods of application of IAS/IFRS, with particular reference to IFRS 9.
As regards, in particular, quantitative information, this is limited to:

- loans subject to "moratoria" that fall within the scope of application of the EBA Guidelines on legislative and non-legislative moratoria on loan payments applied in light of the Covid-19 crisis (EBA/GL/2020/02);
- loans subject to forbearance measures applied following the Covid-19 crisis;
- new loans guaranteed by the State or another public body.

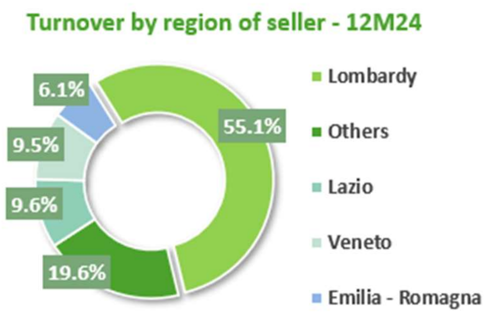
In this regard, it should be noted that the activities of Generalfinance were not impacted by the three cases indicated above, given the particular nature of the technical form in which the Company disbursed loans; factoring, as it is a revolving relationship without an amortisation plan, has a short-term duration and, therefore, can hardly be subject to measures that, vice versa, are mainly aimed at medium/long-term loans.
In 2024, the Company did not approve moratoria on existing loans, did not grant changes to the loan agreements, following the COVID-19 pandemic, and did not disburse loans backed by the State guarantee. Moreover, it showed itself to be willing to reschedule certain maturities in order to facilitate transferred debtors and transferors, with some rescheduling of trade receivables, as part of normal operating activities.

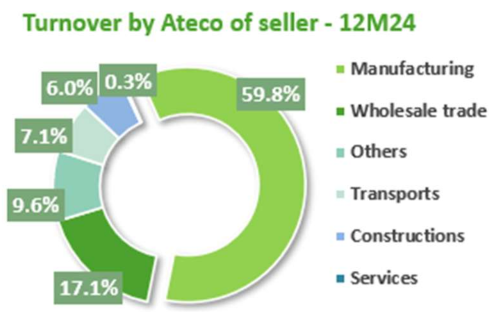
TURNOVER

Turnover has grown constantly in recent years, rising from approximately EUR 478 million in 2018 to roughly EUR 3,030 million in 2024, recording a significant increase in particular in the last financial year (+18%). A look at the disaggregation by nationality of the transferred debtors shows a relative weight of International Factoring of roughly 24% 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.

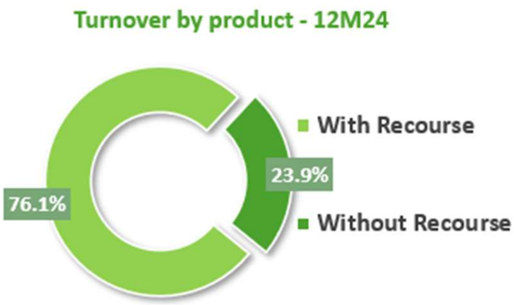


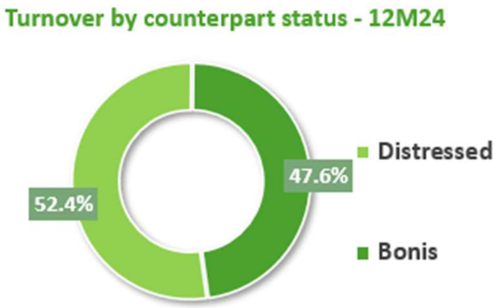
A look at the Transferors' registered offices show that the Company has a deeply rooted presence in the North of the country, with a strong focus on Lombardy (55.1% of turnover), Veneto (9.5%) and Emilia-Romagna (6.1%); followed by Lazio (9.6%). Overall, these four regions account for approximately 80.4% of turnover, highlighting the strong presence of Generalfinance in the most important and productive areas of the country.
At sector level, manufacturing represents the most important portion of turnover, with approximately 60%; this positioning is consistent with the "DNA" of Generalfinance as a reference factor for manufacturing SMEs affected by turnaround processes.





The activity is mainly represented by factoring with recourse – including transactions involving future receivables and contracts – which accounts for approximately 76% of volumes, while the without recourse portion accounts for around 24%, up compared to the previous year. Lastly, around 52% 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.





ECONOMIC DATA

The net interest income stood at EUR 12.4 million, up (+38%) compared to 2023 and thanks mainly to the growth in loans disbursed.
Net fee and commission income amounted to EUR 36.4 million, up compared to EUR 27.2 million in 2023 (+34%). The trend in fee and commission income was affected by the highly positive trend in turnover (+18% 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 48.8 million (+35%), while net value adjustments on loans amounted to EUR 1.2 million, determining a cost of risk, calculated by correlating the adjustments with the annual disbursement, equal to 5 basis points.
Operating costs amounted to EUR 16.0 million (+24% compared to 2023). Other operating income and expenses amounted to EUR 1.5 million (EUR 2.2 million in 2023).
At the end of the year, Generalfinance had 77 employees, compared to 71 at the end of 2023.
Taking into account the tax item of approximately EUR 10.4 million, the net result for the period was roughly EUR 21.1 million, compared to EUR 15.1 million recorded in 2023.

BALANCE SHEET AND ASSET QUALITY DATA

Financial assets measured at amortised cost – represented largely by net loans to customers – stood at EUR 615 million, up by 33% compared to 31 December 2023, due mainly to the increase in the flow of loans disbursed, which rose from EUR 2,161 million in 2023 to EUR 2,394 million in 2024 (+11%). The overall disbursement percentage (average between recourse and non-recourse) – the ratio of disbursement to turnover for the year – decreased from 84% in 2023 to 79% in 2024; the average days of credit increased from 69 in 2023 to 77 in 2024.
Within the aggregate, gross non-performing loans totalled EUR 5.6 million, with a gross NPE ratio of approximately 0.9%, compared to 0.6% in 2023. The coverage of non-performing loans stood at around 27%.
The increase in the stock of non-performing loans as at 31 December 2024 was due, in particular, to the increase in positions classified as unlikely to pay, also as a result of the more stringent classification and valuation policies introduced in 2023.

Cash and cash equivalents – largely represented by on demand loans to banks – amounted to EUR 122.4 million, while total balance sheet assets amounted to EUR 769.7 million, compared to EUR 500.0 million at the end of 2023.
Property, plant and equipment – operating properties and rights of use relating to property and operating assets – amounted to EUR 6.5 million, an increase compared to the amount in the previous year (EUR 5.0 million in 2023).
Intangible assets – mainly represented by the proprietary IT platform – amounted to EUR 3.3 million, compared to EUR 2.6 million in 2023.
Financial liabilities measured at amortised cost, equal to EUR 635.2 million, are made up of payables of EUR 558.4 million and securities issued of EUR 76.8 million.
Payables are mainly represented by the pool loan (EUR 260.7 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 in December 2024. In addition, the item includes the payable to the special purpose entity (EUR 201,6 million) related to the securitisation transaction in progress.
The securities consist of two subordinated bonds issued, in addition to the outstanding commercial paper issued at the reporting date.

SHAREHOLDERS' EQUITY AND CAPITAL RATIOS

Shareholders' equity as at 31 December 2024 amounted to EUR 80.1 million, compared to EUR 66.4 million as at 31 December 2023.
The capital ratios of Generalfinance – also including the net profit for the third quarter of 2024, net of expected dividends – show the following values:

- CET1 ratio 12.0%;
- TIER1 ratio 12.0%;
- Total Capital ratio 13.0%.

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 useful to point out that for the 2025-2027 period, consistently with the investment policies set out in the Business Plan, further development is expected in the proprietary IT platform, especially in the ICT infrastructure, cyber security, digital transformation and business intelligence domain.

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

As at today's date, the Company does not hold treasury shares – directly or indirectly – nor did it, over the course of 2024 – directly or indirectly – purchase or dispose of treasury shares.

*

SIGNIFICANT ASPECTS DURING THE YEAR

In addition to the aspects mentioned above in the paragraph “Operating performance and result”, note should be taken of the further significant events occurred during the year.

Third Pillar Disclosure

It should be noted that the Third Pillar disclosure relating to 2023, 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.

It is structured as follows:

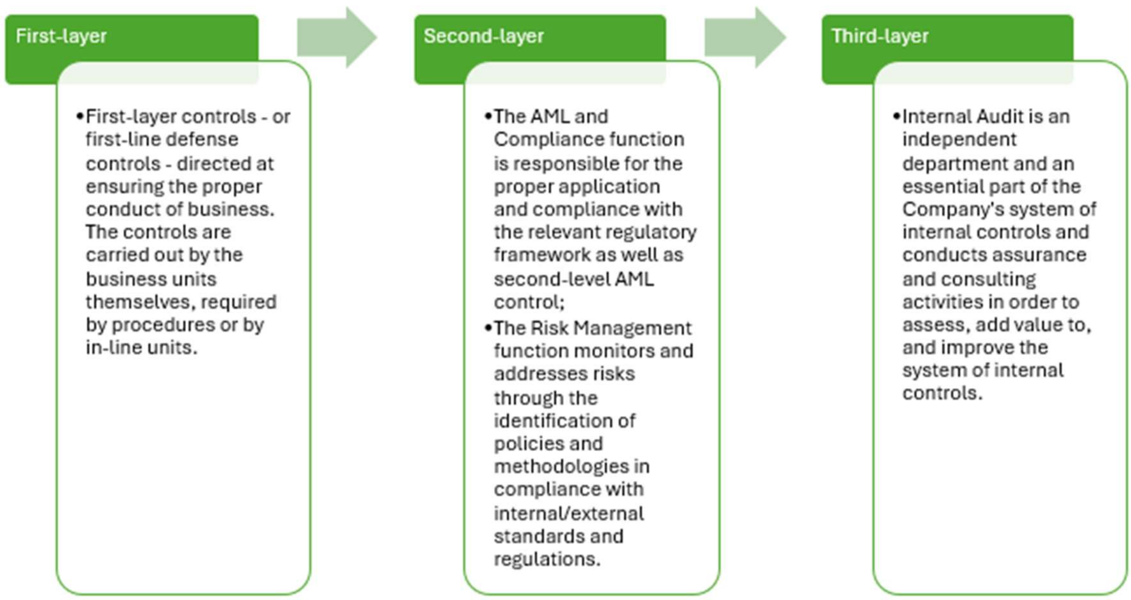
- third-level internal audit function (Internal Audit);
- second-level control function with specialised activities on risk management issues (Risk Management);
- second-level control function with specialised activities on anti-money laundering and regulatory compliance issues (AML and Compliance). 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 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 control function head 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 intended for 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, as 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 corrective actions of 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 dimensional characteristics 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 (since 2010) the Code of Ethics in order to highlight and disseminate the values, principles and rules of conduct that inspire the Company and to share them with all its stakeholders.

OTHER ASPECTS

Impact resulting from the conflict between Russia and Ukraine

With reference to what is indicated by ESMA in the public statement "Implications of Russia's invasion of Ukraine on interim financial reports" on 14 March 2022 and to the CONSOB communication of 19 March 2022 "Conflict in Ukraine: Consob warnings for supervised issuers on financial reporting and on the obligations related to compliance with the restrictions imposed by the European Union on Russia, as well as on the obligations of managers of online portals", in the context of the constant monitoring of its loan portfolio the Company has paid particular attention, on the geopolitical front, to the developments of the conflict between Ukraine and Russia, which resulted in the invasion by Russia of the Ukrainian territory starting on 24 February 2022 and in the adoption of economic sanctions by the European Union, Switzerland, Japan, Australia and NATO countries vis-à-vis both Russia and Belarus and some representatives of these countries. The conflict and sanctions have had, since February 2022, significant negative consequences on the global economy, also taking into account the negative effects on the trend in raw material costs (with particular reference to the prices and availability of electricity and gas), as well as on the performance of the financial markets.

In said context, it should be stressed that Generalfinance has an extremely limited direct presence in the Russian/Ukrainian/Belarusian market (areas directly impacted by the conflict), since the Company has factoring relations solely with transferors active in Italy. As at 31 December 2024, Generalfinance had an exposure of roughly EUR 55,000 to transferred debtors based in Russia, Ukraine and Belarus. Since the invasion of Ukraine, Generalfinance has suspended the credit lines relating to transferred debtors operating in the countries directly involved in the conflict.
The persistence, over a prolonged period, of the crisis scenario could then lead to an increase in the number of companies with a lack of liquidity, fuelling the Company's reference market.

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, collaborators, 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/.
In 2024, 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 year 2024, the Company received two communications classified as "complaints" which were 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 and Employers/RSPP (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.
No other events worthy of note took place during 2024.

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 conducted in 2024 included courses on factoring regulations, corporate crisis, anti-money laundering and counter-terrorism, privacy and data protection, IT security and cyber risk (for the latter, using the gamification method provided through Laborplay). The training courses delivered in the second half of 2024 through the Eco Learning platform were split into two types of courses, namely "New Joiners" and "Mandatory first year training", to ensure differentiated and supplementary training for new hires. The details are as follows:

I) New Joiners:
- Anti-money laundering regulations (3.5 hours)
- Prevention and governance of the risk of crime (Italian Legislative Decree 231/01) (1.5 hours)
- International financial sanctions (0.5 hours)

II) Mandatory first year training:
- Prevention and combatting of money laundering. 2024 update (2 hours)
- Product Governance in the financial sector: principles and tools (1 hour)
- Transparency for bank customers (1 hour)
- Market abuse: legal framework, prohibited practices and case studies (2 hours)

The Company also organised, with the support of EY's Forensic & Integrity Services Department, a board induction session on "Combatting money laundering and the use of the financial system for the financing of terrorism". In December, the AML Head provided a dedicated training session to the Operating Department on anomaly indicators, with a focus on transaction monitoring.
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.
In implementation of the programme, two separate Registers were prepared pursuant to Art. 30 of the GDPR: one for the processing activities carried out by the Company as Data Controller, the other for the processing activities carried out by the Company as Data Processor. Both Registers are managed electronically, through a platform managed by LTA.
In addition to the mapping of personal data processing activities, the risk analysis on the processing carried out by the Company was updated, pursuant to Art. 24.1 of the GDPR.
In conjunction with adaptation activities, the entire set of documents on privacy was also updated, including most recently the Privacy Organisational Model (MOP).
The activities carried out so far have obtained a judgement of full adequacy from the DPO, most recently during the October audit on external managers. In this regard, a special assessment programme has been envisaged for new post DORA (Digital Operational Resilience Act) appointments.
At the end of the adjustment activity, the Company provided three general internal training sessions on Data Protection. Two training sessions were delivered in 2024, one basic for new hires and one in-depth on security measures and data breaches for existing staff.
During 2024, four Data Breach incidents were reported to the Company by a supplier, two external consultants and a company employee, all of which were assessed as Low Impact by the DPO, namely:
1. Internal data breach due to theft of a laptop;
2. Data breach notified by an EIF outsourcer, through a malicious attack;
3. Internal data breach due to a phishing attack;
4. Internal data breach due to mobile phone theft.

Appropriate notes and actions were prepared for each event in order to mitigate any current risks or even through development actions. In all these cases, the DPO deemed it unlikely that there would be a risk to the rights and freedoms of natural persons since, although said events led to the loss of confidentiality of personal data, all cases involved exclusively common personal identification data. For this reason, it was not necessary to notify the Italian Data Protection Authority, although the incidents were recorded in the "Incident Register".
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 (e.g. Provision of 6 June 2024 - Policy Document. Computer programmes and services for the management of electronic mail in the workplace and the processing of metadata", for which the Company has prepared an internal note, validated by the DPO, also to proceed with further GDPR obligations). In this regard, particular monitoring is dedicated to the management of critical processing such as that of web browsing data, in correlation with the SOC and Zscaler services, for which anonymisation was promptly arranged.

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

The Company, with the support of the Supervisory Body, guarantees systematic monitoring and constant updating of the Model in order to guarantee its compliance and effectiveness. In the second half of 2024, the Company reviewed and adjusted the Model, integrating the most recent legislative changes, case law developments and the implications deriving from the reform of the Whistleblowing regulations.

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 its second 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.
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.

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

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 2024 financial year, 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 YEAR (ART. 2428, PARAGRAPH 3, NO. 5)

With reference to the first-degree pledge on Generalfinance shares, established by GGH on 2 March 2023 in favour of Banca Nazionale del Lavoro S.p.A. (referred to in the previous paragraph "*Share capital – Transactions affecting the corporate structure*") , it should be noted that, on 4 February 2025, GGH and the bank entered into an amendment to the deed of pledge by which the number of shares pledged as collateral was reduced from 1,263,900 shares to 1,100,000 shares.

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 the aforementioned institution a guarantee in the form of a pledge on 396,825 Generalfinance shares.
It should be noted that, in both cases, 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.
Finally, on 3 February 2025, Generalfinance entered into a new loan agreement with Banco di Desio e della Brianza S.p.A., in the technical form of the re-factoring of receivables without recourse, for a maximum credit limit of EUR 6.8 million.

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 particular 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[3] factoring of 7.6% at the end of 2024) and with a growing turnover in Italy (CAGR 2024 - 2027 equal to 12%).
2. Development of the "Small Digital Lending" market through the integration of Workinvoice and the consequent establishment of a new Fintech & Digital Lending Department focused on the development of digital factoring/invoice discounting products specifically dedicated to 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 the field of factoring to distressed companies in the following three years. The average growth in factoring turnover of Italian activities is estimated at 11%, with a potential market share up compared to 7.6% in 2024. Intermediate turnover for Italian companies in 2027 is estimated at over EUR 4.2 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.
The acquisition of Workinvoice will also allow the development of new solutions in digital lending and invoice discounting that can be integrated into the Generalfinance business model, accelerating the company's digital transformation process, with particular reference to small business customers.
The turnover mediated by the Workinvoice platform is estimated to grow sharply from approximately EUR 110 million in 2024 to over EUR 400 million by 2027, also including commercial synergies relating to the small retail portfolio currently managed by Generalfinance.

[3] Turnover of distressed factoring market estimated at EUR 40 billion in 2024, based on the analysis of Deloitte "Il Factoring come Strumento per il Rilancio delle Imprese in Crisi" (Factoring as a Tool for the Relaunch of Companies in Crisis), November 2023.

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
Over the plan horizon, full use is expected of available funding, equal 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 envisaged 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:

- Intermediate turnover 2025-2027 ~ EUR 14 billion, of which ~ EUR 13 billion from Italian activities
- Cumulative net profit 2025-2027 > EUR 83 million
- Expected net profit for 2027 ~ EUR 33 million
- Total remuneration to shareholders > EUR 42 million of dividends paid in the period 2025-2027, equal to 32% of the current capitalisation, also including the dividend income for the year 2024[4]
- ROE[5] expected in 2027 ~ 32%
- Total Capital Ratio in 2027 ~ 13%

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. 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**”)

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[4] Capitalisation as at 26 February 2025.
[5] ROE calculated as the ratio of Net profit to Equity at the start of the period, excluding Net profit.

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 established a commercial paper programme, placed through two dealers (Intesa Sanpaolo and 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, at Via Giorgio Stephenson no. 43/A. The 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)

The positive trend in commercial activity recorded in 2024 – trend in turnover, loans disbursed, revenues and profitability– and the favourable reference context for Generalfinance's activities allows us to look at the Company's economic and financial performance in 2025 with optimism. In fact, the Company expects further growth in profits compared to those achieved in 2024 and in line with the objectives defined in the Strategic Plan.

PROPOSED ALLOCATION OF THE PROFIT FOR THE YEAR

Dear Shareholders,

The Financial Statements as at 31 December 2024, which are currently being reviewed and approved, show a net profit of EUR 21,099,149.25.
The positive result for the year is even more significant considering that the Company – also thanks to the specific characteristics of its core business – was able to deal with a challenging geopolitical and macroeconomic context.
In formulating the proposal for the allocation of the profit for the year, the Board of Directors – taking into account the opportunity to continuously strengthen the capital ratios in line with the long-term strategic objectives – invites the Shareholders' Meeting to approve the 2024 Financial Statements and proposes that the net profit for the year be allocated as follows:

- a cash dividend to shareholders (gross of legal withholdings) of EUR 0.83 for each ordinary share with coupon detachment on 14 April 2025. Pursuant to Art. 83-terdecies of Italian Legislative Decree no. 58 of 24 February 1998 ("TUF" or "Consolidated Law on Finance"), the entitlement to payment of the dividend is determined with reference to the records of the intermediary's accounts pursuant to Art. 83-quater, paragraph 3 of the TUF, at the end of the accounting day of 15 April 2025 (record date); the payment will be made from 16 April 2025 through the authorised intermediaries with whom the shares are registered in the Monte Titoli System. The total dividend therefore amounts to EUR 10,487,104.78.
- to reserves – and specifically to the Extraordinary Reserve, it being acknowledged that the Legal Reserve has already reached the limit envisaged by law – for the remainder, equal to EUR 10,612,044.47.

At the end of this report, the Board of Directors expresses its heartfelt appreciation and thanks to all the staff and associates who have contributed, with dedication and professionalism, to the positive development of company activities and the achievement of the results highlighted in the 2024 financial statements, as well as the Board of Statutory Auditors and the Independent Auditors for their valuable control activities.

Milan, 28 February 2025

on behalf of the Board of Directors
the Chairperson, Mr. Maurizio Dallocchio

GENERAL
FINANCE

FINANCIAL STATEMENTS

BALANCE SHEET

(values in euro)

	Asset items	31/12/2024		31/12/2023	
10.	Cash and cash equivalents		122,398,342		21,640,716
20.	Financial assets measured at fair value through profit or loss		8,145,408		22,974
	c) other financial assets mandatorily measured at fair value	*8,145,408*		*22,974*	
40.	Financial assets measured at amortised cost		614,945,539		462,365,495
	a) loans to banks	*17,169*		*65,750*	
	b) receivables from financial companies	*57,587*		*200,017*	
	c) loans to customers	*614,870,783*		*462,099,728*	
70.	Equity investments		0		12,500
80.	Property, plant and equipment		6,477,209		4,993,230
90.	Intangible assets		3,260,736		2,603,700
	- of which goodwill	*0*		*0*	
100.	Tax assets		7,342,424		5,387,823
	a) current	*6,866,662*		*4,830,332*	
	b) deferred	*475,762*		*557,491*	
120.	Other assets		7,134,863		3,016,664
Total assets			**769,704,521**		**500,043,102**

	Liabilities and shareholders' equity items	31/12/2024		31/12/2023	
10.	Financial liabilities measured at amortised cost		635,239,008		409,388,039
	a) payables	*558,396,802*		*376,750,770*	
	b) securities issued	*76,842,206*		*32,637,269*	
60.	Tax liabilities		10,411,242		7,125,134
	a) current	*10,361,986*		*7,077,869*	
	b) deferred	*49,256*		*47,265*	
80.	Other liabilities		42,207,360		14,037,517
90.	Employee severance indemnity		1,550,314		1,471,156
100.	Provisions for risks and charges		208,695		1,587,887
	b) pension and similar obligations	*186,116*		*164,705*	
	c) other provisions for risks and charges	*22,579*		*1,423,182*	
110.	Share capital		4,202,329		4,202,329
140.	Share premium reserve		25,419,745		25,419,745
150.	Reserves		29,236,823		21,624,119
160.	Valuation reserves		129,856		119,783
170.	Profit (loss) for the year		21,099,149		15,067,393
Total liabilities and shareholders' equity			**769,704,521**		**500,043,102**

INCOME STATEMENT

(values in euro)

	Items	31/12/2024	31/12/2023
10.	Interest income and similar income	39,688,416	30,591,811
	of which: interest income calculated using the effective interest method	39,688,416	30,591,811
20.	Interest expense and similar charges	(27,312,830)	(21,612,119)
30.	**Net interest income**	**12,375,586**	**8,979,692**
40.	Fee and commission income	41,149,967	31,709,532
50.	Fee and commission expense	(4,771,009)	(4,490,201)
60.	**Net fee and commission income**	**36,378,958**	**27,219,331**
70.	Dividends and similar income	98,166	0
80.	Net profit (loss) from trading	(519)	622
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	(33,324)	(150)
	b) other financial assets mandatorily measured at fair value	*(33,324)*	*(150)*
120.	**Net interest and other banking income**	**48,818,867**	**36,199,495**
130.	Net value adjustments/write-backs for credit risk of:	(1,166,541)	(1,264,087)
	a) financial assets measured at amortised cost	*(1,166,541)*	*(1,264,087)*
150.	**Net profit (loss) from financial management**	**47,652,326**	**34,935,408**
160.	Administrative expenses	(16,178,319)	(13,853,626)
	a) personnel expenses	*(9,095,838)*	*(7,196,181)*
	b) other administrative expenses	*(7,082,481)*	*(6,657,445)*
170.	Net provisions for risks and charges	222,093	(82,218)
	b) other net provisions	*222,093*	*(82,218)*
180.	Net value adjustments/write-backs on property, plant and equipment	(942,476)	(801,884)
190.	Net value adjustments/write-backs on intangible assets	(672,747)	(442,855)
200.	Other operating income and expenses	1,528,907	2,246,804
210.	**Operating costs**	**(16,042,542)**	**(12,933,779)**
220.	Gains (Losses) on equity investments	(68,750)	0
260.	**Pre-tax profit (loss) from current operations**	**31,541,034**	**22,001,629**
270.	Income taxes for the year on current operations	(10,441,885)	(6,934,236)
280.	**Profit (loss) from current operations after tax**	**21,099,149**	**15,067,393**
300.	**Profit (loss) for the year**	**21,099,149**	**15,067,393**

STATEMENT OF COMPREHENSIVE INCOME

	Asset items	31/12/2024	31/12/2023
10.	**Profit (loss) for the year**	**21,099,149**	**15,067,393**
	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	10,073	24,309
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**	**10,073**	**24,309**
180.	**Comprehensive income (Item 10 + 170)**	**21,109,222**	**15,091,702**

(values in Euro)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31/12/2024

(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 for 2024	Shareholders' equity as at 31/12/2024
							Shareholders' equity transactions						
				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													
a) of profits	21,284,601	-	21,284,601	7,612,704	-	-	-	-	-	-	-	-	28,897,305
b) others	339,518	-	339,518	-	-	-	-	-	-	-	-	-	339,518
Valuation reserves	119,783	-	119,783	-	-	-	-	-	-	-	-	10,073	129,856
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	15,067,393	-	15,067,393	(7,612,704)	(7,454,689)	-	-	-	-	-	-	21,099,149	21,099,149
Shareholders' equity	66,433,369	-	66,433,369	-	(7,454,689)	-	-	-	-	-	-	21,109,222	80,087,902

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31/12/2023

(values in Euro)

	Balance as at 31/12/2022	Change in opening balances	Balance as at 01/01/2023	Allocation of previous year's result		Changes in the year							Comprehensive income for 2023	Shareholders' equity as at 31/12/2023
							Shareholders' equity transactions							
				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	15,832,293	-	15,832,293	5,452,309	-	(1)	-	-	-	-	-		-	21,284,601
d) others	339,518	-	339,518	-	-	-	-	-	-	-	-		-	339,518
Valuation reserves	95,474	-	95,474	-	-	-	-	-	-	-	-		24,309	119,783
Equity instruments	-	-	-	-	-	-	-	-	-	-	-		-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-		-	-
Profit (loss) for the year	10,885,387	-	10,885,387	(5,452,309)	(5,433,078)	-	-	-	-	-	-		15,067,393	15,067,393
Shareholders' equity	56,774,746	-	56,774,746	-	(5,433,078)	(1)	-	-	-	-	-		15,091,702	66,433,369

CASH FLOW STATEMENT (indirect method)

(values in Euro)

A. OPERATING ACTIVITIES	Amount	
	31/12/2024	31/12/2023
1. Management	**37,809,550**	**29,482,981**
- profit (loss) for the year (+/-)	21,099,149	15,067,393
- gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	102,074	150
- gains/losses on hedging activities (-/+)	-	-
- net value adjustments for credit risk (+/-)	1,166,541	1,264,087
- net value adjustments to property, plant and equipment and intangible assets (+/-)	1,615,223	1,244,739
- net provisions for risks and charges and other costs/revenues (+/-)	(574,278)	808,260
- unpaid taxes, duties and tax credits (+/-)	10,358,621	6,644,148
- net value adjustments to discontinued operations net of tax effect (+/-)	-	-
- other adjustments (+/-)	4,042,220	4,454,204
2. Liquidity generated/absorbed by financial assets	**(168,507,903)**	**(80,053,382)**
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	(8,155,758)	-
- financial assets measured at fair value through other comprehensive income	-	-
- financial assets measured at amortised cost	(154,332,941)	(79,816,059)
- other assets	(6,019,204)	(237,323)
3. Cash flow generated/absorbed by financial liabilities	**242,184,500**	**34,962,853**
- financial liabilities measured at amortised cost	224,195,256	38,090,436
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value	-	-
- other liabilities	17,989,244	(3,127,583)
Net cash flow generated/absorbed by operating activities	**111,486,147**	**(15,607,548)**
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by	**32,578**	**11,187**
- sales of equity investments	6,250	150
- dividends collected on equity investments	-	-
- sales of property, plant and equipment	26,328	11,037
- sales of intangible assets	-	-
- sales of business units	-	-
2. Liquidity absorbed by	**(3,305,617)**	**(1,061,202)**
- purchases of equity investments	(62,500)	(15,474)
- purchases of property, plant and equipment	(2,430,511)	(172,706)
- purchases of intangible assets	(812,606)	(873,022)
- purchases of business units	-	-
Net cash flow generated/absorbed by investment activities	**(3,273,039)**	**(1,050,015)**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-	-
- issues/purchases of equity instruments	-	-
- distribution of dividends and other purposes	(7,454,689)	(5,433,078)
Net cash flow generated/absorbed by funding activities	**(7,454,689)**	**(5,433,078)**
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	**100,758,419**	**(22,090,641)**

RECONCILIATION	Amount	
	31/12/2024	31/12/2023
Cash and cash equivalents at the beginning of the year	21,641,149	43,731,790
Total net cash flow generated/absorbed during the year	100,758,419	(22,090,641)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	**122,399,568**	**21,641,149**

GENERAL FINANCE

EXPLANATORY NOTES

PART A – ACCOUNTING POLICIES

A.1 – GENERAL PART

Section 1 – Statement of compliance with International Accounting Standards

The financial statements of Generalfinance S.p.A. as at 31 December 2024 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 financial statements were prepared according to the formats and instructions issued by the Bank of Italy on 17 November 2022 in compliance with the provisions of Art. 9 of Italian Legislative Decree no. 38/2005 as amended.

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 financial statements, accompanied by the related Report on Operations, consist of the following documents:

• Balance Sheet and Income Statement;
• Statement of comprehensive income;
• Statement of changes in shareholders' equity;
• Cash flow statement;
• Explanatory notes.

The financial statements are also completed by the relative comparative information as required by IAS 1 and are prepared 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 the presentation and classification of the 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 of the previous year is reported for all the data contained in the financial statements, unless an International Accounting Standard, an interpretation or the instructions prepared by the Bank of Italy for Financial Intermediaries prescribe or allow otherwise. Information of a descriptive nature or comments is also included, when useful for understanding the data.

As mentioned above, these 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 24 October 2024, the public statement "European common enforcement priorities for 2024 corporate reporting" 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.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2024

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company starting from 1 January 2024:

- On 23 January 2020, the IASB published an amendment called "***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***" and on 31 October 2022 published an amendment called "***Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants***". These amendments aim to clarify how to classify payables and other short- or long-term liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no effect on the Company's financial statements.

- On 22 September 2022, the IASB published an amendment called "***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback***". The document requires the seller-lessee to assess the liability for the lease deriving from a sale & leaseback transaction so as not to recognise income or a loss that refers to the right of use retained. The adoption of this amendment had no effect on the Company's financial statements.

- On 25 May 2023, the IASB published an amendment called "***Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements***". The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk.
  The adoption of this amendment had no effect on the Company's financial statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE COMPANY AS AT 31 DECEMBER 2024

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 they are not yet mandatory and have not been adopted early by the Company as at 31 December 2024:

- On 15 August 2023, the IASB published an amendment called "***Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability***". The document requires an entity to apply consistently a methodology in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the explanatory notes. The amendment will enter into force on 1 January 2025; 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.

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 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 also introduced additional disclosure requirements with regard to investments in equity instruments designated as FVOCI.
The amendments will apply from the financial statements for years beginning on or after 1 January 2026.
At present, the directors are assessing the possible effects of the introduction of this amendment on the Company's financial statements.

- On 18 July 2024, the IASB published a document called "***Annual Improvements Volume 11***". The document 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 the introduction of these amendments 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. At present, the directors are assessing the possible effects of the introduction of this amendment on the Company's financial statements.

- 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 the introduction of this amendment on the Company's financial statements.

- 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.

At present, the directors are assessing the possible effects of the introduction of this amendment 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

Following the close of the 2024 financial year, no events or circumstances occurred as such to appreciably change what was represented in the financial statements, the explanatory notes and the report on operations.
It is hereby stated that, pursuant to IAS 10, the date on which the financial statements were authorised for publication by the Company's Directors is 28 February 2025.

Section 4 – Other aspects

The financial statements of Generalfinance S.p.A. are audited, pursuant to Italian Legislative Decree no. 39 of 27 January 2010, by the company Deloitte & Touche S.p.A., which was appointed for the period 2017-2025 by the Shareholders' Meeting of 15 February 2018, subsequently confirmed by the Shareholders' Meeting of 8 March 2022 in relation to the acquisition of the legal status of PIE.

Risks and uncertainties associated with the use of estimates

The preparation of the 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 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 year to year, 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 financial statements concern:

- the 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 determination of the fair value of financial assets designated at fair value;
- the quantification of provisions for personnel and provisions for risks and charges.

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

For some items of the balance sheet, the following points are illustrated:

- classification criteria;
- recognition criteria;
- measurement criteria;
- criteria for the recognition of income components;
- derecognition criteria.

1 – Financial assets measured at fair value through profit or loss ("FVTPL")

1.1 Classification criteria

Financial assets other than those classified under Financial assets measured at fair value through other comprehensive income and Financial assets measured at amortised cost are classified in this category. In particular, this item includes:
a) financial assets held for trading, essentially represented by debt securities and equities and the positive value of derivative

contracts held for trading;
b) financial assets designated at fair value, i.e. non-derivative financial assets thus defined at the time of initial recognition and if the conditions are met. An entity may irrevocably designate a financial asset as measured at fair value through profit or loss only if, by doing so, it eliminates or significantly reduces a measurement inconsistency;
c) financial assets mandatorily measured at fair value, represented by financial assets that do not meet the conditions, in terms of business model or characteristics of cash flows, for measurement at amortised cost or at fair value through other comprehensive income. In particular, this category includes:
▪ debt instruments, securities and loans that do not present cash flows consisting only of the repayment of principal and interest consistent with a "basic lending arrangement", (so-called "SPPI test" not passed);
▪ debt instruments, securities and loans whose business model is neither "Held to collect" (whose objective is to own assets aimed at collecting contractual cash flows) or "Held to collect and sell" (whose objective is to achieved through the collection of contractual cash flows and through the sale of financial assets);
▪ the units of UCITS;
▪ equity instruments for which the Company does not apply the option granted by the standard to measure these instruments at fair value through other comprehensive income.
Derivative contracts also include those embedded in complex financial instruments, in which the host contract is not a financial asset that falls within the scope of application of IFRS 9, which are subject to separate recognition in the event that:
• the economic characteristics and risks of the embedded derivative are not strictly related to the economic characteristics and risks of the host contract;
• a separate instrument with the same conditions as the embedded derivative would meet the definition of a derivative;
• the hybrid instrument to which they belong is not measured at fair value with the related changes in the income statement.

Reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for the management of financial assets. In these cases, financial assets may be reclassified from the category measured at fair value through profit or loss into one of the other two categories envisaged by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through other comprehensive income). The transfer value is represented by the fair value at the time of reclassification and the effects of the reclassification operate prospectively from the date of reclassification. In this case, the effective interest rate of the reclassified financial asset is determined on the basis of its fair value at the reclassification date and this date is considered as the initial recognition date for the allocation in the various stages of credit risk (stage allocation) for impairment purposes.

1.2 Recognition criteria

The initial recognition of financial assets takes place on the settlement date for debt and equity securities and on the date of subscription for derivative contracts. At the time of initial recognition, financial assets held for trading are recognised at a value equal to the price paid, i.e. the fair value of the instrument, without considering the transaction costs or income directly attributable to the instrument itself, which are allocated to the income statement.

1.3 Measurement criteria

Even after initial recognition, financial assets are measured at fair value and the effects of the application of this criterion are recognised in the income statement. The determination of the fair value of financial instruments classified in this portfolio is based on prices recorded in active markets, on prices provided by market operators or on internal valuation models, generally used in financial practice, which take into account all risk factors related to the instruments and which are based on data available on the market. For financial assets not listed on an active market, the cost criterion is used as an estimate of the fair value only on a residual basis and limited to a few circumstances, i.e. in the event of non-applicability of all the valuation methods mentioned above.

1.4 Criteria for recognising income components

The income components relating to "Financial assets held for trading" are allocated to the income statement item "Net profit (loss) from trading".
The income components relating to "Financial assets designated at fair value" and "Other financial assets mandatorily measured at fair value" are allocated to the income statement item "Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss".

1.5 Derecognition criteria

Financial assets are derecognised only if the sale entails the substantial transfer of all the risks and benefits associated with

the assets. If part of the risks and rewards relating to the financial assets sold have been retained, they continue to be recognised in the financial statements, even if legal ownership of the assets has actually been transferred.
If it is not possible to ascertain the substantial transfer of risks and benefits, the financial assets are derecognised if no type of control has been maintained over them. Otherwise, the maintenance, even in part, of this control entails the maintenance in the financial statements of the assets to an extent equal to the residual involvement, measured by the exposure to changes in value of the assets sold and to changes in their cash flows. Lastly, as regards the transfer of collection rights, the financial assets sold are derecognised from the financial statements even when the contractual rights to receive the cash flows of the asset are maintained, but an obligation is assumed to pay those flows to one or more entities.

2 – Financial assets measured at amortised cost

2.1 Classification criteria

This category includes financial assets (in particular loans and debt securities) that meet both of the following conditions:
• the financial asset is held according to a business model whose objective is achieved through the collection of contractually envisaged cash flows ("Held to Collect" Business model), and
• the contractual terms of the financial asset envisage, on certain dates, cash flows consisting only of the repayment of principal and interest consistent with a "basic lending arrangement", in which the remuneration of the time value of money and credit risk represent the most significant elements (so-called "SPPI test" passed).

In particular, if they meet the technical requirements described above, this item includes:
• loans to banks;
• receivables from financial companies;
• loans to customers;
mainly consisting of advances on demand disbursed to customers as part of factoring activities against the portfolio of loans and receivables received with recourse that remains recorded in the financial statements of the assigning counterparty, or loans and receivables acquired without recourse, for the which the non-existence of contractual clauses that eliminate the conditions for their registration has been ascertained.

Reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for the management of financial assets. In these cases, which are expected to be highly infrequent, the financial assets may be reclassified from the category measured at amortised cost to one of the other two categories envisaged by IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value is represented by the fair value at the time of reclassification and the effects of the reclassification operate prospectively from the date of reclassification. The gains or losses resulting from the difference between the amortised cost of the financial asset and the related fair value are recognised in the income statement in the event of reclassification under Financial assets measured at fair value through profit or loss and in shareholders' equity, in the appropriate valuation reserve, in the case of reclassification under Financial assets measured at fair value through other comprehensive income.

2.2 Recognition criteria

The first recognition of these financial assets takes place on the settlement date for debt securities and on the disbursement date for loans. Upon initial recognition, the assets are recognised at fair value, including transaction costs or income directly attributable to said asset. Costs that, despite having the aforementioned characteristics, are subject to reimbursement by the debtor counterparty or are included among the normal internal administrative costs are excluded. Repurchase agreements with forward repurchase or resale obligation are recorded in the financial statements as funding or lending transactions. In particular, spot sales and forward repurchases are recognised in the financial statements as payables for the spot amount received, while spot purchases and forward sales are recognised as receivables for the spot amount paid.

2.3 Measurement criteria

After initial recognition, the receivables are measured at amortised cost, equal to the initial recognition value decreased/increased by principal repayments, value adjustments/write-backs and amortisation calculated using the effective interest rate method. The effective interest rate is identified by calculating the rate that equals the present value of future flows of the receivable, for principal and interest, to the amount disbursed, including the costs/income related to the financial asset. This accounting method, using a financial method, makes it possible to distribute the economic effect of the costs/income over the expected residual life of the receivable. The amortised cost method is not normally used for receivables whose short duration makes the effect of discounting negligible. These receivables – including almost all factoring advances disbursed by Generalfinance – are valued at purchase cost. A similar measurement criterion is adopted for receivables without a defined maturity or subject to revocation. At the end of each financial year or interim period, the estimate of the impairment of these assets is calculated, determined in compliance with the impairment rules of IFRS 9, applied at the level of each individual transferred debtor, based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD). For further details, please refer to "Part D – Other information – Section 3 – Information on risks and related hedging policies*".*

Impairment losses are recognised in the income statement under the item "Net value adjustments/write-backs for credit risk", as are the recoveries of part or all amounts subject to previous write-downs. Write-backs are recorded against an improved quality of the exposure such as to lead to a decrease in the overall write-down previously recognised. In the explanatory notes, value adjustments on non-performing exposures are classified as analytical in the aforementioned income statement item. In some cases, during the life of the financial assets in question and, in particular, of the receivables, the original contractual conditions are subject to subsequent modification by the parties to the contract. When, during the life of an instrument, the contractual clauses are subject to change, it is necessary to verify whether the original asset must continue to be recognised in the financial statements or if, on the contrary, the original instrument must be derecognised from the financial statements and a new financial instrument recognised. In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial". The assessment of the "substantiality" of the change must be carried out considering both qualitative and quantitative elements. In some cases, in fact, it may be clear, without recourse to complex analyses, that the changes introduced substantially modify the characteristics and/or contractual flows of a given activity while, in other cases, further analyses will have to be carried out (including quantitative) to consider the effects of the same and verify the need to proceed with the derecognition of the asset and the recognition of a new financial instrument.

The (qualitative-quantitative) analyses aimed at defining the "substantiality" of the contractual changes made to a financial asset must therefore consider:

- the purposes for which the changes were made: for example, renegotiations for commercial reasons and concessions due to financial difficulties of the counterparty:

- the former, aimed at "retaining" the customer, involve a debtor who is not in a situation of financial difficulty. This case includes all the renegotiation transactions that are aimed at adjusting the cost of the debt to market conditions. These transactions involve a change in the original conditions of the contract, usually requested by the debtor, which concerns aspects related to the cost of the debt, with a consequent economic benefit for the debtor. In general, it is believed that, whenever the Company carries out a renegotiation in order to avoid losing its customer, this renegotiation must be considered as substantial since, if it were not carried out, the customer could obtain financing from another intermediary and the Company would suffer a decrease in expected future revenues;
- the latter, carried out for "credit risk reasons" (forbearance measures), are attributable to the Company's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and benefits, subsequent to the amendments, are not substantially transferred and, consequently, the accounting representation that offers the most relevant information for the reader of the financial statements (except for what will be discussed later on objective elements), is that carried out through "modification accounting" – which involves the recognition in the income statement of the difference between the book value and the present value of the modified cash flows discounted at the original interest rate – and not through derecognition;

- the presence of specific objective elements that affect the substantial changes in the characteristics and/or the contractual flows of the financial instrument (such as, solely by way of example, the change in the type of counterparty risk to which one is exposed), which are believed to involve the derecognition in consideration of their impact (expected to be significant) on the original contractual flows.

2.4 Criteria for recognising income components

The allocation of income components to the relevant income statement items is based on the following:

a) interest income is allocated to the item "Interest income and similar income";
b) fee and commission income relating to current operations is allocated to the item "Fee and commission income";
c) impairment losses and write-backs for credit risk are allocated to the item "Net value adjustments/write-backs for credit risk of a) financial assets measured at amortised cost".

2.5 Derecognition criteria

The full elimination of a receivable is carried out when it is considered irrecoverable with waiver of the legal right to recover the receivable by the Company. By way of a non-exhaustive example, this occurs in the presence of the closure of a bankruptcy procedure, death of the debtor without heirs, final judgement of non-existence of the credit, etc. As regards total or partial write-offs without waiver of the receivable, in order to avoid the maintenance in the financial statements of

receivables that, although continuing to be managed by the collection structures, present marginal recovery possibilities, at least every six months, entities identify the positions to be subject to derecognition that simultaneously present the following characteristics: - full write-down of the receivable; - period of more than 2 years in the non-performing status - declaration of bankruptcy, or admission to compulsory administrative liquidation or other ongoing insolvency proceedings.
Derecognitions are charged directly to the item "net value adjustments for credit risk" for the residual portion not yet adjusted and are recognised as a reduction of the principal portion of the loan. Recoveries of part or entire amounts previously written down are recognised as a reduction of the same item "net value adjustments for credit risk". Financial assets sold or securitised are derecognised only when the sale has resulted in the substantial transfer of all related risks and benefits. Moreover, if the risks and benefits have been maintained, these financial assets continue to be recognised, even if their ownership has been legally transferred. Against the maintenance of the recognition of the financial asset sold, a financial liability is recognised for an amount equal to the consideration collected at the time of the sale of the financial instrument. If not all risks and benefits have been transferred, the financial assets are eliminated only if no type of control has been maintained over them. If, on the other hand, control has been maintained, the financial assets are shown in proportion to the residual involvement. Lastly, as regards the transfer of collection rights, the transferred receivables are derecognised from the financial statements even when the contractual rights to receive the cash flows of the asset are maintained, but an obligation is assumed to pay those flows to one or more entities.

3 – Equity investments

3.1 Classification criteria

The item includes interests held in direct subsidiaries and associates.
Companies in which the parent company, directly or indirectly, holds more than half of the voting rights or when, even with a lower share of rights, the parent company has the power to appoint the majority of the directors of the investee or to determine the financial and operating policies of the latter are considered subsidiaries.
Non-subsidiaries in which a significant influence is exercised are considered associates. It is presumed that the company exercises a significant influence in all cases in which it holds 20% or more of the voting rights (including “potential” voting rights) and, regardless of the share held, if it has the power to participate in the management and financial decisions of the investees, by virtue of particular legal ties, such as shareholders' agreements, whose purpose is for the parties in the agreement to ensure representativeness in the management bodies and safeguard the unity of direction of management, without however having control.

3.2 Recognition criteria

Equity investments are recognised on the settlement date. Upon initial recognition, the equity interests are recognised at cost, including costs or income directly attributable to the transaction.

3.3 Measurement criteria

In subsequent valuations, if there is evidence that the value of an equity investment may have suffered impairment, the recoverable value of the equity investment is estimated, taking into account the present value of the future cash flows that the equity investment may generate including the final disposal value of the investment.

3.4 Criteria for recognising income components

The allocation of income components to the relevant income statement items is based on the following:
a) if the recoverable amount is lower than the book value, the relative difference is recognised in the item “Gains (losses) on equity investments”;
b) if the reasons for the loss in value are removed following an event occurring after the reduction in value, write-backs are recognised under the item “Gains (losses) on equity investments”.

The verification of the existence of objective evidence of impairment is carried out at the end of each reporting period or half-yearly reporting period.

3.5 Derecognition criteria

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

4 – Property, plant and equipment

4.1 Classification criteria

The item includes both owned assets and rights of use relating to lease contracts.

Property, plant and equipment for business use include:

• land;
• real estate;
• furniture and furnishings;
• electronic office machines;
• plants;
• various equipment;
• cars;
• leasehold improvements.

These are physical assets held to be used in the production or supply of goods and services or for administrative purposes and which are deemed to be used for more than one period. This item also includes rights of use acquired through leasing and relating to the use of property, plant and equipment.

Pursuant to IFRS 16, a lease is a contract, or part of a contract, which, in exchange for a consideration, confers the right to control the use of a specified asset for a period of time; therefore, if long-term, the period of use of the asset will enjoy both of the following rights:

a) the right to obtain substantially all the economic benefits deriving from the use of the asset; and

b) the right to decide on the use of the asset.

In the event of a change in the terms and conditions of the contract, a new assessment is made to determine whether the contract is or contains a lease.

Leasehold improvements are improvements and incremental expenses relating to identifiable and separable property, plant and equipment. These investments are generally incurred to make the properties rented from third parties suitable for use.

It should also be noted that the Company does not hold property, plant and equipment for investment purposes.

4.2 Recognition criteria

Property, plant and equipment are initially recognised at acquisition cost, including accessory charges incurred and directly attributable to the start-up of the asset or the improvement of its production capacity.

Expenses incurred subsequently are added to the carrying amount of the asset or recognised as separate assets if it is probable that they will enjoy future economic benefits in excess of those initially estimated and the cost can be reliably recognised; otherwise they are recognised in the income statement. According to IFRS 16, leases are accounted for on the basis of the right-of-use model, therefore, at the start date of the contract, the asset consisting of the right of use and the lease liability are recognised.

The initial measurement of the right-of-use asset is at cost, which includes:

a) the amount of the initial measurement of the lease liability;
b) payments due for the lease made on or before the start date net of lease incentives received;
c) the initial direct costs incurred by the lessee; and
d) the estimate of the costs that will be incurred for the dismantling and removal of the underlying asset and for the restoration of the site in which it is located or for the restoration of the underlying asset under the conditions envisaged by the terms and conditions of the lease.

For real estate leases, recognition as a lease takes place for each lease component, separating it from non-lease components; for vehicles, in application of the practical expedient envisaged by the standard, the non-leasing components are not separated from the leasing components.

Ordinary maintenance costs are recognised in the Income Statement on an accrual basis.

4.3 Measurement criteria

Recognition in the financial statements subsequent to the initial one is carried out at cost less any depreciation and any impairment losses. The depreciable amount is allocated systematically and on a straight-line basis over the entire useful life of property, plant and equipment. If there is evidence of impairment, property, plant and equipment are tested for impairment and any impairment losses are recorded. The subsequent write-backs may not, in any case, exceed the amount of the losses from impairment tests recorded previously.

With reference to the asset consisting of the right of use, accounted for on the basis of IFRS 16, after the initial recognition date, the asset is measured by applying the cost model.

Assets consisting of the right of use are amortised on a straight-line basis from the start date of the lease until the end of the lease term and are subject to an impairment test if impairment indicators emerge.

4.4 Criteria for recognising income components

The allocation of the income components in the relevant items of the income statement is based on the following:
a) periodic depreciation, impairment losses and write-backs are allocated to the item "Net value adjustments/write-backs on property, plant and equipment";
b) profits and losses deriving from disposal transactions are allocated to the item "Other operating income and expenses".

4.5 Derecognition criteria

Property, plant and equipment are derecognised from the financial statements at the time of their disposal or when their economic function has been fulfilled completely and no future economic benefits are expected.
The right of use deriving from lease contracts is eliminated from the balance sheet at the end of the lease term.

5 – Intangible assets

5.1 Classification criteria

The item includes intangible assets, identifiable even if they are not physical, which have the characteristics of multi-year use and an ability to produce future benefits.
The Company has no intangible assets with an indefinite useful life; they are represented solely by software, also produced internally, and user licenses.

5.2 Recognition criteria

Intangible assets are initially recognised at purchase/production cost, including accessory charges incurred and directly attributable to the commissioning or improvement of their production capacity.
Ordinary maintenance costs are recognised in the Income Statement on an accrual basis.

5.3 Measurement criteria

The posting in the financial statements subsequent to the initial one is carried out at cost less any amortisation and any impairment losses.
Amortisation is calculated on the basis of the best estimate of the useful life by using the straight-line distribution method.
Periodically, it is verified whether substantial changes have occurred in the original conditions that require changes to the initial amortisation plans.
If it is found that an individual asset may have suffered an impairment loss, it is subject to an impairment test with the recognition and recording of the related losses.

5.4 Criteria for recognising income components

The allocation of the income components to the relevant items of the Income Statement is based on the following:
a) periodic amortisation, impairment losses and write-backs are allocated to the item "Net value adjustments/write-backs on intangible assets".

5.5 Derecognition criteria

Intangible assets are derecognised from the financial statements at the time of their disposal or when their capacity to produce future benefits is fully expended.

6 – Tax assets and tax liabilities

6.1 Classification criteria

The items include current and deferred tax assets and current and deferred tax liabilities.
Current tax assets include surpluses and payments on account, while current tax liabilities include payables to be paid for income taxes for the period.
Deferred tax items, on the other hand, represent income taxes recoverable in future periods in connection with deductible temporary differences (deferred assets) and income taxes payable in future periods as a result of taxable temporary differences (deferred liabilities).

6.2 Recognition, derecognition and measurement criteria

Income taxes are calculated on the basis of current tax rates.

Deferred tax assets are recognised, in accordance with the “balance sheet liability method”, only on condition that there is full capacity to absorb the deductible temporary differences from future taxable income, while deferred tax liabilities are usually accounted for if of a significant amount.

6.3 Measurement criteria for income components

Tax assets and liabilities are recognised in the Income Statement under the item “Income taxes for the year on current operations”, except in the case in which they derive from transactions whose effects are attributed directly to Shareholders' Equity; in this case, they are attributed directly to Shareholders' Equity.

7 – Financial liabilities measured at amortised cost

7.1 Classification criteria

Financial liabilities other than liabilities held for trading and liabilities designated at fair value are classified in this category.

The item includes payables to banks, payables to financial institutions, in relation to existing contracts, any amounts due to customers, payables recorded by the lessee as part of leasing transactions and securities issued, represented by bonds and commercial paper.

7.2 Recognition criteria

The aforementioned financial liabilities are initially recognised at their fair value which, as a rule, corresponds, for payables to banks and payables to financial institutions and securities issued, to the value collected by the Company, net of transaction costs directly attributable to the financial liability and, for those to customers, to the amount of the payable, given the short duration of the related transactions.

The initial measurement of the lease liability takes place at the present value of the payments due for the lease not paid at that date. The lease payments are discounted using the Company’s marginal borrowing rate.

7.3 Measurement criteria

After initial recognition, these instruments are measured at amortised cost, using the effective interest method. The amortised cost method is not used for liabilities whose short duration makes the effect of discounting negligible.

After the effective date, the lease liability is measured:

a) increasing the book value to take into account the interest on the lease liability;
b) decreasing the book value to take into account the payments made for the lease;
c) restating the book value to take into account any new valuations or changes to the lease or the revision of payments due for the lease.

Interest on the lease liability and the variable payments due for the lease, not included in the measurement of the lease liability, are recognised in the income statement in the year in which the event or circumstance that triggers the payments occurs.

7.4 Criteria for recognising income components

The allocation of the income components in the relevant items of the Income Statement is based on the following:

a) interest expense is allocated to the item “Interest expense and similar charges”;
b) fee and commission expense, if not included in the amortised cost, is allocated to the item “Fee and commission expense”.

7.5 Derecognition criteria

Financial liabilities are derecognised from the financial statements when the related contractual rights have expired or are extinguished.

8 – Employee severance indemnity

8.1 Classification criteria

It reflects the liability to all employees relating to the indemnity to be paid at the time of termination of the employment relationship.

8.2 Measurement criteria

Based on the provisions of Italian Law no. 296 of 27 December 2006 (2007 Finance Act), since 1 January 2007 each employee has been asked to allocate their employee severance indemnity accruing to forms of supplementary pension or to maintain the employee severance indemnity with the employer. In the latter case, for workers of companies with more than 50 employees (therefore the company Generalfinance is excluded), the employee severance indemnity will be deposited by the employer to a fund managed by INPS (Italian national social security institute) on behalf of the State. Employees were asked to express their choice by 30 June 2007 (for those who were already in service on 1 January 2007), or within six months of being hired (if this took place after 1 January 2007).

In light of these new provisions, the bodies responsible for the technical and legal analysis of the matter established that the employee severance indemnity accrued from 1 January 2007 allocated to the INPS Treasury Fund and that for the Supplementary Pension Fund are to be considered as a defined contribution plan and, therefore, no longer subject to actuarial valuation. This approach concerns companies with an average number of employees for the year 2006 of more than 50 since the others (such as the company Generalfinance), if the employee chooses to keep the employee severance indemnity accruing in the company, effectively continue to maintain the employee severance indemnity in their own company fund.

The employee severance indemnity accrued as at 31 December 2006 instead remains a defined benefit plan or a defined benefit obligation and therefore, in compliance with the criteria laid down by IAS 19, the value of the obligation was determined by projecting to the future, based on actuarial assumptions, the amount already accrued to estimate the amount to be paid at the time of termination of the employment relationship and subsequently discounting it.

The determination was carried out by developing the portion of obligations accrued at the valuation date as well as the additional amounts accruing, in the event of the employee choosing to keep the employee severance indemnity accruing in the company, due to future provisions due for the continuation of the employment relationship.

The development plan was carried out by projecting the accrued value of the positions of the individual employees at the date of presumed termination of the relationship, taking into account demographic, economic and financial parameters regarding their employment.

The future value thus obtained was discounted according to a rate structure able to reconcile a logic of correspondence between the expiry of the outflows and the discount factors to be applied to them.

Lastly, the discounted benefits were re-proportioned on the basis of the seniority accrued at the valuation date with respect to the total seniority estimated at the time of payment.

The actuarial analysis was carried out through an assignment to a trusted actuary.

8.3 Criteria for the recognition of income components

The allocation of the income components to the relevant items of the Income Statement is based on the following:

a) provisions accrued against the employee severance indemnity provision were charged to the income statement under administrative expenses;

b) actuarial gains and losses deriving from adjustments of actuarial estimates were recorded as a contra-entry to shareholders' equity in compliance with the provisions of the new version of IAS 19 issued by the IASB in June 2011.

9 – Provisions for risks and charges

9.1 Classification and recognition criteria

Provisions for risks and charges express certain and probable liabilities as a result of a past event, the amount or time of payment of which is uncertain, although a reliable estimate of the amount of the disbursement can be made. On the other hand, the company does not make any provision for potential or unlikely risks.

9.2 Measurement criteria

The allocation to the provision for risks and charges represents the best estimate of the charges that are expected to be incurred by the Company to discharge the obligation.

9.3 Criteria for the recognition of income components

The allocation of the income components to the relevant items of the Income Statement is based on the following:

a) Provisions for risks and charges are allocated to the item "Net provisions for risks and charges".

9.4 Derecognition criteria

The provisions are reviewed at each reporting date in order to reflect the best estimate of the liability. If the provision is used and the conditions for its maintenance are no longer met, it is derecognised from the financial statements.

Foreign currency transactions
No foreign currency transactions were carried out during the year.

Accounting for income and expenses
Costs are recognised in the income statement when there is a decrease in economic benefits that involves a decrease in assets or an increase in liabilities.
Revenues are recognised when they are received or when it is likely that they will be received and when they can be reliably quantified.

Treasury shares
The Company does not hold any treasury shares in its portfolio.

Share-based payments
The Company has no outstanding stock option plans in favour of its employees or Directors.

A.3 INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS
During the year, the Company did not carry out any transfers of financial assets between portfolios.

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 consist mainly of trade receivables sold 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 receivables 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 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	-	-	8,145,408	-	-	22,974
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	8,145,408	-	-	22,974
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**-**	**-**	**8,145,408**	**-**	**-**	**22,974**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

During 2024, part of the subscribed units of the reserved closed-end alternative investment fund, "Finint Special Credit Opportunity Fund," were paid up, as were the subscribed units of the fund "Ver Capital Credit Partners IX - Trade Receivables," managed by Ver Capital, which primarily invests in Italian private debt.
The fair value of these instruments was determined on the basis of the latest available update of the Total Net Value (NAV) communicated by the savings 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	**22,974**	**-**	**-**	**22,974**	**-**	**-**	**-**	**-**
2. Increases	**8,155,758**	**-**	**-**	**8,155,758**	**-**	**-**	**-**	**-**
2.1. Purchases	8,155,758	-	-	8,155,758	-	-	-	-
2.2. Profits allocated to:	-	-	-	-	-	-	-	-
2.2.1. Income statement	-	-	-	-	-	-	-	-
of which capital gains	-	-	-	-	-	-	-	-
2.2.2. Shareholders' equity	-	X	X	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	**33,324**	**-**	**-**	**33,324**	**-**	**-**	**-**	**-**
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Refunds	-	-	-	-	-	-	-	-
3.3. Losses allocated to:	33,324	-	-	33,324	-	-	-	-
3.3.1. Income statement	33,324	-	-	33,324	-	-	-	-
of which capital losses	33,324	-	-	33,324	-	-	-	-
3.3.2. Shareholders' equity	-	X	X	-	-	-	-	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**8,145,408**	**-**	**-**	**8,145,408**	**-**	**-**	**-**	**-**

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 31/12/2024				Total 31/12/2023			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	614,945,539	-	-	614,945,539	462,365,495	-	-	462,365,495
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups	-	-	-	-	-	-	-	-
Total	**614,945,539**	**-**	**-**	**614,945,539**	**462,365,495**	**-**	**-**	**462,365,495**
1. Financial liabilities measured at amortised cost	635,239,008	-	-	635,239,008	409,388,039	-	-	409,388,039
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	**635,239,008**	**-**	**-**	**635,239,008**	**409,388,039**	**-**	**-**	**409,388,039**

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 31/12/2024	Total 31/12/2023
Cash	1,355	1,404
"On demand" loans to banks	120,395,453	19,131,910
"Term" loans to banks	2,001,534	2,507,402
Total	**122,398,342**	**21,640,716**

The amount of EUR 120.395.453 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 31 December 2024, the credit balance of the current accounts subject to the pledge amounted to EUR 21,724,347, while the payable relating to the medium/long-term loan with a pool of banks, including interest payable accrued, amounted to EUR 260,743,467.

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 31/12/2024			Total 31/12/2023		
	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	**-**	**-**	**8,122,434**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total	**-**	**-**	**8,145,408**	**-**	**-**	**22,974**

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 them.

2.7 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

Items/Values	Total 31/12/2024	Total 31/12/2023
1. Equity securities	**22,974**	**22,974**
of which: banks	2,974	2,974
of which: other financial companies	20,000	20,000
of which: non-financial companies	-	-
2. Debt securities	**-**	**-**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
3. UCITS units	**8,122,434**	**-**
4. Loans	**-**	**-**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Households	-	-
Total	**8,145,408**	**22,974**

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 31/12/2024						Total 31/12/2023					
	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	**17,169**	**-**	**-**	**-**	**-**	**17,169,**	**65,750**	**-**	**-**	**-**	**-**	**65,750**
3.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Factoring	17,169	-	-	-	-	17,169	65,750	-	-	-	-	65,750
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	17,169	-	-	-	-	17,169	65,750	-	-	-	-	65,750
3.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
4. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
4.2 other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
5. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**17,169**	**-**	**-**	**-**	**-**	**17,169**	**65,750**	**-**	**-**	**-**	**-**	**65,750**

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 31/12/2024						Total 31/12/2023					
	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	**57,587**	**-**	**-**	**-**	**-**	**57,587**	**200,017**	**-**	**-**	**-**	**-**	**200,017**
1.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	57,587	-	-	-	-	57,587	200,017	-	-	-	-	200,017
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	57,587	-	-	-	-	57,587	200,017	-	-	-	-	200,017
1.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	**-**	-	-	-	-	**-**	**-**	-	-	-	-	**-**
Total	**57,587**	**-**	**-**	**-**	**-**	**57,587**	**200,017**	**-**	**-**	**-**	**-**	**200,017**

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 31/12/2024						Total 31/12/2023					
	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	**610,846,274**	**4,024,509**	**-**	**-**	**-**	**614,870,783**	**460,179,378**	**1,920,350**	**-**	**-**	**-**	**462,099,728**
1.1 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
of which: without final purchase option	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	610,846,274	4,024,509	-	-	-	614,870,783	460,179,378	1,920,350	-	-	-	462,099,728
- with recourse	415,377,788	4,001,258	-	-	-	419,379,046	338,471,255	1,920,350	-	-	-	340,391,605
- without recourse	195,468,486	23,251	-	-	-	195,491,737	121,708,123	-	-	-	-	121,708,123
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	-	-	-	-	-	-	-	-	-	-	-	-
of which: from enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
4.2 other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**610,846,274**	**4,024,509**	**-**	**-**	**-**	**614,870,783**	**460,179,378**	**1,920,350**	**-**	**-**	**-**	**462,099,728**

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 31/12/2024			Total 31/12/2023		
	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:	**610,846,274**	**4,024,509**	**-**	**460,179,378**	**1,920,350**	**-**
a) Public administrations	9,249,959	-	-	-	-	-
b) Non-financial companies	590,093,385	4,024,509	-	449,098,554	1,920,350	-
c) Households	11,502,930	-	-	11,080,824	-	-
3. Other assets	-	-	-	-	-	-
Total	**610,846,274**	**4,024,509**	**-**	**460,179,378**	**1,920,350**	**-**

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	Purchased or Originated Impaired	First stage	Second stage	Third stage	Purchased or Originated Impaired	
Debt securities	-	-	-	-	-	-	-	-	-	-
Loans	596,157,089	-	16,336,278	5,524,082	-	1,458,059	114,278	1,499,573	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**596,157,089**	**-**	**16,336,278**	**5,524,082**	**-**	**1,458,059**	**114,278**	**1,499,573**	**-**	**-**
Total 31/12/2023	**440,566,120**	**-**	**20,936,515**	**2,819,952**	**-**	**890,927**	**166,563**	**899,602**	**-**	**-**

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 31/12/2024						Total 31/12/2023					
	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:	-	-	-	-	406,771,893	406,771,893	-	-	-	-	313,853,516	313,853,516
- Assets under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	-	-	335,099,884	335,099,884	-	-	-	-	300,409,913	300,409,913
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	71,672,009	71,672,009	-	-	-	-	13,443,603	13,443,603
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-performing assets guaranteed by:	-	-	-	-	4,001,258	4,001,258	-	-	-	-	1,856,127	1,856,127
- Assets under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	-	-	3,923,648	3,923,648	-	-	-	-	1,615,508	1,615,508
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	77,610	77,610	-	-	-	-	240,619	240,619
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**410,773,151**	**410,773,151**	**-**	**-**	**-**	**-**	**315,709,643**	**315,709,643**

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, in some cases, iv) 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 31 December 2024, the equity investment was fully written down.

7.2 Annual changes in equity investments

	Group equity investments	Non-group equity investments	Total
A. Opening balance	**-**	**12,500**	**12,500**
B. Increases	**-**	**62,500**	**62,500**
B.1 Purchases	-	62,500	62,500
B.2 Write-backs	-	-	-
B.3 Revaluations	-	-	-
B.4 Other changes	-	-	-
C. Decreases	**-**	**75,000**	**75,000**
C.1 Sales	-	6,250	6,250
C.2 Value adjustments	-	-	-
C.3 Write-downs	-	68,750	68,750
C.4 Other changes	-	-	-
D. Closing balance	**-**	**-**	**-**

On 30 May 2024, Generalfinance sold 6,250 shares of the investee, for a total value of EUR 6,250.00.
Subsequently, on 28 June 2024, in exercising its put option, it subscribed 62,500 shares of the investee on a pro rata basis, for a total value of EUR 62,500.00, issued as a result of the share capital increase approved on 30 May 2024 by the shareholders' meeting of the same investee.

7.5 Non-significant equity investments: accounting information

The values shown refer to the 2024 financial statements, approved on 29 January 2025.

Name	Book value	Total assets	Total Liabilities	Profit (loss) for the year
MIT Partners S.p.A.	-	115,603	134,145	(259,044)

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 31/12/2024	Total 31/12/2023
1. Owned assets	**2,502,101**	**2,502,858**
a) land	178,952	178,952
b) buildings	1,644,845	1,714,471
c) furniture	244,646	197,762
d) electronic systems	-	-
e) others	433,658	411,673
2. Rights of use acquired through leasing	**3,975,108**	**2,490,372**
a) land	-	-
b) buildings	3,540,050	2,133,006
c) furniture	-	-
d) electronic systems	-	-
e) others	435,058	357,366
Total	**6,477,209**	**4,993,230**
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.

8.6 Property, plant and equipment for business use: annual changes

	Land	Buildings	Furniture	Electronic systems	Others	Total
A. Opening gross balances	**178,952**	**6,345,915**	**647,902**	**-**	**2,447,943**	**9,620,712**
A.1 Total net impairment losses	-	2,498,438	450,140	-	1,678,904	4,627,482
A.2 Net opening balance	**178,952**	**3,847,477**	**197,762**	**-**	**769,039**	**4,993,230**
B. Increases:	**-**	**1,871,812**	**112,172**	**-**	**447,552**	**2,431,536**
B.1 Purchases	-	-	112,172	-	233,494	345,666
B.2 Expenses for capitalised improvements	-	441,354	-	-	-	441,354
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from properties held for investment purposes	-	-	X	X	X	-
B.7 Other changes	-	1,430,458	-	-	214,058	1,644,516
C. Decreases:	**-**	**534,394**	**65,288**	**-**	**347,875**	**947,557**
C.1 Sales	-	-	-	-	5,081	5,081
C.2 Depreciation	-	534,394	65,288	-	342,794	942,476
C.3 Value adjustments for impairment recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property, plant and equipment held for investment purposes	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Closing balance	**178,952**	**5,184,895**	**244,646**	**-**	**868,716**	**6,477,209**
D.1 Total net impairment losses	-	3,032,832	515,428	-	1,928,530	5,476,790
D.2 Gross closing balance	**178,952**	**8,217,727**	**760,074**	**-**	**2,797,246**	**11,953,999**
E. Valuation at cost	**178,952**	**5,184,895**	**244,646**	**-**	**868,716**	**6,477,209**

The item "Other changes" is represented by the increase during the year in rights of use on properties and cars.

Section 9 – Intangible assets – Item 90

9.1 Intangible assets: breakdown

Items/Valuation	Total 31/12/2024		Total 31/12/2023	
	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	3,260,736	-	2,603,700	-
- generated internally	814,093	-	423,499	-
- others	2,446,643	-	2,180,201	-
2.2 rights of use acquired through leasing	-	-	-	-
Total 2	**3,260,736**	**-**	**2,603,700**	**-**
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)	**3,260,736**	**-**	**2,603,700**	**-**
Total	**3,260,736**		**2,603,700**	

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.

9.2 Intangible assets: annual changes

	Total
A. Opening balance	**2,603,700**
B. Increases:	**1,329,783**
B.1 Purchases	812,606
B.2 Write-backs	-
B.3 Positive changes in fair value	-
- to shareholders 'equity	-
- to the income statement	-
B.4 Other changes	517,177
C. Decreases:	**672,747**
C.1 Sales	-
C.2 Depreciation	672,747
C.3 Value adjustments	-
- to shareholders 'equity	-
- to the income statement	-
C.4 Negative changes in fair value	-
- to shareholders 'equity	-
- to the income statement	-
C.5 Other changes	-
D. Closing balance	**3,260,736**

The item "Other changes" is represented by internally generated software.

9.3 Intangible assets: other information

Intangible assets include the cost incurred for application software used for the management of company assets and for application software for which the amortisation period has not yet begun, given the assets are not used and available at the reporting date.

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

Name	Total 31/12/2024	Total 31/12/2023
Current tax assets	6,866,662	4,830,332
Deferred tax assets	475,762	557,491
Total	**7,342,424**	**5,387,823**

It should be noted that for a more correct representation in the financial statements, 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”. In order to ensure direct comparability of the balance sheet asset items, the corresponding figures relating to the previous year, classified under item 100 of assets "Tax assets", were subject to the appropriate restatement of the same nature.

10.1 “Tax assets: current and deferred”: breakdown

The item “Current tax assets” is composed entirely of receivables due from tax authorities for IRES (corporate income tax) advances for EUR 5,581,995 and for IRAP (regional business tax) advances for EUR 1,284,667.

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

10.2 “Tax liabilities: current and deferred”: breakdown

Name	Total 31/12/2024	Total 31/12/2023
Current tax liabilities	10,361,986	7,077,869
Deferred tax liabilities	49,256	47,265
Total	**10,411,242**	**7,125,134**

The item “*Current tax liabilities*” consists of the payable to the tax authorities for IRES of EUR 8,459,962 and for IRAP of EUR 1,902,024.

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.

10.3 Changes in deferred tax assets (with offsetting entry in the income statement)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**557,491**	**423,078**
2. Increases	**575,487**	**213,789**
2.1 Deferred tax assets recognised during the year	575,487	213,789
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) others	575,487	213,789
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**657,216**	**79,376**
3.1 Deferred tax assets cancelled during the year	657,216	79,376
a) reversals	657,216	79,376
b) write-downs due to non-recoverability	-	-
c) change in accounting policies	-	-
d) others	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases:	-	-
a) transformation into tax credits pursuant to Italian Law no. 214/2011	-	-
b) others	-	-
4. Closing balance	**475,762**	**557,491**

The item increased by EUR 575,487 due to new deferred tax assets recognised during the year.
This increase mainly refers to:

- the deferred tax assets recognised following the allocations made during the year to the provisions for risks and charges related to the long-term incentive plan that was formalised in 2022;
- directors' fees for the financial year 2024, which will be paid in subsequent financial years.

The decrease of EUR 657,216 mainly refers to:

- the use of the provision for risks and charges related to the long-term incentive plan and the payment in 2024 of the directors' fees for the year 2023;
- the reversals on write-downs and losses on receivables pursuant to Italian Law Decree no. 83 of 27 June 2015.

10.3.1 Changes in deferred tax assets pursuant to Italian Law no. 214/2011 (with offsetting entry in the income statement)

	Total 31/12/2024	Total 31/12/2023
1. Opening amount	**66,188**	**98,653**
2. Increases	**-**	**-**
3. Decreases	**30,661**	**32,465**
3.1 Reversals	30,661	32,465
3.2 Transformation into tax credits	-	-
a) deriving from losses for the year	-	-
b) deriving from tax losses	-	-
3.3 Other decreases	-	-
4. Final amount	**35,527**	**66,188**

The table shows the amount of deferred tax assets, originating entirely from write-downs on receivables, convertible into tax credits according to the methods identified by Italian Law no. 214/2011.

10.6 Changes in deferred tax liabilities (with offsetting entry in shareholders' equity)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**47,265**	**47,265**
2. Increases	**3,821**	**-**
2.1 Deferred tax liabilities recognised during the year	3,821	-
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	3,821	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**1,830**	**-**
3.1 Deferred tax liabilities cancelled during the year	1,830	-
a) reversals	-	-
b) write-downs due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) others	1,830	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**49,256**	**47,265**

Section 12 – Other assets – Item 120

12.1 Other assets: breakdown

Items/Values	Total 31/12/2024	Total 31/12/2023
Security deposits	88,175	32,623
Suppliers advances	31,232	87,553
Tax authorities VAT and withholding taxes	440,725	231,575
Prepayments	2,438,288	1,610,441
Accrued income	57,346	69,263
Tax credits	3,350,552	290,088
Sundry assets	728,545	695,121
Total	**7,134,863**	**3,016,664**

It should be noted that for a more correct representation in the financial statements, 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”. In order to ensure direct comparability of the balance sheet asset items, the corresponding figures relating to the previous year, classified under item 100 of assets "Tax assets", were subject to the appropriate restatement of the same nature.

The item “Prepayments” is determined by the following costs for the year 2025:

Description	Amount
Insurance prepayments	25,755
Prepayments for software fees	224,571
Prepayments of syndicated loan costs	1,558,862
Deferred bond loan costs	75,640
Deferred securitisation costs	12,528
Deferred commercial paper costs	35,292
Sundry prepayments	505,640
Total	**2,438,288**

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 31/12/2024			Total 31/12/2023		
	to banks	to financial companies	to customers	to banks	to financial companies	to customers
1. Loans	**277,625,116**	**71,649,724**	**-**	**183,917,293**	**23,554,445**	**-**
1.1 repurchase agreements	-	-	-	-	-	-
1.2 other loans	277,625,116	71,649,724	-	183,917,293	23,554,445	-
2. Lease payables	**-**	**-**	**3,186,688**	**-**	**-**	**1,974,806**
3. Other payables	**-**	**202,235,521**	**3,699,753**	**-**	**166,501,036**	**803,190**
Total	**277,625,116**	**273,885,245**	**6,886,441**	**183,917,293**	**190,055,481**	**2,777,996**
Fair value – level 1	-	-	-	-	-	-
Fair value – level 2	-	-	-	-	-	-
Fair value – level 3	**277,625,116**	**273,885,245**	**6,886,441**	**183,917,293**	**190,055,481**	**2,777,996**
Total Fair Value	**277,625,116**	**273,885,245**	**6,886,441**	**183,917,293**	**190,055,481**	**2,777,996**

The total for this item therefore amounts to EUR 558,396,802.

Payables to banks refer to:

Technical form	Amount
Current account exposures for SBF advances	1,806,662
Unsecured loans	15,074,987
Pool loan	260,743,467
Total	**277,625,116**

As at reporting date, the following unsecured loans were outstanding:

Bank	Expiry	Residual capital
Cassa di Risparmio di Asti S.p.A.	22/04/2025	5,065,530
Banca Intesa S.p.A.	30/09/2027	10,000,000

With regard to the revolving pool loan agreement ("RCF Agreement"), it should be noted that on 4 December 2024 the Company – in the context of funding strategies – obtained an extension of the contract's expiry from the credit institutions from January 2025 to 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 Agreement and are in line with the contractual limits also with reference to 31 December 2024.
As part of renegotiation aimed at extending the duration of the RCF Agreement, some significant elements were obtained by the Company:
- contractual changes with improved operating conditions, also relating to the financing of foreign operations;
- increase in the amount of available funding from EUR 173 million to EUR 260 million, with an increase in the number of banks in the pool;
- reduction in the cost of the loan (spread on the 3-month Euribor from 162 to 150 basis points).

Payables for loans to financial companies mainly refer to payables for re-factoring with recourse on Italian and foreign invoices (refactoring transactions).
Other payables to financial companies refer to payables to the special purpose vehicle relating to the securitisation transaction concluded in December 2021 and renewed in December 2024 until December 2027, relating to a revolving portfolio of receivables deriving from factoring contracts with and without recourse 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 31 December 2024.
As anticipated, on 18 December 2024, the Company reached a preliminary agreement with the senior lenders to extend the maturity of the securitisation programme for a further three years, until December 2027. The conditions of the securitisation programme (in particular the spread on the Euribor) were substantially unchanged with respect to those in force at the date of renewal of the programme.

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 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	**12,776,933**	**-**	**-**	**12,776,933**	**12,781,091**	**-**	**-**	**12,781,091**
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	**12,776,933**	-	-	**12,776,933**	**12,781,091**	-	-	**12,781,091**
2. other securities	**64,065,273**	**64,065,273**	**-**	**-**	**19,856,178**	**19,856,178**	**-**	**-**
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	64,065,273	64,065,273	-	-	19,856,178	19,856,178	-	-
Total	**76,842,206**	**64,065,273**	**-**	**12,776,933**	**32,637,269**	**19,856,178**	**-**	**12,781,091**

With regard to bonds, during the months of September and October 2021, the Company issued and placed two Tier 2 subordinated bonds.
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 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, seven securities were issued and still not reimbursed. The first, with a duration of 6 months, was issued for a total of EUR 5 million - zero coupon - at a fixed annual rate of 4.65%. The second, with a duration of 10 months, was issued for a total of EUR 20 million - zero coupon - at a fixed annual rate of 4.95%. The third, with a duration of 3 and a half months, was issued for a total of EUR 10 million – zero coupon – at a fixed annual rate of 4.26%. The fourth, with a duration of 12 months, was issued for a total of EUR 5 million - zero coupon - at a fixed annual rate of 2.023%. The fifth, with a duration of 12 months, was issued for a total of EUR 5 million - zero coupon - at a fixed annual rate of 3.42%. The sixth, with a duration of 1 month, was issued for a total of EUR 10 million - zero coupon - at a fixed annual rate of 3.66%. The seventh and last, with a duration of 3 months, was issued for a total of EUR 10 million - zero coupon - at a fixed annual rate of 3.75%.

1.3 Payables and subordinated securities
The item "Debt securities issued", as already mentioned in the previous paragraph, includes subordinated securities of EUR 12.8 million, relating to the issue of Tier 2 bonds for a nominal amount of EUR 12.5 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 31/12/2024	Total 31/12/2023
Accrued expenses and deferred income	6,150,528	3,841,299
Payables to tax authorities	360,885	318,249
Social security and welfare institutions	261,689	199,902
Payables to employees	1,572,595	475,933
Payables to suppliers and lenders	3,287,255	2,462,378
Sundry payables	30,574,408	6,739,756
Total	**42,207,360**	**14,037,517**

The item "other payables" includes mainly 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 January 2025, and the differential between the bills presented at credit institutions and the relative positions still outstanding 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.

The item “Accrued expenses and deferred income” is composed as follows:

Description	Amount
Accrued expenses for 14 months' pay, holidays, leave, bonuses and related contributions	1,210,144
Miscellaneous accrued expenses	41,877
Deferred fee and commission income	4,807,950
Deferred tax assets	90,557
Total	**6,150,528**

Section 9 – Employee severance indemnity – Item 90

9.1 Employee severance indemnity: annual changes

	Total 31/12/2024	Total 31/12/2023
A. Opening balance	**1,471,156**	**1,316,956**
B. Increases	**217,408**	**194,056**
B.1 Provision for the year	217,408	194,056
B.2 Other increases	-	-
C. Decreases	**138,250**	**39,856**
C.1 Payments made	124,356	6,327
C.2 Other decreases	13,894	33,529
D. Closing balance	**1,550,314**	**1,471,156**

The liability recognised in the financial statements as at 31 December 2024, 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 as at 30 November 2024, the decision was taken to adopt an annual salary increase rate of 3.0% 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 size 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 2.0% flat;
Interest rates: the Europe Corporate AA rating curve produced by Bloomberg Finance as at 31 December 2024 was used.

The table below summarises the results of the sensitivity analysis (in thousands of Euro).

	Value of the DBO	Increase (or decrease) in the DBO
Basic assessment	**1,550**	
Sensitivity with respect to interest rates		
I) 0.5% decrease in rates	1,622	4.61%
II) 0.5% increase in interest rates	1,484	-4.27%
Sensitivity with respect to the salary scale		
III) 0.5% decrease in the salary scale	1,529	-1.38%
IV) 0.5% increase in the salary scale	1,573	1.47%

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions for risks and charges: breakdown

Items/Values	Total 31/12/2024	Total 31/12/2023
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	**186,116**	**164,705**
4. Other provisions for risks and charges	**22,579**	**1,423,182**
4.1 legal and tax disputes	-	-
4.2 personnel expenses	22,549	5,649
4.3 others	30	1,417,533
Total	**208,695**	**1,587,887**

10.2 Provisions for risks and charges: annual changes

	Provisions on other commitments and other guarantees issued	Pension funds	Other provisions for risks and charges	Total
A. Opening balance	**-**	**164,705**	**1,423,182**	**1,587,887**
B. Increases	**-**	**21,411**	**16,930**	**38,341**
B.1 Provision for the year	-	21,411	16,930	38,341
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to changes in the discount rate	-	-	-	-
B.4 Other increases	-	-	-	-
C. Decreases	**-**	**-**	**1,417,533**	**1,417,533**
C.1 Use in the year	-	-	1,417,533	1,417,533
C.2 Changes due to changes in the discount rate	-	-	-	-
C.3 Other decreases	-	-	-	-
D. Closing balance	**-**	**186,116**	**22,579**	**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 against the signing of a stability pact with some employees.

The decrease refers to the use of the provision set aside in 2022 and 2023 in relation to the long-term incentive plan accrued in the three-year period 2022-2024, and the use of the provision set aside for the two penalties imposed by the Bank of Italy on Generalfinance relating to the inspection conducted by the Supervisory Authority in 2022.

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, at the reporting date, the same disputes were all assessed as having a "remote" risk of losing, except for two:

- the first, originating in 2018, concerning a claim for the repayment 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 judgement in favour of the Company, relates to a request pursuant to Article 67 of the Bankruptcy Law, rejected by the court of first instance and re-proposed on appeal by the bankruptcy. The value of the case is EUR 2,246,457.00 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.

As at the reporting date, seven disputes were brought against the Company.

Section 11 – Shareholders' 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 share capital is equal to EUR 4,202,329.36 and is divided into no. 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.

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 41.375% of the share capital (roughly 53.533% of the voting rights taking into account the increased voting rights acquired);
- **Investment Club S.r.l. (IC)**, which holds approximately 9.555% of the share capital (approximately 9.413% of the voting rights taking into account the increased voting rights acquired);
- **BFF Bank S.p.A. (BFF)**, which holds approximately 8.021% of the share capital (approximately 5.189% of the voting rights);
- **First4Progress 1 S.r.l.** (formerly **First4Progress S.p.A.) (F4P)**, which owns approximately 5.391% of the share capital (approximately 6.662% of the voting rights, taking into account the increased voting rights acquired);
- **Banca del Ceresio SA (BS)**, which holds approximately 4.667% of the share capital (approximately 5.153% of the voting rights, taking into account the increased voting rights acquired);
- (free float) **market**, which overall holds approximately 30.991% of the share capital (approximately 20.050% 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 legitimately entitles to exercise the voting right, is assigned one additional vote at the due date of each period of twelve months following the accrual of the twenty-four month period referred to above up to a total maximum of ten voting rights per share.
As at 31 December 2024, the shareholders GGH - Gruppo General Holding S.r.l., Investment Club S.r.l., Firt4Progress 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 twenty-four-month period of uninterrupted registration in the Special List had been ascertained. On the same date, no shareholder accrued the enhanced voting increase.

11.2 Treasury shares: breakdown
As at 31 December 2024 and 31 December 2023, the Company held no treasury shares.

11.3 Equity instruments: breakdown
As at 31 December 2024 and 31 December 2023, 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	-

As at 31 December 2024, the item “Share premium reserve” did not change compared to the previous year.

11.5 Other information
Change in Reserves

	Legal	Extraordinary	FTA reserve	Revaluation reserve It. Law Decree no. 185/08	Valuation reserves	Total
A. Opening balance	**840,465**	**21,214,805**	**(770,669)**	**339,518**	**119,783**	**21,743,902**
B. Increases	**-**	**7,612,704**	**-**	**-**	**10,073**	**7,622,777**
B.1 Allocation of profits	-	7,612,704	-	-	-	7,612,704
B.2 Other changes	-	-	-	-	10,073	10,073
C. Decreases	-	-	-	-	-	-
C.1 Uses	-	-	-	-	-	-
- coverage of losses	-	-	-	-	-	-
- distribution	-	-	-	-	-	-
- transfer to capital	-	-	-	-	-	-
C.2 Other changes	-	-	-	-	-	-
D. Closing balance	**840,465**	**28,827,509**	**(770,669)**	**339,518**	**129,856**	**29,366,679**

The allocation of profits refers to the resolution of the ordinary shareholders' meeting of 5 April 2024, in which the 2023 profit of a total of EUR 15,067 thousand was allocated, also providing for the distribution of dividends totalling EUR 7,455 thousand.
The change in valuation reserves reflects the actuarial effect relating to employee severance indemnity.

Based on the provisions of Art. 2427, paragraph 7-bis, the possibilities of use and distribution of the individual balance sheet items are shown below.

Description	Amount	Possibility of use	Amount available	Summary of uses made in the three previous years	
				to cover losses	for other reasons
Share capital	**4,202,329**	---	-	-	-
Legal reserve	840,465	B	840,465	-	-
Share premium reserve	25,419,745	A, B	25,419,745	-	-
Extraordinary reserve	28,827,509	A, B, C	28,827,509	-	-
FTA reserve	(770,669)	---	-	-	-
Revaluation reserve It. Law Decree no. 185/08	339,518	A, B	339,518	-	-
Valuation reserves	129,856	---	-	-	-
Total	**58,988,753**		**55,427,237**	-	-

Key:
A = possibility of use for share capital increase
B = possibility of use to cover losses
C = possibility of use for distribution to shareholders
It should be noted that for the revaluation reserves, both the coverage of losses and the distribution are subject to the provisions on the matter provided for by Italian Law no. 342/2000.

Analysis of the distribution of profit for the year pursuant to Art. 2427, paragraph 22 septies of the Italian Civil Code
As regards the distribution of profit for the year, amounting to EUR 21,099,149.25, please refer to the conclusions of the Management Report.

Other information
In these financial statements, with the exception of what is reported in "Part D – Other information – D. Guarantees issued and Commitments", there are no commitments and financial guarantees given, other commitments and other guarantees issued, assets and liabilities subject to offsetting or master netting or similar agreements and securities lending transactions.

With reference to guarantees received, please refer to "Part B – Information on the Balance Sheet – ASSETS" paragraph "*4.6 Financial assets measured at amortised cost: guaranteed assets*".

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	31/12/2024	31/12/2023
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	-	-	X	-	-
3. Financial assets measured at amortised cost	-	**39,138,156**	-	**39,138,156**	**30,492,733**
3.1 Loans to banks	-	1,695,096	X	1,695,096	834,042
3.2 Receivables from financial companies	-	1,493,230	X	1,493,230	1,109,224
3.3 Loans to customers	-	35,949,830	X	35,949,830	28,549,467
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	**550,260**	**550,260**	**99,078**
6. Financial liabilities	X	X	X	-	-
Total	-	**39,138,156**	**550,260**	**39,688,416**	**30,591,811**
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	31/12/2024	31/12/2023
1. Financial liabilities measured at amortised cost	24,114,402	3,197,920	-	27,312,322	21,612,116
1.1 Due to banks	10,012,299	X	X	10,012,299	7,618,708
1.2 Payables to financial companies	14,015,858	X	X	14,015,858	11,265,491
1.3 Due to customers	86,245	X	X	86,245	44,078
1.4 Securities issued	X	3,197,920	X	3,197,920	2,683,839
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities	X	X	508	508	3
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	-	-
Total	**24,114,402**	**3,197,920**	**508**	**27,312,830**	**21,612,119**
of which: interest expense on lease payables	**86,245**	**X**	**X**	**86,245**	**44,078**

Section 2 – Commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

Detail	Total 31/12/2024	Total 31/12/2023
a) lease transactions	-	-
b) factoring transactions	41,149,967	31,709,532
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	**41,149,967**	**31,709,532**

2.2 Fee and commission expense: breakdown

Detail/Sectors	Total 31/12/2024	Total 31/12/2023
a) guarantees received	376	375
b) distribution of services by third parties	-	-
c) collection and payment services	-	-
d) other commissions	4,770,633	4,489,826
d.1 advances on business loans (It. Law no. 52/91)	1,751,095	1,678,603
d.2 others	3,019,538	2,811,223
Total	**4,771,009**	**4,490,201**

Fee and commission expense for advances on business receivables are represented by commissions and fees paid to third parties and fee and commission expense for re-factoring transactions.
The sub-item "Others" is mainly composed of bank charges and commissions for EUR 840,918 and costs incurred for credit insurance for EUR 2,119,586.

Section 3 – Dividends and similar income – Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 31/12/2024		Total 31/12/2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	98,166	-	-	-
C. Financial assets measured at fair value through other comprehensive income	-	-	-	-
D. Equity investments	-	-	-	-
Total	**98,166**	**-**	**-**	**-**

Section 4 – Net profit (loss) from trading – Item 80

4.1 Net profit (loss) from trading: breakdown

Transactions/Income components	Capital gains (A)	Profit from trading (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B)-(C+D)]
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**(519)**
4. Derivative instruments	**-**	**-**	**-**	**-**	**-**
4.1 Financial derivatives	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**(519)**

Section 7 – Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss – Item 110

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income components	Capital gains (A)	Net gains on sale (B)	Capital losses (C)	Losses on sale (D)	Net result [(A+B)-(C+D)]
1. Financial assets	**-**	**-**	**33,324**	**-**	**(33,324)**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	33,324	-	(33,324)
1.4 Loans	-	-	-	-	-
2. Financial assets in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**-**	**-**	**33,324**	**-**	**(33,324)**

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 31/12/2024	Total 31/12/2023
	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	**(922)**	**-**	**-**	**-**	**-**	**-**	**131**	**-**	**-**	**-**	**(791)**	**5,383**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	(743)
- other receivables	(922)	-	-	-	-	-	131	-	-	-	(791)	6,126
2. Receivables from financial companies	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(895)**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	(1)	-	-	-	-	-	-	-	-	-	(1)	(895)
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-
3. Loans to customers	**(567,132)**	**(30,688)**	**(14,789)**	**(1,243,337)**	**-**	**-**	**-**	**82,972**	**607,225**	**-**	**(1,165,749)**	**(1,268,575)**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	(567,132)	(30,688)	(14,789)	(1,243,337)	-	-	-	82,972	607,225	-	(1,165,749)	(1,268,575)
- for consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
- loans on pledge	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(568,055)**	**(30,688)**	**(14,789)**	**(1,243,337)**	**-**	**-**	**131**	**82,972**	**607,225**	**-**	**(1,166,541)**	**(1,264,087)**

The amounts included in the item "Loans to banks – other receivables" refer mainly to the amounts due from banks "on demand" reported in the item "Cash and cash equivalents".
Value adjustments include both allocations to the provision to cover expected credit losses and credit losses. The value of the write-offs recognised directly in the income statement is equal to EUR 14,789.
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 31/12/2024	Total 31/12/2023
1. Employees	**7,637,358**	**5,976,201**
a) wages and salaries	5,136,030	3,952,445
b) social security contributions	1,328,402	1,102,861
c) employee severance indemnity	9,216	6,311
d) social security expenses	-	-
e) employee severance indemnity provision	222,425	198,126
f) allocation to the provision for pensions and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external supplementary pension funds:	139,978	108,805
- defined contribution	139,978	108,805
- defined benefit	-	-
h) other employee benefits	801,307	607,653
2. Other active personnel	**-**	**-**
3. Directors and Statutory Auditors	**1,458,480**	**1,219,980**
4. Retired personnel	**-**	**-**
5. Expense recoveries for employees seconded to other companies	**-**	**-**
6. Reimbursement of expenses for employees seconded to the company	**-**	**-**
Total	**9,095,838**	**7,196,181**

Item "*h) other employee benefits*" and item "*3. Directors and Statutory Auditors*" include the bonus accrued under the long-term incentive plan for the period 2022-2024 approved by resolution of the Board of Directors at the meetings of 6 June and 22 November 2022.

10.2 Average number of employees broken down by category

	2024	2023
Employees	74	68
a) executives	3	2
b) middle managers	11	10
c) remaining employees	60	56
Other personnel	-	-
Total	**74**	**68**

10.3 Other administrative expenses: breakdown

Type of expense/Values	Total 31/12/2024	Total 31/12/2023
Professional fees and consultancy	3,090,732	2,892,075
Charges for indirect taxes and duties	171,151	139,098
Maintenance costs	74,405	75,441
Utility costs	183,604	136,637
Rent payable and condominium expenses	184,361	168,541
Insurance	39,725	38,590
Commercial information	785,523	698,631
Other administrative expenses	2,552,980	2,508,432
Total	**7,082,481**	**6,657,445**

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	31/12/2024	31/12/2023
1. Allocations to the pension fund	**(21,410)**	**-**	**-**	**-**	**(21,410)**	**(22,218)**
2. Allocations to other provisions for risks and charges:	**(30)**	**-**	**243,533**	**-**	**243,503**	**(60,000)**
a) legal and tax disputes	-	-	-	-	-	-
b) personnel expenses	-	-	243,533	-	243,533	-
c) others	(30)	-	-	-	(30)	(60,000)
Total	**(21,440)**	**-**	**243,533**	**-**	**222,093**	**(82,218)**

The write-back refers to the provision set aside in 2022 and 2023 in connection with the long-term incentive plan of an employee who terminated his/her employment during the first half of 2024.

Section 12 – Net value adjustments/write-backs on property, plant and equipment – Item 180

12.1 Net value adjustments/write-backs on property, plant and equipment: breakdown

Assets/Income component	Depreciation (a)	Value adjustments for impairment (b)	Write-backs (c)	Net result (a+b-c)
A. Property, plant and equipment	**(942,476)**	**-**	**-**	**(942,476)**
A.1 For functional use	(942,476)	-	-	(942,476)
- owned	(341,343)	-	-	(341,343)
- rights of use acquired through leases	(601,133)	-	-	(601,133)
A.2 Held for investment purposes	-	-	-	-
- owned	-	-	-	-
- rights of use acquired through leases	-	-	-	-
A.3 Inventories	X	-	-	X
Total	**(942,476)**	**-**	**-**	**(942,476)**

Section 13 – Net value adjustments/write-backs on intangible assets – Item 190

13.1 Net value adjustments/write-backs on intangible assets: breakdown

Assets/Income component	Depreciation (a)	Value adjustments for impairment (b)	Write-backs (c)	Net result (a+b-c)
1. Intangible assets other than goodwill	**(672,747)**	**-**	**-**	**(672,747)**
of which: software				
1.1 owned	(672,747)	-	-	(672,747)
1.2 rights of use acquired through leases	-	-	-	-
2. Assets relating to finance leases	-	-	-	-
3. Assets granted under operating leases	-	-	-	-
Total	**(672,747)**	**-**	**-**	**(672,747)**

Section 14 – Other operating income and expenses – Item 200

14.1 Other operating expenses: breakdown

	Total 31/12/2024	Total 31/12/2023
Contingent liabilities	(38,898)	(32,931)
Donations	(98,400)	(81,500)
Others	(128,762)	(134,848)
Total	**(266,060)**	**(249,279)**

14.2 Other operating income: breakdown

	Total 31/12/2024	Total 31/12/2023
Reimbursement of expenses	676,110	671,789
Insurance reimbursements	37,068	382,207
Contingent assets	393,681	1,159,975
Others	688,108	282,112
Total	**1,794,967**	**2,496,083**

The sub-item "Contingent assets" includes the following contributions and tax credits:

- Art bonus of EUR 39,000
- Capital goods 4.0 bonus of EUR 37,454
- Digital innovation for EUR 5,240

The sub-item "Others" includes EUR 517,177 for direct costs (essentially personnel costs) relating to the development of software generated internally.

Section 15 – Gains (losses) on equity investments – Item 220

15.1 Gains (Losses) on equity investments: breakdown

Items	Total 31/12/2024	Total 31/12/2023
1. Income	-	-
1.1 Revaluations	-	-
1.2 Gains on disposal	-	-
1.3 Write-backs	-	-
1.4 Other income	-	-
2. Charges	(68,750)	-
2.1 Write-downs	(68,750)	-
2.2 Losses on disposal	-	-
2.3 Value adjustments for impairment	-	-
2.4 Other charges	-	-
Net result	**(68,750)**	**-**

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

19.1 Income taxes for the year on current operations: breakdown

	Total 31/12/2024	Total 31/12/2023
1. Current taxes (-)	(10,361,986)	(7,077,869)
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 (+/-)	(81,729)	134,413
5. Change in deferred tax liabilities (+/-)	1,830	9,220
6. Taxes for the year (-) (-1+/-2+3+3 bis+/-4+/-5)	**(10,441,885)**	**(6,934,236)**

Current taxes are due for EUR 8,459,962 for IRES and EUR 1,902,024 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 575,487 for new deferred tax assets arising during the financial year and decreases of EUR 657,216 due to the reabsorption of the increase made in the previous year and of the reversals as envisaged by the regulations.

19.2 Reconciliation between theoretical tax charge and actual tax charge in the financial statements

	IRES	Rates	IRAP	Rates
TAXES ON GROSS PROFIT FOR THE YEAR	8,673,785	27.50%	1,756,836	5.57%
Remuneration not paid to directors	53,968	0.17%	0	0.00%
Directors' bonuses to be paid	276,937	0.88%	0	0.00%
Non-deductible transport costs	35,915	0.11%	0	0.00%
Non-deductible amortisation and rights of use	92,034	0.29%	8,997	0.03%
Hotel/meal expenses and entertainment	18,482	0.06%	0	0.00%
Sundry non-deductible expenses	17,271	0.05%	0	0.00%
Telephone expenses	9,116	0.03%	0	0.00%
Employee severance indemnity – actuarial portion of the income statement	11,320	0.04%	0	0.00%
Write-downs and non-deductible provisions	232,886	0.74%	0	0.00%
Write-down of equity investments	18,906	0.06%	0	0.00%
Hospitality expenses	26,408	0.08%	0	0.00%
Dividends from provisions	0	0.00%	2,736	0.01%
Other administrative expenses - IRAP	0	0.00%	39,449	0.13%
Personnel expenses	0	0.00%	147,977	0.47%
Other IRES increases	12,714	0.04%	0	0.00%
Other IRAP increases	0	0.00%	1,507	0.00%
Bad debt provision for previous years	(28,170)	(0.09%)	(2,491)	(0.01%)
Remuneration to directors paid from previous years	(23,015)	(0.07%)	0	(0.00%)
Employee severance indemnity not deducted in previous years	0	(0.00%)	0	(0.00%)
10% deduction – IRAP and IRAP on personnel	(37,019)	(0.12%)	0	(0.00%)
Effects of IFRS 16 – Lease payments	(101,428)	(0.32%)	0	(0.00%)
Portions of costs that cannot be capitalised – IAS	(171)	(0.00%)	0	(0.00%)
Super-amortisation	(9,465)	(0.03%)	0	(0.00%)
Untaxed contingent assets	(22,898)	(0.07%)	0	(0.00%)
Increase in personnel costs	(28,870)	(0.09%)	0	(0.00%)
Patent Box benefit	(149,487)	(0.47%)	(30,278)	(0.10%)
Use of provision for risks and charges	(616,153)	(1.95%)	0	(0.00%)
Other IRES decreases	(3,104)	(0.01%)	0	(0.00%)
Income taxed for IRAP correlation	0	0.00%	(22,366)	(0.07%)
Other IRAP decreases	0	0.00%	(343)	(0.00%)
TOTAL TAX CHANGES	(213,823)	(0.67%)	145,188	0.46%
INCOME TAXES AND ACTUAL TAX RATE	8,459,962	26.83%	1,902,024	6.03%
Change in deferred tax assets	79,279	0.25%	2,450	0.01%
Change in deferred tax liabilities	(1,830)	(0.01%)	0	0.00%
TOTAL TAXES	8,537,411	27.07%	1,904,474	6.04%
Overall total taxes	**10,441,885**	**33.11%**		

Earnings per share

The methods for calculating the basic earnings (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	31/12/2024	31/12/2023
Earnings (loss) attributable to holders of ordinary shares	21,099,149	15,067,393
Weighted average of ordinary shares	12,635,066	12,635,066
Basic earnings (loss) per share	**1.67**	**1.19**

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.

Section 21 – Income statement: other information

21.1 Breakdown of interest income and fee and commission income

Items/Counterparty	Interest income			Fee and commission income			Total 31/12/2024	Total 31/12/2023
	Banks	Financial companies	Customers	Banks	Financial companies	Customers		
1. Finance leases	-	-	-	-	-	-	-	-
- real estate	-	-	-	-	-	-	-	-
- movable assets	-	-	-	-	-	-	-	-
- capital goods	-	-	-	-	-	-	-	-
- intangible assets	-	-	-	-	-	-	-	-
2. Factoring	**-**	**-**	**35,949,830**	**-**	**-**	**41,149,967**	**77,099,797**	**60,258,999**
- on current receivables	-	-	22,542,181	-	-	25,652,568	48,194,749	43,916,115
- on future receivables	-	-	4,240,231	-	-	6,076,053	10,316,284	4,394,566
- on receivables purchased outright	-	-	9,167,418	-	-	9,421,346	18,588,764	11,948,318
- on receivables purchased below the original value	-	-	-	-	-	-	-	-
- for other loans	-	-	-	-	-	-	-	-
3. Consumer credit	-	-	-	-	-	-	-	-
- personal loans	-	-	-	-	-	-	-	-
- targeted loans	-	-	-	-	-	-	-	-
- salary-backed loan	-	-	-	-	-	-	-	-
4. Pledged loans	-	-	-	-	-	-	-	-
5. Guarantees and commitments	-	-	-	-	-	-	-	-
- commercial	-	-	-	-	-	-	-	-
- financial	-	-	-	-	-	-	-	-
Total	**-**	**-**	**35,949,830**	**-**	**-**	**41,149,967**	**77,099,797**	**60,258,999**

The difference between the amount of interest income shown in the table above and that of table 1.1 – PART C – Section 1 – Interest is mainly given by the interest income from banks and interest income deriving from the securitisation transaction.

21.2 Other information

Analytical breakdown of interest expense and similar charges

Technical form	Amount
Current accounts payable	81,751
Pool loan	9,365,645
Mortgages	564,903
Advance invoices in Italy and abroad	3,283,849
Bonds	1,394,981
Commercial paper	1,802,939
Securitisation	10,732,009
Lease payables	86,245
Other interest expense	508
Total	**27,312,830**

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 31/12/2024			Total 31/12/2023		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing	**612,493,367**	**1,572,337**	**610,921,030**	**461,502,635**	**1,057,490**	**460,445,145**
• exposures to transferors (with recourse)	416,579,491	1,201,703	415,377,788	339,282,225	810,970	338,471,255
- assignment of future receivables	81,068,333	790,429	80,277,904	38,503,033	441,691	38,061,342
- others	335,511,158	411,274	335,099,884	300,779,192	369,279	300,409,913
• exposures to transferred debtors (without recourse)	195,913,876	370,634	195,543,242	122,220,410	246,520	121,973,890
2. Non-performing	**5,524,082**	**1,499,573**	**4,024,509**	**2,819,952**	**899,602**	**1,920,350**
2.1 Bad loans	2,513,329	1,159,630	1,353,699	1,890,833	776,898	1,113,935
• exposures to transferors (with recourse)	2,513,329	1,159,630	1,353,699	1,890,833	776,898	1,113,935
- assignment of future receivables	388,051	310,441	77,610	481,239	240,620	240,619
- others	2,125,278	849,189	1,276,089	1,409,594	536,278	873,316
• exposures to transferred debtors (without recourse)	-	-	-	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
2.2 Unlikely to pay	2,766,421	324,695	2,441,726	929,119	122,704	806,415
• exposures to transferors (with recourse)	2,766,421	324,695	2,441,726	929,119	122,704	806,415
- assignment of future receivables	-	-	-	75,557	11,334	64,223
- others	2,766,421	324,695	2,441,726	853,562	111,370	742,192
• exposures to transferred debtors (without recourse)	-	-	-	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
2.3 Non-performing past due exposures	244,332	15,248	229,084	-	-	-
• exposures to transferors (with recourse)	218,222	12,389	205,833	-	-	-
- assignment of future receivables	-	-	-	-	-	-
- others	218,222	12,389	205,833	-	-	-
• exposures to transferred debtors (without recourse)	26,110	2,859	23,251	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	26,110	2,859	23,251	-	-	-
Total	**618,017,449**	**3,071,910**	**614,945,539**	**464,322,587**	**1,957,092**	**462,365,495**

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.2 – Breakdown by residual life

B.2.1 – Factoring transactions with recourse: advances and “total receivables”

Time bands	ADVANCES		TOTAL RECEIVABLES	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
- on demand	61,955,591	59,826,176	88,130,204	84,626,615
- up to 3 months	312,715,107	235,922,583	320,742,419	266,675,970
- over 3 months to 6 months	35,035,041	41,840,282	32,298,002	30,765,060
- from 6 months to 1 year	8,299,834	1,300,753	4,019,242	150,731
- over 1 year	1,373,473	1,501,811	2,387,319	-
- indefinite duration	-	-	-	-
Total	**419,379,046**	**340,391,605**	**447,577,186**	**382,218,376**

The table provides a breakdown of the exposures of assets to transferors for factoring transactions and the related total receivables, broken down by maturity.

B.2.2 – Factoring transactions without recourse: exposures

Time bands	EXPOSURES	
	31/12/2024	31/12/2023
- on demand	36,462,747	18,345,014
- up to 3 months	118,477,702	95,645,678
- over 3 months to 6 months	20,758,916	7,802,362
- from 6 months to 1 year	11,952,040	180,836
- over 1 year	7,915,088	-
- indefinite duration	-	-
Total	**195,566,493**	**121,973,890**

B.3 – Other information

B.3.1 – Turnover of receivables subject to factoring transactions

Items	31/12/2024	31/12/2023
1. Transactions without recourse	723,989,643	612,966,197
- of which: purchases below nominal value		
2. Transactions with recourse	2,017,764,920	1,781,994,192
Total	**2,741,754,563**	**2,394,960,389**

The table details the turnover of transferred receivables (the gross flow of receivables transferred by customers to the Company during the year), distinguishing transactions based on whether or not the transferor has assumed the guarantee of the transferred debtor’s solvency.

B.3.2 – Collection services

The Company did not carry out collection-only services in 2024.

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

Items	31/12/2024	31/12/2023
Flow of contracts for the purchase of future receivables during the year	287,792,603	164,314,119
Amount of contracts outstanding at year-end	135,689,882	59,170,246

As at 31 December 2024, the net exposure for future receivables amounted to EUR 80,355,514.

D. Guarantees given and commitments

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

Transactions	Amount 31/12/2024	Amount 31/12/2023
1. Financial guarantees issued on first demand	**93,374,071**	**32,592,007**
a) Banks	21,724,347	9,037,562
b) Financial companies	71,649,724	23,554,445
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	**93,374,071**	**32,592,007**

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 31 December 2024, the credit balance of the current accounts subject to the pledge amounted to EUR 21,724,347, while the payable relating to the loan, including interest payable accrued, amounted to EUR 260,743,467.

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/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 exposure with recourse, is equal to the debt for transfer transactions with recourse as at the reference date.

D.3 – Guarantees (secured or personal) issued: risk level assumed and quality

Type of risk assumed	Performing guarantees issued				Non-performing guarantees issued: bad loans				Other non-performing guarantees			
	Counter-guaranteed		Others		Counter-guaranteed		Others		Counter-guaranteed		Others	
	Gross value	Total provisions	Gross value	Total provisions	Gross value	Total provisions	Gross value	Total provisions	Gross value	Total provisions	Gross value	Total provisions
Guarantees issued with assumption of first loss risk	**-**	**-**	**93,374,071**	**218**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- first demand financial guarantees	-	-	93,374,071	218	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees issued with mezzanine risk-taking	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- first demand financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees issued pro rata	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- first demand financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- other financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**93,374,071**	**218**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

D.11 – Change in performing guarantees issued (secured or personal)

Amount of changes	Financial guarantees on first demand		Other financial guarantees		Commercial guarantees	
	Counter-guaranteed	Others	Counter-guaranteed	Others	Counter-guaranteed	Others
(A) Initial gross value	**-**	**32,592,007**	**-**	**-**	**-**	**-**
(B) Increases	**-**	**60,782,064**	**-**	**-**	**-**	**-**
- (b1) guarantees issued	-	60,782,064	-	-	-	-
- (b2) other increases	-	-	-	-	-	-
(C) Decreases	**-**	**-**	**-**	**-**	**-**	**-**
- (c1) guarantees not enforced	-	-	-	-	-	-
- (c2) transfers to non-performing guarantees	-	-	-	-	-	-
- (c3) other decreases	-	-	-	-	-	-
(D) Final gross value	**-**	**93,374,071**	**-**	**-**	**-**	**-**

D.12 – Changes in total value adjustments/provisions

Reasons/Categories	Amount
A. Initial total value adjustments/provisions	**181**
B. Increases	**37**
B.1 value adjustments from purchased or originated impaired financial assets	-
B.2 other value adjustments/provisions	37
B.3 losses on disposal	-
B.4 contractual changes without derecognitions	-
B.5 other increases	-
C. Decreases	**-**
C.1 write-backs from valuation	-
C.2 write-backs from collection	-
C.3 gains on disposal	-
C.4 write-offs	-
C.5 contractual changes without derecognitions	-
C.6 other decreases	-
D. Total closing value adjustments/provisions	**218**

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 therefore 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 31 December 2024 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 31 December 2024, the payable to the special purpose vehicle (including accrued interest) amounted to EUR 202,235,521.

The capital structure – with the relative nominal 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 of senior notes)	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	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. 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 for A1 and A2 notes 1-month EURIBOR with floor at 0% + Margin for A3 notes
Margin	1.2% for A1 and A2 notes 1.15% 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 incurring 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 determine 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**: 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 that could entail value adjustments also on the 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**: the current or future risk of a decline in profits or capital deriving from a negative perception of the image of the intermediary by customers, counterparties, shareholders of the intermediary, investors or supervisory authorities. Conversely, reputation represents an essential intangible resource and is considered a distinctive element on which a lasting competitive advantage is based.
- **Risk of non-compliance**: risk of incurring judicial or administrative sanctions, significant financial losses or damage to reputation as a result of violations of mandatory provisions (of law or regulations) or of self-regulation rules (e.g. articles of association, codes of conduct, etc.), including legislation governing international money laundering/terrorism financing and legislation governing the transparency of banking and financial transactions and 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 Office 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 the third-level controls as Internal Audit Function. Specifically, it monitors the regular performance of operations and the evolution of risks as well as assesses the completeness, adequacy, functionality and reliability of the organisational structure and the internal control system;
- 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 monitors in detail the trend of the main risk indicators with a specific "tableau de bord Risk", which is presented quarterly to the Board of Directors, and through the monitoring of the main indices defined in the Risk Appetite Framework, through a specific quarterly disclosure (Risk Appetite Statement), submitted to the Board.

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.

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 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 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, modelling, 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 – in the context 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 evaluation and management is carried out by the Credit and Operations Departments, according to the respective areas of competence.

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 over the course of the relationship with the transferor customers, assists the Collection Office in the judicial debt collection activities and manages disputes by maintaining relations with the appointed lawyers, providing them with indications and agreeing on strategies for legal proceedings;
- 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.

Credit disbursement is mainly the responsibility of the Company’s Credit Committee on the basis of the powers granted to it by the Board of Directors. Certain proxies regarding debtor credit limits are also attributed to the Chief Lending Officer.

The Credit Committee is composed of six members, of which three with voting rights and three without voting rights.

Members with voting rights are:

- the Chief Executive Officer;
- the Head of the Credit Department (CLO);
- the Head of the Sales Department (CCO).

Non-voting members are:

- the Head of the Operations Department (COO);
- the Head of the Corporate Customer Management Office;
- the Head of the Retail Customer Management 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, who intervenes with an advisory function, without voting rights.

The resolutions of the Credit Committee are passed by open vote and by simple majority of the members present with voting rights. Although each of the members with voting rights may cast only one vote, if the Chief Executive Officer (as a connecting and controlling element of the Board of Directors) is placed in a minority, the decision cannot be validly taken by the Credit Committee but is referred to the Board of Directors.

The Head of the Transferor Assessment Office also participates in the meetings of the Credit Committee, in his/her capacity as Secretary of the Credit Committee and, depending on the topics dealt with or the subject of the resolution, the customer commercial managers (each with reference to the entities within its competence).

As part of its functions, the Committee performs an in-depth analysis of the documentation and the level of risk of the loan transaction and resolves, if the assessment is positive, the disbursement of the loan.

In the analysis phase, the Credit Committee is supported by the proprietary management information system (Generalweb/TOR) and by the data analytics system (QLIK), 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 functions 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 and the resolution adopted by the Credit Committee, the process concludes with the generation of specific disclosures for the various company departments and customers concerned.

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 Personnel 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 and Spanish companies, taking into account the opening of a branch in Madrid authorised by the Bank of Italy during the year. 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 transactions without recourse 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 or the CLO as the case may be (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 ("Infoproviders"); 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. This may have as its object 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 Not Disbursed Available amounts 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 and review: 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 transferor and the value of the guarantees should change.

• Renewal/Review: 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.

Pricing

The pricing of factoring transactions is calculated on the basis of a preliminary assessment by the Transferor, but is significantly affected by the outcome of the analysis of the transferred debtors.

To this end, the following are relevant for commercial proposal purposes:

- the turnover forecasts proposed by the transferor (the turnover cluster);
- the overall risk of the relationship summarised by the "transaction score" (understood as the risk assessment on the Transferor together with the risk assessment on the assigned debtor portfolio);
- the complexity of the relationship, representative of a proxy of operating expenses, calculated by evaluating a set of indicators that reflect the cost of managing the case such as, for example, the number of debtors, the percentage of foreign counterparties out of the total, the form of payment and credit management by the Factor.

The final pricing is determined as the sum of the interest rate (consisting of a fixed spread and the 3-month Euribor base 365 recorded on the penultimate business day of the previous month and which remunerates the disbursement of the financial advance and the credit and liquidity risk assumed by the factor), defined on the basis of turnover and scoring, and the commission rate, defined on the basis of turnover, scoring and the complexity of the relationship. The commission rate is designed to evaluate the service component of the factoring business, which primarily involves managing the receivables portfolio, from invoice acquisition to collection.

The result – whose starting values are reviewed annually according to the business plan adopted by the Company – also taking into account "commercial oversight" understood as the ratio between the sales volumes developed by the Transferor with the Company with respect to its potential can be recognised from its sales revenues.

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 differently assessed 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 summarizes 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 composition 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, there are minimum insurance coverage thresholds 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 – Stage 1 and Stage 2
The Company – 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 – provides for the allocation of financial assets in three clusters called Stage, 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) a target, probability-weighted amount determined by assessing a range of possible outcomes;
b) the time value of money, discounting the expected cash flows at the reporting date;
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 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 technical time 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 reproportioned 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 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 intercepted through the use of 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 probability of default 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 the "advance payments on future receivables" product, a specific treatment is envisaged for the calculation of the ECL. In particular:

- in cases where the nominal value of the receivables assigned with recourse is greater than or equal to 50% of the exposure relating to the future receivables of the same transferor, the Probability of Default (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;
- in cases where the nominal value of the receivables transferred with recourse is less than 50% of the exposure relating to the future receivables of the same transferor, the Probability of Default (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 a 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 or 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 infoproviders 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 with Allianz Trade (formerly Euler Hermes S.A.), secondary office and general representation for Italy, two insurance policies against 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 the management of credit risk (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:
  - 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;
  - 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 assesses 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).

In addition, 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.

<u>External ratings provided by ECAI</u>
For the purposes of the Standardised Approach, to determine the risk weight of an exposure, the regulator envisages the use of the external credit assessment only if issued, or endorsed, by an external credit assessment agency (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 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 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 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 from the transferred debtor and in the case of transfer with recourse, also against the transferor.

<u>Classification – Stage 3</u>

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.

<u>Expected Credit Loss – Stage 3</u>

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.
Exposure at Default (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 commitment component 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 envisages 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	1,353,699	2,441,726	229,084	15,447,585	595,473,445	614,945,539
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	-	-	-	-	8,145,408	8,145,408
5. Financial assets held for sale	-	-	-	-	-	-
Total 31/12/2024	**1,353,699**	**2,441,726**	**229,084**	**15,447,585**	**603,618,853**	**623,090,947**
Total 31/12/2023	**1,113,935**	**806,415**	**-**	**15,069,753**	**445,398,366**	**462,388,469**

2. Distribution of financial assets by portfolio and by credit quality (gross and net values)

Portfolios/Quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs	Gross exposure	Total value adjustments	Net exposure	
1. Financial assets measured at amortised cost	5,524,082	1,499,573	4,024,509	-	612,493,367	1,572,337	610,921,030	614,945,539
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	8,145,408	8,145,408
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31/12/2024	**5,524,082**	**1,499,573**	**4,024,509**	**-**	**612,493,367**	**1,572,337**	**619,066,438**	**623,090,947**
Total 31/12/2023	**2,819,952**	**899,602**	**1,920,350**	**-**	**461,502,635**	**1,057,490**	**460,468,119**	**462,388,469**

3. Distribution of financial assets by past due brackets (book values)

Portfolios/risk stages	First stage			Second stage			Third stage			Purchased or Originated Impaired		
	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortised cost	5,997,117	2,574,452	208,937	2,860,663	3,389,133	417,283	43,375	2,697	1,463,250	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**5,997,117**	**2,574,452**	**208,937**	**2,860,663**	**3,389,133**	**417,283**	**43,375**	**2,697**	**1,463,250**	**-**	**-**	**-**
Total 31/12/2023	**8,647,125**	**4,525,446**	**14,034**	**996,199**	**738,554**	**148,395**	**99,471**	**738,523**	**426,944**	**-**	**-**	**-**

4. Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and total provisions

Causes/ risk stages	Total value adjustments																								Total provisions on commitments to disburse funds and financial guarantees issued				Total
	Assets included in the first stage						Assets included in the second stage						Assets included in the third stage						Purchased or originated impaired financial assets									
	On demand loans to banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other	Financial assets held for sale	of which: individual	of which: collective write-downs	On demand loans to banks	Financial assets measured at amortised cost	Financial assets measured at fair value	Financial assets held for	of which: individual	of which: collective write-downs	On demand loans to banks	Financial assets measured at amortised cost	Financial assets measured at fair value	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised	Financial assets measured at fair value through other	Financial assets held for	of which: individual write-downs	of which: collective write-downs	First stage	Second stage	Third stage	Commitments to disburse funds and financial guarantees issued – purchased and/or originated	
Initial total adjustments	**433**	**890,927**	-	-	-	**891,360**	-	**166,563**	-	-	-	**166,563**	-	**899,602**	-	-	**899,602**	-	-	-	-	-	-	-	-	-	-	**1,957,525**
Increases from purchased or originated financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net value adjustments/write-backs for credit risk (+/-)	793	567,132	-	-	-	567,925	-	(52,285)	-	-	-	(52,285)	-	636,112	-	-	636,112	-	-	-	-	-	-	-	-	-	-	1,151,752
Contractual changes without derecognitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,141)	-	-	(36,141)	-	-	-	-	-	-	-	-	-	-	(36,141)
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final total adjustments	**1,226**	**1,458,059**	-	-	-	**1,459,285**	-	**114,278**	-	-	-	**114,278**	-	**1,499,573**	-	-	**1,499,573**	-	-	-	-	-	-	-	-	-	-	**3,073,136**
Recoveries from collections on financial assets subject to write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	14,789	-	-	14,789	-	-	-	-	-	-	-	-	-	-	14,789

5. Financial assets, commitments to disburse funds and financial guarantees issued: transfers between the different stages of credit risk (gross and nominal values)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage	
	From first stage to second stage	From second stage to first stage	From second stage to third stage	From third stage to second stage	From first stage to third stage	From third stage to first stage
1. Financial assets measured at amortised cost	13,665,628	20,329,168	-	4,024,849	714,469	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets under development	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees issued	-	-	-	-	-	-
Total 31/12/2024	**13,665,628**	**20,329,168**	**-**	**4,024,849**	**714,469**	**-**
Total 31/12/2023	**15,797,578**	**1,384,184**	**-**	**-**	**2,069,138**	**-**

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

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	**122,398,213**	**122,398,213**	**-**	**-**	**-**	**1,226**	**1,226**	**-**	**-**	**-**	**122,396,987**	**-**
a) Non-performing	X	X	-	-	-	X	X	-	-	-	-	-
b) Performing	122,398,213	122,398,213	-	X	-	1,226	1,226	-	X	-	122,396,987	-
A.2 Others	**74,757**	**74,757**	**-**	**-**	**-**	**1**	**1**	**-**	**-**	**-**	**74,756**	**-**
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	74,757	74,757	-	X	-	1	1	-	X	-	74,756	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**122,472,970**	**122,472,970**	**-**	**-**	**-**	**1,227**	**1,227**	**-**	**-**	**-**	**122,471,743**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	X	X	-	-	-	X	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B)	**122,472,970**	**122,472,970**	**-**	**-**	**-**	**1,227**	**1,227**	**-**	**-**	**-**	**122,471,743**	**-**

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	2,513,329	X	-	2,513,329	-	1,159,630	X	-	1,159,630	-	1,353,699	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	2,766,421	X	-	2,766,421	-	324,695	X	-	324,695	-	2,441,726	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	244,332	X	-	244,332	-	15,248	X	-	15,248	-	229,084	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	15,613,161	8,888,321	6,724,840	X	-	165,576	107,815	57,761	X	-	15,447,585	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	596,805,449	587,194,011	9,611,438	X	-	1,406,760	1,350,242	56,518	X	-	595,398,689	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**617,942,692**	**596,082,332**	**16,336,278**	**5,524,082**	**-**	**3,071,909**	**1,458,057**	**114,279**	**1,499,573**	**-**	**614,870,783**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (B)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B)	**617,942,692**	**596,082,332**	**16,336,278**	**5,524,082**	**-**	**3,071,909**	**1,458,057**	**114,279**	**1,499,573**	**-**	**614,870,783**	**-**

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

6.5 Credit exposures to customers: trend in gross non-performing exposures

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Initial gross exposure	**1,890,833**	**929,119**	**-**
- of which: exposures sold but not derecognised	-	-	-
B. Increases	**2,083,932**	**2,766,421**	**244,332**
B.1 inflows from performing exposures	2,083,932	2,766,421	244,332
B.2 inflows from purchased or originated impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	-	-	-
B.4 contractual changes without derecognitions	-	-	-
B.5 other increases	-	-	-
C. Decreases	**1,461,436**	**929,119**	**-**
C.1 outflows to performing exposures	-	-	-
C.2 write-offs	36,141	-	-
C.3 collections	1,425,295	929,119	-
C.4 gains on disposals	-	-	-
C.5 losses on disposal	-	-	-
C.6 transfers to other categories of non-performing exposures	-	-	-
C.7 contractual changes without derecognitions	-	-	-
C.8 other decreases	-	-	-
D. Closing gross exposure	**2,513,329**	**2,766,421**	**244,332**
- of which: exposures sold but not derecognised	-	-	-

6.6 Non-performing cash credit exposures to customers: trend in total value adjustments

Reasons/Categories	Bad loans		Unlikely to pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Initial total adjustments	**776,898**	**-**	**122,704**	**-**	**-**	**-**
- of which: exposures sold but not derecognised	-	-	-	-	-	-
B. Increases	**903,394**	**-**	**324,695**	**-**	**15,248**	**-**
B.1 Value adjustments from purchased or originated impaired financial assets	-	X	-	X	-	X
B.2 other value adjustments	903,394	-	324,695	-	15,248	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 contractual changes without derecognitions	-	-	-	-	-	-
B.6 other increases	-	-	-	-	-	-
C. Decreases	**520,662**	**-**	**122,704**	**-**	**-**	**-**
C.1 write-backs from valuation	-	-	-	-	-	-
C.2 write-backs from collection	484,521	-	122,704	-	-	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	36,141	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 contractual changes without derecognitions	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Final total adjustments	**1,159,630**	**-**	**324,695**	**-**	**15,248**	**-**
- of which: exposures sold but not derecognised	-	-	-	-	-	-

7. Classification of financial assets, commitments to disburse funds and financial guarantees issued based on external and internal ratings

7.1 Distribution of financial assets, commitments to disburse funds and financial guarantees issued by external rating classes (gross values)

Exposures	External rating classes						Without rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	**3,222,709**	**111,593,609**	**38,106,967**	**63,477,693**	**26,461,921**	**1,764,911**	**373,389,639**	**618,017,449**
- First stage	3,222,709	111,363,891	37,710,445	63,317,935	26,387,177	1,764,911	352,390,021	596,157,089
- Second stage	-	229,718	290,426	159,758	74,744	-	15,581,632	16,336,278
- Third stage	-	-	106,096	-	-	-	5,417,986	5,524,082
- Purchased or Originated Impaired	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or Originated Impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or Originated Impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	**3,222,709**	**111,593,609**	**38,106,967**	**63,477,693**	**26,461,921**	**1,764,911**	**373,389,639**	**618,017,449**
D. Commitments to disburse funds and financial guarantees issued	**-**	**-**	**-**	**-**	**-**	**-**	**93,374,071**	**93,374,071**
- First stage	-	-	-	-	-	-	**93,374,071**	**93,374,071**
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or Originated Impaired	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**93,374,071**	**93,374,071**
Total (A+B+C+D)	**3,222,709**	**111,593,609**	**38,106,967**	**63,477,693**	**26,461,921**	**1,764,911**	**466,763,710**	**711,391,520**

Table 7.1 shows the exposures with external rating. In this case, reference was made to the ratings used also for regulatory purposes. For the purposes of the Standardised approach, to determine the risk weighting factor of an exposure, the regulations provide for the use of the external assessment of creditworthiness only if issued, or endorsed, by an external assessment agency of creditworthiness (External Credit Assessment Institution "ECAI"). The list of authorised ECAIs is periodically published on the European Banking Authority (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 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 Payable amount greater than EUR 2 million.
Lastly, with reference to specific exposures, the Company acquires guarantees provided by SACE S.p.A. for risk mitigation purposes.

The table below shows the correspondence of the rating classifications calculated by the ECAI with the creditworthiness classes defined at regulatory level.

Cerved Rating Agency	Modefinance	Creditworthiness class	Weighting
A1.1, A1.2, A1.3	from A2- to A1	1	20%
A2.1, A2.2, A3.1	from A3- to A3+	2	50%
B1.1, B1.2	from B1- to B1+	3	100%
B2.1, B2.2	from B2- to B2+	4	100%
C1.1	from B3- to B3+	5	150%
C1.2, C2.1	from C1+ and below	6	150%

9. Credit concentration

9.1 Distribution of cash and off-balance sheet credit exposures by sector of economic activity of the counterparty

	Amount
Other operators	-
Public bodies and central administrations	9,249,959
Banks and financial companies	122,471,743
Non-financial companies and producer households	605,620,824
Others	-
Total 31/12/2024	**737,342,526**

9.2 Distribution of cash and off-balance sheet credit exposures by counterparty geographical area

	Amount of cash assets	Amount of off-balance sheet assets
Italy	727,728,471	-
Other European countries	7,310,345	-
America	2,303,710	-
Total 31/12/2024	**737,342,526**	**-**

9.3 Large Exposures

(values in Euro)	31/12/2024
a) book value	325,051,253
b) weighted value	125,010,734
c) number	17

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 Payable amount greater than EUR 2 million.
Lastly, with reference to specific exposures, the Company acquires guarantees provided by SACE S.p.A. for risk mitigation purposes.

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.

Quantitative information

1. Distribution by residual duration (repricing date) of financial assets and liabilities

Items residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	Over 10 years	Indefinite duration
1. Assets	**220,767,545**	**431,240,622**	**55,765,960**	**18,395,279**	**11,173,151**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
1.2 Receivables	220,767,545	431,240,622	55,765,960	18,395,279	11,173,151	-	-	-
1.3 Other assets	-	-	-	-	-	-	-	-
2. Liabilities	**21,493,045**	**576,414,343**	**19,647,845**	**9,987,387**	**6,612,139**	**649,944**	**434,311**	**-**
2.1 Payables	21,216,110	534,110,343	129,734	244,225	1,612,139	649,944	434,311	-
2.2 Debt securities	276,935	42,304,000	19,518,111	9,743,162	5,000,000	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives options	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

The sub-item "Receivables" of the Assets includes EUR 122,396,987 of loans to banks.

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

The Company has adopted the definition of operational risk as "risk of losses deriving from the inadequacy or failure of procedures, human resources and internal systems, or from external events". The Company is constantly engaged in the implementation of processes and controls – also with regard to the proprietary IT platform – in order to improve the monitoring of operational risks.

Generalfinance 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 carried out directly by the process owners;
- second-level controls, pertaining to the recognition of operational risk, carried out by the Risk Management Office through: i) Risk Assessment in which the Potential Risk and the Residual Risk are measured and ii) registration of actual losses;
- 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 2022-2024 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 75 days in 2024) 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.

Quantitative information

1. Time distribution of financial assets and liabilities by residual contractual duration

Items/Time brackets	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 3 years	From over 3 years to 5 years	Over 5 years	Indefinite duration
Cash assets	**229,117,267**	**14,364,595**	**38,402,521**	**79,826,874**	**302,427,872**	**56,123,331**	**18,451,828**	**11,199,327**	**-**	**-**	**-**
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	220,994,833	14,364,595	38,402,521	79,826,874	302,427,872	56,123,331	18,451,828	11,199,327	-	-	-
A.4 Other assets	8,122,434	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**5,837,861**	**48,146**	**83,191**	**14,999,059**	**554,055,573**	**24,988,375**	**10,537,386**	**23,458,509**	**615,993**	**1,084,255**	**-**
B.1 Due to	5,557,913	30,064	59,441	-	534,020,838	5,195,264	244,224	10,958,509	615,993	1,084,255	-
- Banks	1,853,755	-	-	-	260,743,467	5,065,530	-	9,962,364	-	-	-
- Financial companies	-	-	-	-	273,254,948	-	-	-	-	-	-
- Customers	3,704,158	30,064	59,441	-	22,423	129,734	244,224	996,145	615,993	1,084,255	-
B.2 Debt securities	279,948	18,082	23,750	14,999,059	20,034,735	19,793,111	10,293,162	12,500,000	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
"Off-balance sheet" transactions	**93,374,071**	-	-	-	-	-	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Positive spreads	-	-	-	-	-	-	-	-	-	-	-
- Negative spreads	-	-	-	-	-	-	-	-	-	-	-
C.3 Loans to be received	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	93,374,071	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

It should be noted that the amount relating to "financial guarantees issued" refers to the positive balance of current accounts pledged and guarantees with recourse issued in relation to the re-factoring transactions entered into with counterparties of Italian factoring companies, in which Generalfinance maintains the guarantee of solvency on the recurring loans, which has already been mentioned in "Part D – OTHER INFORMATION – D. Guarantees issued and Commitments". The amount is gross of total provisions.

Section 4 – Information on shareholders' equity

4.1 – Shareholders' equity

4.1.1 Qualitative information

In the current year, the profit amounted to EUR 21,099,149, bringing shareholders' equity to EUR 80,087,902.

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 significant with regard to 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 and invoices managed in currencies other than euro still represent a very small percentage of the managed turnover.

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 policies.

The presence of the operational requirements instrumental to the transfer of the risk to the debtor in the context of exposures with recourse 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 and compliance functions (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 31/12/2024	Total 31/12/2023
1. Share capital	4,202,329	4,202,329
2. Share premium reserve	25,419,745	25,419,745
3. Reserves	29,236,823	21,624,119
- of profits	29,236,823	21,624,119
a) legal	840,465	840,465
b) statutory	-	-
c) treasury shares	-	-
d) others	28,396,358	20,783,654
- others	-	-
4. (Treasury shares)	-	-
5. Valuation reserves	129,856	119,783
- 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	129,856	119,783
- Portion of valuation reserves relating to equity-accounted investments	-	-
6. Equity instruments	-	-
7. Profit (loss) for the year	21,099,149	15,067,393
Total	**80,087,902**	**66,433,369**

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 interim report on operations for the third quarter of 2024, net of expected 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 Board of Directors of Generalfinance will formulate a proposal for the distribution of dividends consistent with the calculation of net profits.

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 31/12/2024	Total 31/12/2023
A. Tier 1 capital before the application of prudential filters	**72,567,333**	**62,033,139**
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)	**72,567,333**	**62,033,139**
D. Elements to be deducted from Tier 1 capital	8,489,416	6,276,890
E. Total Tier 1 capital (C-D)	**64,077,917**	**55,756,249**
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	7,005,750	4,500,274
L. Total Tier 2 capital (H-I)	**5,494,250**	**7,999,726**
M. Elements to be deducted from total Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	**69,572,167**	**63,755,975**

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 first and second pillar 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 (credit and operational) 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 methods proposed in Bank of Italy Circular no. 288/15 ("Circular"):

- for concentration risk (by parties and by groups of connected customers), the simplified method proposed in the Circular under Title IV, Chapter 14, Annex B;
- for interest rate risk on the banking book, the simplified method envisaged by the Circular under Title IV, Chapter 14, Annex C;
- for liquidity risk, the funding risk measurement maturity ladder model, envisaged by the Circular.

The other Pillar 2 risks are subject to qualitative assessment.

4.2.2.2 Quantitative information

Categories/Values	Non-weighted amounts		Weighted amounts/requirements	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
A. RISK ASSETS	-	-	-	-
A.1 Credit and counterparty risk	777,359,272	506,583,205	461,975,860	369,062,956
B. REGULATORY CAPITAL REQUIREMENTS	-	-	-	-
B.1 Credit and counterparty risk	-	-	36,958,068	29,525,036
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	4,656,969
B.5 Total prudential requirements	-	-	42,866,725	34,182,005
C. RISK ASSETS AND SUPERVISORY RATIOS	-	-	-	-
C.1 Risk-weighted assets	-	-	535,834,068	427,275,078
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	-	-	12.0%	13.0%
C.3 Regulatory capital/Risk-weighted assets (Total capital ratio)	-	-	13.0%	14.9%

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 5 – Analytical statement of comprehensive income

	Asset items	31/12/2024	31/12/2023
10.	**Profit (loss) for the year**	**21,099,149**	**15,067,393**
	Other income components without reversal to the income statement		
20.	Equity securities designated at fair value through other comprehensive income:	-	-
	a) change in fair value	-	-
	b) transfers to other shareholders' equity components	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness):	-	-
	a) change in fair value	-	-
	b) transfers to other shareholders' equity components	-	-
40.	Hedging of equity securities designated at fair value through other income components:	-	-
	a) change in fair value (hedged instrument)	-	-
	b) change in fair value (hedging instrument)	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	10,073	24,309
80.	Non-current assets and disposal groups	-	-
90.	Portion of valuation reserves of equity-accounted investments	-	-
100.	Income taxes relating to other income components without reversal to the income statement	-	-
	Other income components without reversal to the income statement		
110.	Foreign investment hedging:	-	-
	a) changes in fair value	-	-
	b) reversal to the income statement	-	-
	c) other changes	-	-
120.	Exchange rate differences:	-	-
	a) changes in fair value	-	-
	b) reversal to the income statement	-	-
	c) other changes	-	-
130.	Cash flow hedges:	-	-
	a) changes in fair value	-	-
	b) reversal to the income statement	-	-
	c) other changes	-	-
	of which: result of net positions	-	-
140.	Hedging instruments (non-designated elements):	-	-
	a) changes in value	-	-
	b) reversal to the income statement	-	-
	c) other changes	-	-
150.	Financial assets (other than equities) measured at fair value through other comprehensive income:	-	-
	a) changes in fair value	-	-
	b) reversal to the income statement	-	-
	- adjustments for impairment	-	-
	- gains/losses on sale	-	-
	c) other changes	-	-
160.	Non-current assets and disposal groups:	-	-
	a) changes in fair value	-	-
	b) reversal to the income statement	-	-
	c) other changes	-	-
170.	Portion of valuation reserves of equity-accounted investments:	-	-
	a) changes in fair value	-	-
	b) reversal to the income statement	-	-
	- adjustments for impairment	-	-
	- gains/losses on sale	-	-
	c) other changes	-	-
180.	Income taxes relating to other income components with reversal to the income statement	-	-
190.	**Total other income components**	**10,073**	**24,309**
200.	**Comprehensive income (Item 10 + 190)**	**21,109,222**	**15,091,702**

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 managers

In addition to the directors, three key managers have been identified, namely the CFO, the CCO and the CLO. The gross annual remuneration of key managers amounts to a total of EUR 452,500.

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 2024 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	-	942,868
Total assets	**-**	**942,868**
80. Other liabilities	-	2,121,945
90. Employee severance indemnity	-	66,827
Total liabilities	**-**	**2,188,772**

TRANSACTIONS WITH RELATED PARTIES (amounts in Euro)	Parent company	Other related parties
INCOME STATEMENT ITEMS		
10. Interest income and similar income	-	50,697
40. Fee and commission income	-	43,576
160. Administrative expenses: a) personnel expenses	-	(2,658,390)
160. Administrative expenses: b) other administrative expenses	-	(646,217)
200. Other operating expenses/income	15,602	4,508
Total items	**15,602**	**(3,205,826)**
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	15,602	302
Total items	**15,602**	**302**

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

Section 7 – Leases (lessee)

IFRS 16 applies to all leases (or contracts that contain a lease) that grant the lessee the right to control the use of an identified asset for a specific period of time in exchange for consideration. The concept of control refers to all those identifiable assets (both explicitly and implicitly) within a contract for which the lessee has the right to control the assets, or to obtain substantially all the economic benefits from the use of the assets and to decide on their use. This category includes real estate lease agreements that mainly refer to office buildings and vehicle leases that refer to the vehicle fleet.

Section 8 – Other disclosures

Information on the remuneration of directors and statutory auditors

The remuneration paid to the members of the Board of Directors amounted to EUR 1,375,311. The amount, indicated on an accrual basis, mainly refers to the remuneration of the Chief Executive Officer and includes any bonuses for both short- and medium-long term monetary incentive plans, determined on the basis of the results of the Company, and the cost of the professional liability policy of Assicurazioni Generali for EUR 22,020.
The fees paid to the members of the Board of Statutory Auditors amounted to EUR 55,000 plus VAT, social security contributions and reimbursement of expenses.
The amount is indicated on an accrual basis.

Fees due for the statutory audit of the accounts and for services other than auditing (Art. 2427, no. 16-bis of the Italian Civil Code)

The table below shows the remuneration for the year for the services provided to the Company by the independent auditors and the entities belonging to the network of the independent auditors.
The value does not include expenses and VAT.

Type of service	Company	Fees
Audit	Deloitte & Touche Spa	73,102
Certification services	Deloitte & Touche Spa	70,000
Total		**143,102**

Segment reporting

For the purposes of the segment reporting required by IFRS 8, the breakdown by operating segment (Corporate and Retail) of the income statement, balance sheet and operating data.
With regard to the provisions for risks, adjustments to property, plant and equipment and intangible assets and other income and expenses, the breakdown was made considering the percentage impact of the sector on the Turnover.

Distribution by operating segment: income statement figures as at 31 December 2024

Income statement	Corporate	Retail	Total
Interest income and similar income	33,184,843	6,503,573	39,688,416
Interest expense and similar charges	(23,397,883)	(3,914,947)	(27,312,830)
Net interest income	**9,786,959**	**2,588,627**	**12,375,586**
Fee and commission income	33,798,301	7,351,666	41,149,967
Fee and commission expense	(4,033,371)	(737,638)	(4,771,009)
Net fee and commission income	**29,764,930**	**6,614,028**	**36,378,958**
Net interest and other banking income	**39,606,267**	**9,212,600**	**48,818,867**
Net adjustments/reversals for credit risk	(1,320,513)	153,972	(1,166,541)
Net profit (loss) from financial management	**38,285,754**	**9,366,572**	**47,652,326**
Personnel expenses	(6,329,147)	(2,766,691)	(9,095,838)
Other administrative expenses	(4,928,195)	(2,154,286)	(7,082,481)
Net provisions for risks and charges	191,501	30,592	222,093
Net value adjustments/write-backs on property, plant and equipment	(812,658)	(129,818)	(942,476)
Net value adjustments/write-backs on intangible assets	(580,082)	(92,665)	(672,747)
Other operating income and expenses	1,318,312	210,595	1,528,907
Operating costs	**(11,140,267)**	**(4,902,275)**	**(16,042,542)**
Gains (Losses) on equity investments	-	(68,750)	(68,750)
Pre-tax profit (loss) from current operations	**27,145,487**	**4,395,547**	**31,541,034**
Income taxes	(9,003,600)	(1,438,285)	(10,441,885)
Profit for the year	**18,141,887**	**2,957,262**	**21,099,149**

Distribution by operating segment: balance sheet figures as at 31 December 2024

Capital ratios	Corporate	Retail	Total
Loans to customers	492,659,893	122,285,646	614,945,539
Financial liabilities measured at amortised cost	544,751,851	90,487,157	635,239,008

Distribution by operating segment: turnover and amount disbursed in 2024

Business data	Corporate	Retail	Total
Turnover	2,612,251,576	417,295,590	3,029,547,166
Disbursed	2,052,674,384	340,963,817	2,393,638,201

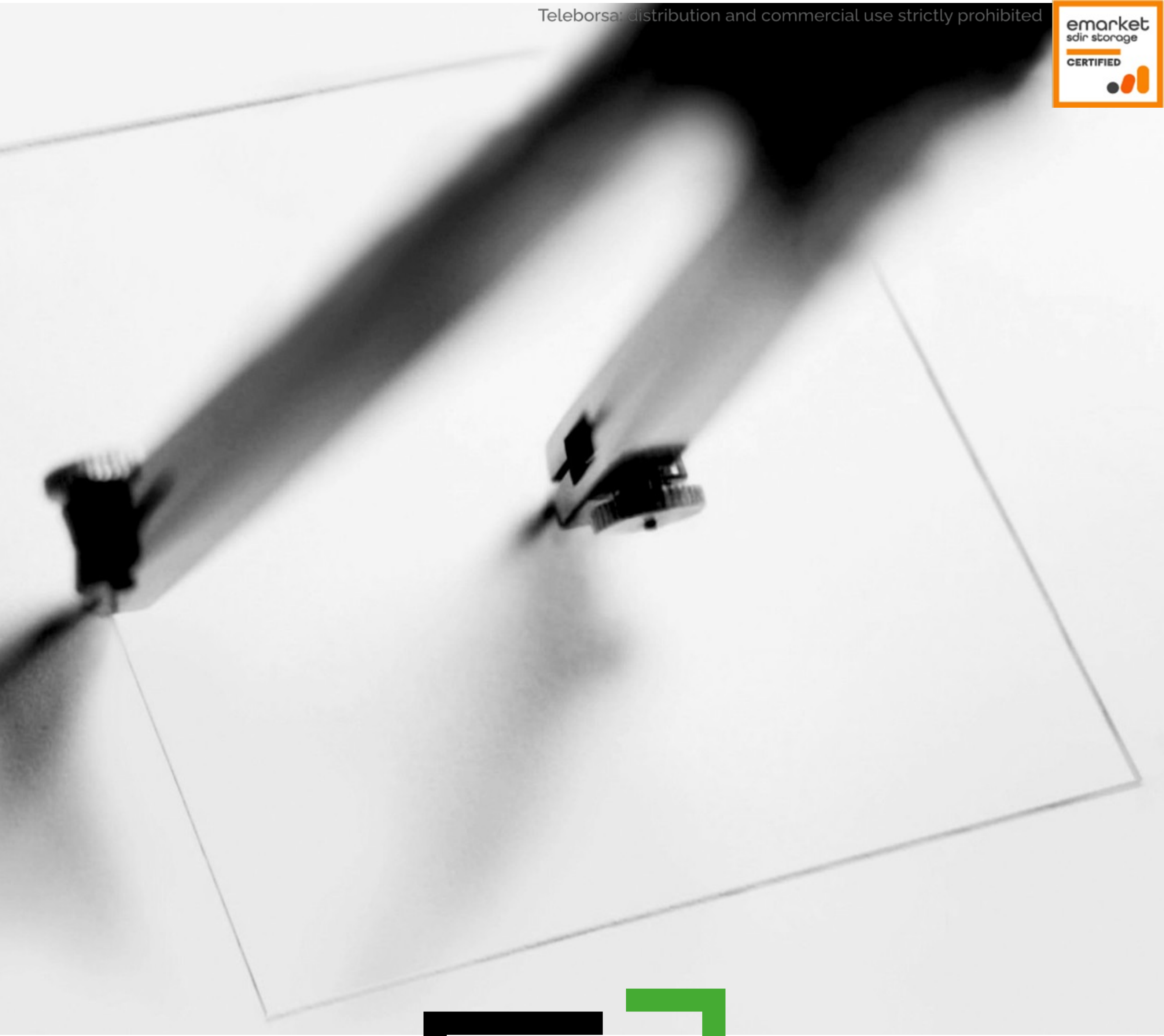
The disclosure by sector includes two sectors, in line with the commercial segmentation of customers (Transferors) of Generalfinance:

- Corporate Sector, which includes all Transferors with latest available turnover exceeding EUR 20 million;
- Retail Sector, which includes all Transferors with last available turnover of less than EUR 20 million.

The secondary disclosure by geographical area was omitted as it is not relevant since the customers are totally concentrated in the domestic market.

Milan, 28 February 2025

In the name and on behalf of the Board of Directors
The Chairperson
Maurizio Dallocchio



GENERAL FINANCE

REPORT OF THE BOARD OF STATUTORY AUDITORS

GENERALFINANCE S.p.A.

REPORT OF THE BOARD OF STATUTORY AUDITORS

pursuant to art. 153 *of Italian Legislative Decree no.* 58/1998 and *art.* 2429 *of the Italian Civil Code*

Dear Shareholders,

this report documents the activities carried out by the Board of Statutory Auditors of Generalfinance S.p.A. (hereinafter "**Generalfinance**" or the "**Company**") in the year ended 31 December 2024 (hereinafter "**Financial Year**").

Since the shares issued by the Company have been listed on the Euronext STAR Milan market since 29 June 2022, this report has been drafted in compliance with the requirements of the relevant regulatory and self-regulatory provisions (Article 153 of Italian Legislative Decree no. 58/1998 "TUF" (Consolidated Law on Finance); Articles 2429 et seq; Articles 17 and 19 of Italian Legislative Decree no. 39/2010).

During the year, activities aimed at strengthening and streamlining the administrative and control structure continued, also considering the constant growth in activity and the planned expansion into new markets. The most significant initiatives include: (*i*) the release of the Electronic Credit Application (PEF), a set of electronic procedures and organisational controls aimed at effectively and efficiently managing the acquisition, analysis and storage of information on counterparties; (*ii*) the establishment, targeted at enhancing the security of the operating systems, of the Cyber Security Office, as an autonomous function, within the ICT and Organisation Department, with the task, in coordination with the Chief Operating Officer and the Head of the ICT Systems Office, of assessing and defining the security measures to be adopted, monitoring the integrity of the ICT infrastructure, supervising the correct use of tools within the company and collaborating in the creation of guidelines and policies for employees.

With specific reference to the issue of sustainability, the Board of Statutory Auditors acknowledged that the Company - in execution of the plan it had adopted, also in response to the expectations of the Bank of Italy contained in some communications sent to all financial intermediaries - voluntarily drafted its second Sustainability Report, in compliance with the reporting principles and the disclosure requirements defined by the Global Reporting Initiative (GRI); this document outlines the management policies, the results achieved, the current and potential risks and the relevant indicators for the Company's business, with reference to the three-year period 2021-2023.

1. In carrying out its supervisory and control activities, the Board of Statutory Auditors acknowledges:

- **a)** that it monitored compliance with the law, the Articles of Association and respect for the principles of correct administration, in observance of the reference regulations, also taking into account the principles of conduct issued by the National Institute of Chartered Accountants and Accounting Experts;

- **b)** that it participated in the meetings of the Board of Directors, the Control, Risk and Sustainability Committee, the Appointments and Remuneration Committee (both established following the stock market listing), and that it received periodic information from the Directors on the general performance of operations, on its outlook, as well as on the most significant economic, financial and equity transactions resolved and carried out by the Company during the FY, also in compliance with art. 150, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998 ("**TUF - Consolidated Law on Finance**"). This information is adequately represented in the Report on Operations, to which reference should be made.

The Board of Statutory Auditors can reasonably ensure that the transactions resolved and carried out comply with the law and the Articles of Association and are not manifestly imprudent, risky, in potential conflict of interest, in contrast with the resolutions adopted by the Shareholders' Meeting or such as to compromise the integrity of the corporate assets. The resolutions of the Board of Directors are carried out by the top management and the structure based on maximum compliance criteria;

c) that it did not identify any atypical and/or unusual transactions with third parties or with related parties, nor did it receive any information in this regard from the Board of Directors or the independent auditors. Furthermore, the Board of Statutory Auditors, also on the basis of the results of the activities carried out by the Internal Audit and Compliance functions, believes that transactions with related parties are adequately monitored. In this regard, the Board of Statutory Auditors reports that the Company - at the time of the listing - has adopted the procedures for transactions with related parties, in compliance with the provisions of Consob Regulation no. 17221 of 12 March 2010 and the Consob Communication of 24 September 2010, as well as specific rules contained in its Code of Ethics in order to avoid or adequately manage transactions in which there are situations involving a conflict of interest or personal interests of the directors. Pursuant to art. 4 of the aforementioned Consob Regulation, the Board of Statutory Auditors verified the compliance of the procedures adopted with the principles of said Regulation as well as their observance;

d) that it acquired knowledge and supervised the adequacy of the organisational structure of the Company for the matters within its competence, on compliance with the principles of correct administration, by collecting information from the managers of the competent corporate functions and through meetings with the representatives of the independent auditors, appointed to carry out the statutory audit of the accounts, also for the purposes of the exchange of the relevant data and information, from which no critical issues emerged;

e) that it supervised and verified, to the extent of its competence, the adequacy of the administrative-accounting system, as well as its reliability in correctly representing operating events through:

(i) the periodic exchange of information with the Chief Executive Officer and, in particular, with the Financial Reporting Manager pursuant to the provisions of art. 154-*bis* of the TUF;

(ii) the examination of the reports prepared by the Internal Audit and Compliance functions, including information on the results of any corrective actions taken following audit activities;

(iii) the acquisition of information from the heads of corporate functions;

(iv) an in-depth analysis of the activities carried out and analysis of the results of the work of the independent auditors;

(v) participation in the works of the Control, Risk and Sustainability Committee.

The activity carried out did not reveal any anomalies that could be considered indicators of inadequacies in the internal control and risk management system;

f) that it held meetings with the representatives of the independent auditors, Deloitte & Touche S.p.A. in charge of carrying out the statutory audit of the accounts, for the purposes of exchanging the relevant data and information, being informed of the main risks to which the Company is exposed and the controls put in place, as well as the checks carried out with regard to the regular keeping of the accounts and the correct recognition of the operating events in the accounting records. No significant observations emerged from the meetings held, either from the independent auditors or from the Board of Statutory Auditors;

g) that it supervised the implementation of the Corporate Governance Code, which the Company adheres to, according to the terms illustrated in the Report on Corporate Governance and Ownership Structures approved by the Board of Directors on 23 February 2024. The Board of Statutory Auditors, inter alia, verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members. Furthermore, the Board of Statutory Auditors verified its members' compliance with the independence and professionalism criteria, pursuant to the relevant regulations;

h) that it has read and obtained information on the organisational and procedural activities carried out pursuant to Italian Legislative Decree no. 231 of 8 June 2001 on the administrative liability of entities. The Supervisory Body set up by the Company constantly informed the Board of Statutory Auditors on the activities carried out during the Financial Year and did not notify the Board of any significant events;

i) that it monitored the implementation of organisational measures related to the evolution of the company activities and the strengthening of the control structures (Internal Audit, Risk Management, Compliance and Anti-Money Laundering);

j) that it participated in induction sessions aimed at enhancing knowledge of the Company's business sectors and strategies, in line with the recommendations of the Corporate Governance Code.

In its capacity as Internal Control and Audit Committee, pursuant to art. 19 of Italian Legislative Decree no. 39 of 27 January 2010, as amended by Italian Legislative Decree no. 135 of 17 July 2016 in implementation of Directive 2014/56/EU, during the Financial Year, the Board of Statutory Auditors:

a) monitored the financial reporting process, which proved to be suitable in terms of its integrity;

b) checked the effectiveness of the Company's internal quality control and risk management systems as well as the internal audit system, with regard to financial reporting, without violating their independence;

c) monitored the independent audit of the financial statements;

d) verified and monitored the independence of the independent auditors in accordance with the provisions of the law and in particular with regard to the adequacy of the provision of non-auditing services, in accordance with art. 5 of Regulation (EU) no. 537/2014;

e) issued an opinion pursuant to art. 2389, paragraph 3, of the Italian Civil Code, with regard to the remuneration of directors holding special offices.

During the Financial Year, the Board of Statutory Auditors met 14 times and participated in the meetings of the Board of Directors, the Control, Risk and Sustainability Committee and the Appointments and Remuneration Committee.

With regard to the exchange of information with the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001, said body periodically informed the Board of Statutory Auditors on the monitoring activities carried out on the Organisational Model adopted by the Company pursuant to Italian Legislative Decree no. 231/2001.

Taking into account the information acquired, the Board of Statutory Auditors believes that the activity was carried out in compliance with the principles of correct administration and that the organisational structure, the internal control system and the administrative-accounting system are on the whole adequate to the company needs.

2. With regard to relations with the independent auditors, Deloitte & Touche S.p.A., the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, reports that:

a) on today's date, the independent auditors issued, pursuant to art. 14 of Italian Legislative Decree no. 39 of 27 January 2010 and art. 10 of Regulation (EU) no. 537/2014, the audit report on the financial statements for the year ended 31 December 2024, without findings.
With regard to the opinions and certifications, in the audit Report, the Independent Auditors:

(i) issued an opinion which confirms that the financial statements of Generalfinance provide a true and fair view of the Company's financial position as at 31 December 2024, the economic result and the cash flows for the year ended as at that date, in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of art. 9 of Italian Legislative Decree no. 38 of 28 February 2005;

(ii) issued a consistency opinion which shows that the Report on Operations accompanying the financial statements as at 31 December 2024 and some specific information contained in the "Report on corporate governance and ownership structures", as indicated in art. 123-bis, paragraph 4, of the TUF (Consolidated Law on Finance), whose responsibility lies with the directors of the Company, are drawn up in compliance with the law;

(iii) issued a compliance opinion showing that the separate and consolidated financial statements were prepared in the XHTML format, in compliance with the provisions of Delegated Regulation (EU) 2019/815 of the European Commission;

(iv) declared, with regard to any material errors in the Reports on Operations, based on the knowledge and understanding of the company and its context acquired during the audit activity, that it has nothing to report.

(b) The independent auditors Deloitte & Touche S.p.A. also issued, today, the additional report for the Board of Statutory Auditors in its role as Internal Control and Audit Committee pursuant to art. 11 of Regulation (EU) 537/2014, a report that will be sent to the Board of Directors as required by the regulations in force.

(c) The independent auditors Deloitte & Touche S.p.A. finally issued, today, the declaration relating to independence, as required by art. 6 of the Regulation (EU), from which no situations arise that could compromise its independence. In addition, the Board of Statutory Auditors acknowledged the Transparency Report prepared by the independent auditors and published on its website pursuant to art. 18 of Italian Legislative Decree no. 39/2010.

d) The independent auditors Deloitte & Touche S.p.A. and the companies belonging to the Deloitte & Touche network, in addition to the duties envisaged by the regulations for listed companies, received additional assignments for non-audit services, whose fees are reported in the notes to the financial statements as required by art. 149-*duodecies* of the Issuers' Regulation as well as art. 2427, no. 16-bis of the Italian Civil Code. The permitted non-audit services were approved in advance by the Board of Statutory Auditors, which assessed their adequacy and appropriateness with reference to the criteria set out in Regulation (EU) 537/2014.

Having acknowledged the declaration of independence issued by Deloitte & Touche S.p.A. and the transparency report produced by it, as well as the tasks assigned to Deloitte & Touche S.p.A. and the companies belonging to its network, the Board of Statutory Auditors does not consider there to be any critical aspects regarding the independence of Deloitte & Touche S.p.A.

3. The Board of Statutory Auditors is not aware of any facts or complaints to report to the Shareholders' Meeting. During the course of the activity carried out and on the basis of the information obtained, no omissions, reprehensible facts, irregularities or circumstances were identified that would require reporting to the Supervisory Authority or mention in this report.

4. The Board of Directors promptly delivered the financial statements and the Report on Operations to the Board of Statutory Auditors. To the extent of its competence, the Board of Statutory Auditors notes that the formats adopted are compliant with the law, that the accounting standards adopted, described in the explanatory notes, are adequate in relation to the activities and transactions carried out by the Company.

5. The Board of Statutory Auditors, taking into account the outcome of the specific tasks carried out by the independent auditors in terms of auditing the accounts and verifying the reliability of the financial statements, as well as the supervisory activity carried out, does not identify any reasons to prevent approval of the proposed resolutions formulated by the Board of Directors to the Shareholders' Meeting.

Milan, 14 March 2025.

on behalf of the Board of Statutory Auditors

Dott. Paolo Francesco Maria Lazzati

Dott. Marco Carrelli

Dott.ssa Maria Enrica Spinardi

The Chairman

GENERAL
FINANCE

INDEPENDENT AUDITORS' REPORT

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Generalfinance S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Generalfinance S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2024, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the explanatory notes, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.688.930,00 i.v.
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Deloitte.

Classification of performing loans to customers valued at amortized cost	
Description of the key audit matter	In the financial statements as of December 31, 2024, performing loans to customers valued at amortized cost (*stages* 1 and 2), represented by the anticipation, mainly in the distressed sector, of commercial loans with recourse and, to a lesser extent, without recourse, amount to € 612.5 million (Euro 461.5 million at the end of 2023), while allowances for impairment amount to Euro 1.6 million (Euro 1.1 million at the end of 2023), with a coverage rate of 0.26% (0.23% at the end of 2023). These loans are measured collectively upon allocation of the same in clusters (*stage*), through an articulated classification mechanism according to the level of credit risk inherent in the instrument. In the Explanatory Notes, "Part B - Information on the balance sheet", Section 4 of assets, "part C - Information on income statement", Section 8, and "Part D - Other Information", Section 3, and in the Report on Operation, "The result indicators" section provides information on the above described aspects. In consideration of the complexity of credit classification process at the various stages provided by IFRS 9 accounting standard adopted by the Directors, which also reflects elements of subjectivity, as well as the significance of the amount of performing loans to customers valued at amortized entered in the balance sheet, we considered that the classification of the same represent a key audit matter for the audit of the financial statements of the Company as of December 31, 2024.
Audit procedures performed	As part of the audit activities, the following main procedures were carried out: • Recognition and understanding of the organizational and procedural requirements implemented by the Company with regard to the loans process, with particular attention to the monitoring of credit quality and classification in accordance with applicable accounting principles and with the provisions of current sector legislation, and verification of the operational effectiveness of the relevant controls; • Verification of the proper management and supply of the relevant computer archives, also through the support of specialists belonging to the Deloitte network; • Verification of the criteria adopted by the Company for the classification of performing loans to customers valued at amortized cost into homogeneous risk categories and, in particular, for allocation to *stage* 1 and *stage* 2 (according to IFRS 9 classification), by analyzing the reasonableness of the assumptions and the parameters used;

- Verification, on a sample basis, of the correctness of the classification of loans into *stage* 1 and *stage* 2 according to the provisions of the sector legislation and to the applicable accounting principles;

- carrying out comparative and trend analysis of the volumes of loans to customers by allocation stage (*stage* 1 and *stage* 2), comparison with the information relating to the previous financial year and discussion of the results with the heads of business functions;

- analysis of the events occurred after the reporting period.

Finally, we verified the completeness and the compliance of financial statements disclosure in accordance with accounting standards and applicable laws.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Generalfinance S.p.A. has appointed us on February 15, 2018, and subsequently confirmed on March 8, 2022 in relation to the acquisition of the legal status of public interest entity, as auditors of the Company for the years from 2017 to 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Generalfinance S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) no. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Generalfinance S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Generalfinance S.p.A. as at December 31, 2024, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) no. 720B in order to:

- express an opinion on the consistency of the report on operations and some of specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, no. 4 of Legislative Decree 58/98 with the financial statements;

- express an opinion on the compliance with the law of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Generalfinance S.p.A. as at December 31, 2024.

In addition, in our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

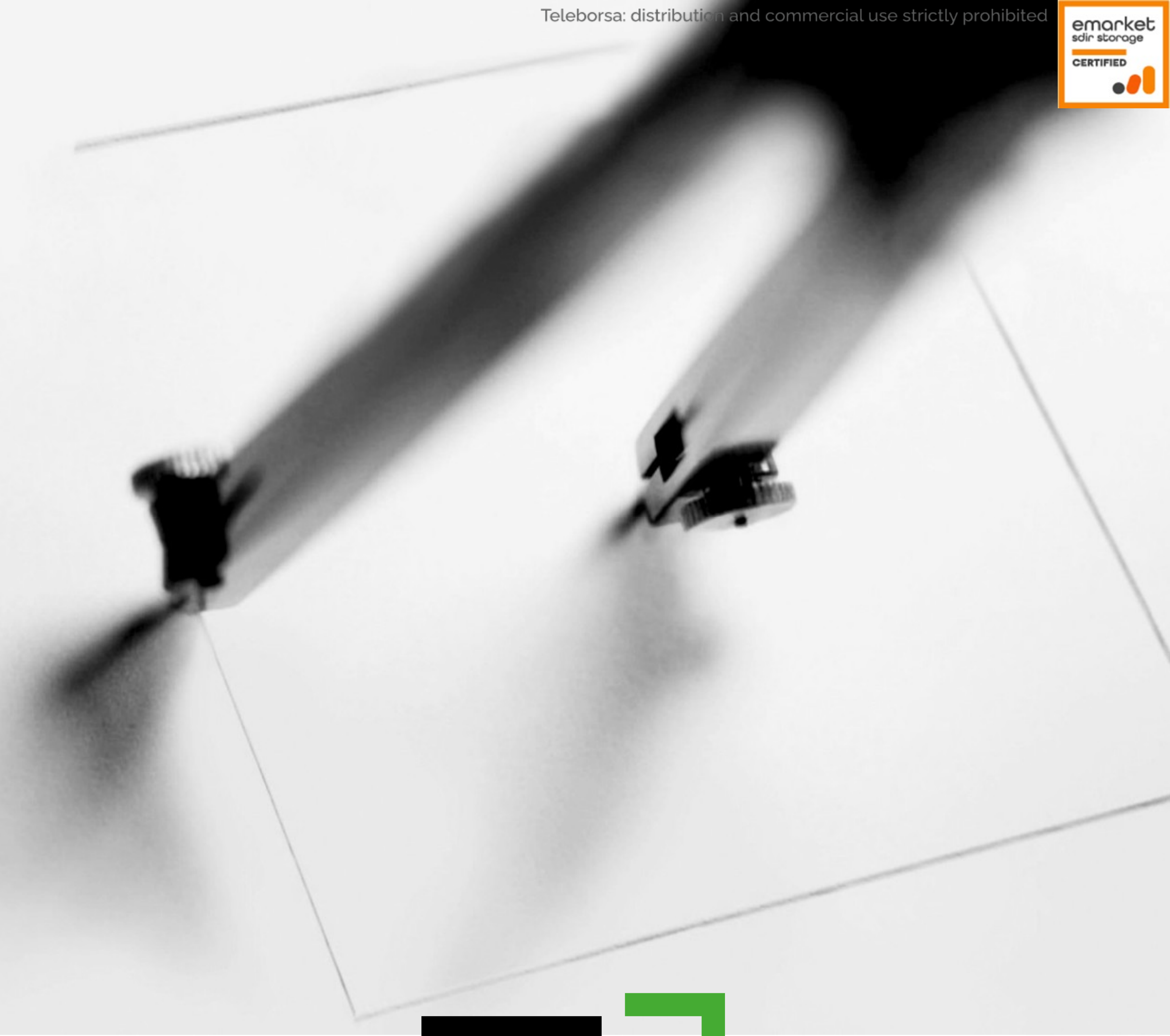
With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Avolio
Partner

Milan, Italy
March 14, 2025

This independent auditor's 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

CERTIFICATION ON THE 2024 FINANCIAL STATEMENTS

Certification of the financial statements pursuant to Art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as amended and supplemented

1. The undersigned Massimo Gianolli, as Chief Executive Officer of Generalfinance S.p.A., 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 financial statements/consolidated financial statements during the period 1 January – 31 December 2024.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the financial statements as at 31 December 2024 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 frameworks at international level.

3. It is also certified that:

3.1 the financial statements:
a) have been prepared in compliance with the applicable international accounting standards recognised 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;

3.2 the report on operations includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

28 February 2025

Chief Executive Officer:	Financial Reporting Manager:
Massimo Gianolli	Ugo Colombo
______________________________	______________________________