PRESS RELEASE

BANCA SISTEMA GROUP: KRUSO KAPITAL PROCEEDS WITH ITS GLOBALIZATION PLAN WITH THE ACQUISITION OF THE PAWN LOANS BUSINESS OF BANCO INVEST S.A. IN PORTUGAL

Milan, 23 November 2023

Today, **Kruso Kapital S.p.A.**, a company of Banca Sistema Group, has signed a **binding agreement** with the current shareholders of Banco Invest S.A. **to acquire** the **pawn loans** business unit **of Banco Invest S.A. in Portugal**.

Under the deal, Banco Invest S.A. will spin off the business unit dealing in pawn loans (Credito Economico Popular) into a *Newco* fully owned by the current shareholders of Banco Invest, and subsequently Kruso Kapital shall acquire 100% of the *Newco's* share capital. Kruso Kapital shall pay a **consideration**, inclusive of goodwill, **of 11 million euros**, subject to adjustment mechanisms at closing.

The pawn loans business, operating under the Credito Economico Popular brand, in 2022 generated a total income of about 3 million euro (1.5 million euro in the first half of 2023) and a net income of about 1.1 million euro (0.5 million in the first half of 2023). The business unit comprises **sixteen branches**, distributed across the entire Portuguese territory, with a strong presence in the **Lisbon and Porto regions**.

Through this acquisition Kruso Kapital accelerates its growth and globalization course, while staying focused on high-return low-risk assets. In effect, pawn loans, by their own nature, are a highly profitable business, and are also characterized by a low capital absorption as more than 90% of loans are backed by gold assets.

The deal is subject to certain conditions precedent, among which the Bank of Portugal's authorization to proceed with the above-mentioned spinoff as well as the green light by the Bank of Italy.

More details are going to be disclosed at the closing of the deal, which according to the agreements between the parties should take place within the first half of 2024.

Gianluca Garbi, Managing Director of Banca Sistema and Chairman of Kruso Kapital remarked: "*We are satisfied with this important step Kruso Kapital has taken towards fostering its growth in foreign markets, in Portugal. The deal falls under the Group's strategic plan for the pawn loans business, which in the last three years reported a loan increase from 78 million to 117 million as at 30 September 2023.*"

Attached below are the balance sheet and the income statement of Gruppo Kruso Kapital as at 31 December 2022 and 30 June 2023, with the Credito Economico Popular-branded pawn loans business included in the consolidation scope on a pro-forma basis.

Income statement	(A) Kruso Kapital Consolidated Income Statement	(B) CEP Lta	(C) Transaction accounting adj	(D) =A+B+C Pro-forma Consolidated Income Statement
(Euro/000)	**30/06/2023**	**30/06/2023**		**30/06/2023**
Interest income	5,022	1,194	0	6,216
Interest expense	(1,585)	(242)	0	(1,827)
Net intereset income	**3,437**	**952**	**0**	**4,389**
Fee and commission income	5,581	501	0	6,081
Fee and commission expense	(63)	0	0	(63)
Net fee and commission income	**5,518**	**501**	**0**	**6,019**
Total income	**8,955**	**1,452**	**0**	**10,408**
Net impairment losses on loans and receivables	(39)	(18)	0	(57)
a) financial assets measured at amortised cost	*(39)*	*(18)*	*0*	(57)
Net financial income (expense)	**8,917**	**1,434**	**0**	**10,351**
Administrative expenses	(6,746)	(738)	(379)	(7,863)
a) Personnel expense	*(3,544)*	*(503)*	*0*	*(4,048)*
b) Other administrative expenses	*(3,201)*	*(235)*	*(379)*	*(3,815)*
Net impairment losses on property and equipment	(556)	(17)	0	(574)
Net impairment losses on intangible assets	(228)	0	0	(228)
Other operating income (expense)	185	(32)	0	154
Operating costs	**(7,345)**	**(787)**	**(379)**	**(8,511)**
Pre-tax profit (loss) from continuing operations	**1,572**	**647**	**(379)**	**1,840**
Income taxes for the year	(617)	(145)	125	(637)
Profit (loss) for the period	**955**	**501**	**(253)**	**1,203**

Income statement	(A) Kruso Kapital Consolidated Income Statement	(B) CEP Lta	(C) Transaction accounting adj	(D) =A+B+C Pro-forma Consolidated Income Statement
(Euro/000)	**31/12/2022**	**31/12/2022**		**31/12/2022**
Interest income	7,847	2,238	0	10,085
Interest expense	(766)	(121)	0	(887)
Net intereset income	**7,081**	**2,117**	**0**	**9,198**
Fee and commission income	8,380	867	0	9,247
Fee and commission expense	(95)	0	0	(95)
Net fee and commission income	**8,285**	**867**	**0**	**9,152**
Total income	**15,366**	**2,984**	**0**	**18,350**
Net impairment losses on loans and receivables	(46)	(14)	0	(60)
a) financial assets measured at amortised cost	*(46)*	(14)	*0*	(60)
Net financial income (expense)	**15,320**	**2,971**	**0**	**18,291**
Administrative expenses	(11,185)	(1,447)	(379)	(13,011)
a) Personnel expense	*(6,058)*	*(992)*	*0*	*(7,050)*
b) Other administrative expenses	*(5,127)*	*(455)*	*(379)*	*(5,961)*
Net impairment losses on property and equipment	(1,177)	(46)	0	(1,223)
Net impairment losses on intangible assets	(289)	0	0	(289)
Other operating income (expense)	218	(63)	0	155
Operating costs	**(12,433)**	**(1,556)**	**(379)**	**(14,367)**
Pre-tax profit (loss) from continuing operations	**2,887**	**1,415**	**(379)**	**3,924**
Income taxes for the year	(1,065)	(318)	125	(1,258)
Profit (loss) for the period	**1,822**	**1,097**	**(253)**	**2,665**

	(A)	(B)	(C)	(D) =A+B+C
Balance Sheet	**Kruso Kapital Consolidated Balance Sheet**	**CEP Lta**	**Transaction accounting adj**	**Pro-forma Consolidated Balance Sheet**
(Euro/000)	**30/06/2023**	**30/06/2023**		**30/06/2023**
Cash and cash equivalents	5,804	502	0	6,306
Financial assets measured at amortised cost	112,760	12,982	0	125,741
Equity investments	0	0	0	0
Property and equipment	4,781	1,284	0	6,065
Intangible assets	30,924	0	10,990	41,914
Pro-forma financial receivable			501	501
Tax assets	927	0	209	1,135
Other assets	3,591	388	0	3,980
Total assets	**158,787**	**15,156**	**11,700**	**185,643**
Financial liabilities measured at amortised cost	107,785	13,899	11,000	132,684
Tax liabilities	1,728	0	0	1,728
Other liabilities	7,202	1,247	462	8,911
Post-employment benefits	884	0	0	884
Provisions for risks and charges	650	0	0	650
Total liabilities	**118,249**	**15,146**	**11,462**	**144,857**
Share capital	23,162	10	(10)	23,162
Share premium	15,838	0	0	15,838
Valuation reserves	(13)	0	0	(13)
Other reserves	596	0	0	596
Utile (Perdita) d'esercizio	955	0	248	1,203
Equity	**40,538**	**10**	**238**	**40,786**
Total liabilities and equity	**158,787**	**15,156**	**11,700**	**185,643**

	(A)	(B)	(C)	(D) =A+B+C
Balance Sheet	**Kruso Kapital Consolidated Balance Sheet**	**CEP Lta**	**Transaction accounting adj**	**Pro-forma Consolidated Balance Sheet**
(Euro/000)	**31/12/2022**	**31/12/2022**	**pro-forma**	**31/12/2022**
Cash and cash equivalents	5,061	462	0	5,523
Financial assets measured at amortised cost	106,912	11,563	0	118,475
Equity investments	0	0	0	0
Property and equipment	5,997	1,399	0	7,396
Intangible assets	30,559	0	10,990	41,549
Pro-forma financial receivable	0	0	1,097	1,097
Tax assets	1,083	0	209	1,291
Other assets	2,816	370	0	3,186
Total assets	**152,428**	**13,793**	**12,295**	**178,516**
Financial liabilities measured at amortised cost	101,613	12,435	11,000	125,048
Tax liabilities	1,530	0	0	1,530
Other liabilities	8,138	1,348	462	9,948
Post-employment benefits	857	0	0	857
Provisions for risks and charges	715	0	0	715
Total liabilities	**112,853**	**13,783**	**11,462**	**138,098**
Share capital	23,162	10	(10)	23,162
Share premium	15,838	0	0	15,838
Valuation reserves	(22)	0	0	(22)
Other reserves	(1,225)	0	0	(1,225)
Utile (Perdita) d'esercizio	1,822	0	843	2,665
Equity	**39,575**	**10**	**833**	**40,418**
Total liabilities and equity	**152,428**	**13,793**	**12,295**	**178,516**

Further details on the deal

The agreement regulating the Deal's terms and conditions envisages purchasing price-adjustment mechanisms – whereby the purchasing price is automatically increased or decreased at closing – based on the book value of the loan book based on an ad hoc statement of financial position prepared as at the last day of the month before the spinoff; in the event that the above-mentioned purchase price-adjustment mechanism generates a price increase or decrease in excess of 5%, the parties will renegotiate in good faith the price adjustment, and should no agreement be reached, Kruso Kapital S.p.A. (in the event of an increase exceeding 5%) or the sellers (in the event of a reduction exceeding 5%) will have the right to withdraw from the contract.

The payment of the purchase price will be fully funded from Kruso Kapital's own funds.

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Gruppo Banca Sistema
Banca Sistema, founded in 2011 and listed since 2015 on Borsa Italiana's Euronext Star Milan segment, is a financial institution specialized in purchasing trade receivables owed by the Italian Public Administrations and tax receivables, and engages in salary- and pension-backed loans, by purchasing loan pools and through the direct origination of the QuintoPuoi product. In the pawn loans business, it operates through the subsidiary Kruso Kapital S.p.A. and the brand product ProntoPegno S.p.A. The Group has more than 100,000 clients, and it offers also deposit products, including current accounts, deposit accounts and securities accounts, in addition to other services as credit management and recovery, bank guarantees and security bonds, PA receivables certification and e-billing. With head offices in Milan and Rome, Gruppo Banca Sistema is present in Italy also in Bologna, Pisa, Naples, Palermo, Asti, Brescia, Civitavecchia, Florence, Mestre, Parma, Rimini and Turin, as well as in Spain and Greece, it has 295 employees and relies on a multichannel structure.

Kruso Kapital
Kruso Kapital, a subsidiary of Gruppo Banca Sistema, started to operate under this business name in November 2022 and is the first operator belonging to a banking group engaging in both the collateralized loans and the art and luxury auction businesses. Through its brands, its innovative services and products, the company engages in the valuation and investment of valuables and works of art. It is active in the collateralized loans business through its ProntoPegno-branded branches in Italy and Greece, which grant loans secured by assets pledged as collateral. Its auction house, Art-Rite, is a leading player in modern, contemporary, and ancient art auctions, as well as other collectibles, such as cars. Headquartered in Milan, Kruso Kapital also has 14 branches located in Asti, Brescia, Civitavecchia, Firenze, Livorno, Mestre, Naples, Palermo, Pisa, Rimini, Rome, Turin and one in Athens, it has 91 employees and relies on a multichannel structure.