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modefinance Corporate Credit Rating (Solicited) for

FENIX S.R.L.: B1 (Affirm)

modefinance published the Solicited Corporate Credit Rating of FENIX S.R.L. on the website (http://cra.modefinance.com/en) and the rating assigned to the entity is B1 (Affirm). The analysis revealed it is a company with adequate economic and financial situation, capable of facing adverse economic conditions in the medium and long term.

FENIX S.R.L. is an Italian company based in Faenza, which specializes in the wholesale trade of electricity and, to a lesser extent, natural gas. Founded in 2015, the Company is accredited as a Dispatching User (UDD) and operates in both the electricity market input and off-take activities. In the gas market, it operates as a shipper.

Key Rating Assumption

At the end of fiscal year 2024, FENIX S.R.L. maintains an overall balanced economic and financial structure. From the balance sheet perspective, the increase in working capital and financial debt led to higher leverage and financial leverage levels, which nevertheless remain under control, as does overall exposure. The management of credit lines and financial equilibrium continues to be effective, thanks to a structured credit risk monitoring system that ensures a high-quality customer portfolio and extremely low overdue levels.
From an operational standpoint, volumes handled grew significantly; however, the reduction in energy commodity prices limited revenue expansion. Operating margins were affected by non-capitalized development costs and the lower profitability of the trading portfolio, resulting in a decline compared to the exceptionally high levels of the previous year. Nevertheless, the Company maintained a satisfactory profitability profile.
Operating cash flow was impacted by the reduction in self-financing and the absorption of liquidity linked to the expansion of working capital. This dynamic was offset by new financing and existing cash reserves, which supported operational cash requirements.

FENIX S.R.L. has a collegial administrative body consisting of three directors, while the statutory audit of the financial statements is performed by an external auditor. Considering the company's size and its commitment to growth, it is considered desirable to appoint a collegial board of statutory auditors.

When compared to its reference peer group, the Company stands out in terms of turnover, placing it near the 90th percentile of the distribution. However, solvency and profitability levels are below sector medians. Peer group companies generally exhibit balanced capitalization and low financial leverage. Overall, the sector demonstrates high profitability levels, which strengthened further in 2024.

In 2024, energy prices in Italy stabilized due to the expansion of renewable sources, reduced consumption, and favorable weather conditions. However, prices remained above pre-crisis levels due to the impact of fossil fuels. Renewable sources accounted for approximately 50% of electricity generation. They are expected to be further supported by new investments by Terna and the launch of the MACSE, which aims to incentivize storage systems. In Europe, LNG accounted for 38% of gas imports, partially offsetting the decline in Russian supplies. As of the end of April 2025, gas storage stood at 47%, with 90% of capacity already allocated for the 2025/26 season, thus ensuring energy security. In the first quarter of 2025, the Italian economy posted moderate growth, supported by household consumption, underpinned by a stable labor market and rising real incomes. Investments remained weak, constrained by underutilized production capacity and tight financial conditions. Growth was driven by the services sector and construction projects linked to the National Recovery and Resilience Plan (NRRP). Manufacturing showed signs of recovery, though it remains vulnerable to rising tariffs and geopolitical uncertainty. The Bank of Italy forecasts GDP growth of 0.6% in 2025, 0.8% in 2026, and 0.7% in 2027.

Sensitivity Analysis

In the following table, the addressing factors, actions or events that could lead to an upgrade or a downgrade are summarized:

Action	Description of the addressing factors, actions or events
Upgrade	• The distribution of dividends does not affect the progressive strenghtening of capitalization; • More efficient management of working capital supports the generation of operating cash flow, contributing to strengthening the cash flow position; • Operating margins are being strenghtened; • A board of statutory auditors is to be appointed. In the case these conditions are met, the rating could upgrade to B1+.
Downgrade	• Increase in financial debt, resulting in a significant deterioration of net debt and debt sustainability ratios; • Excessive growth in working capital, associated with business expansion, adversely affecting cash flow balance; • Decrease in operating margins; • Deterioration in credit quality; • Deterioration of the macroeconomic and geopolitical environment or reference sector. If these conditions were to occur, we can expect a downgrade to B2+.

IMPORTANT

The present Corporate Credit rating is issued by modefinance under EU Regulation 1060/2009 and following amendments.

The present rating is solicited and is based on both private and public information. The rated entity and/or related third parties have provided all private information used. modefinance had access to some accounts and other relevant internal documents of the rated entity and/or related third parties. Solicited and unsolicited ratings issued by modefinance are of comparable quality, as the solicitation status has no effect on methodologies used. More comprehensive information on modefinance Corporate Credit Ratings are available at: http://cra.modefinance.com/en

The present Corporate Credit Rating is issued on MORE Methodology 2.0 and Rating Methodology 1.0. A comprehensive description of both methodologies, as well as information on modefinance Rating Scale and Mappings, is available at http://cra.modefinance.com/en/methodologies.

For information on historical default rates of modefinance Corporate Credit Ratings please refer to ESMA Central Repository: https://registers.esma.europa.eu/cerep-publication/ and ESMA European Rating Platform https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_radar.

modefinance refers to default as a company under bankruptcy, or under liquidation status, or under administration or for which missed payments on a financial obligation are officially recorded.

The quality of the information available on the rated entity and used to determine the present rating was judged by modefinance as satisfactory. Please note that modefinance does not perform any audit activity and is not in a position to guarantee the accuracy of any information used and/or reported in the present document. As such, modefinance can accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.

The present credit rating was notified to the rated entity in order to identify potential factual errors, as prescribed by the CRA Regulation.

No amendments were applied after the notification process.

The rated company has not purchased any ancillary services from modefinance.

The rating action issued by modefinance was performed independently. The analysts, members of the rating team involved in the process, modefinance Srl and its members and shareholders do not have any conflicts of interest in relation to the Rated Entity and/or Related Third Parties. If in the future a potential conflict of interest is identified in relation to the persons reported above, modefinance Ratings will provide the appropriate information and if necessary the rating will be withdrawn.

The present Credit Rating is an opinion of the general creditworthiness that modefinance issues on the rated entity, and should be relied upon to a limited degree. The issued rating is subject to an ongoing monitoring until withdrawal.

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