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**GENERALFINANCE**

# 2022 Financial Results



February 13, 2023

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# Today's presenters



**Massimo Gianolli**

*CEO*



**Ugo Colombo**

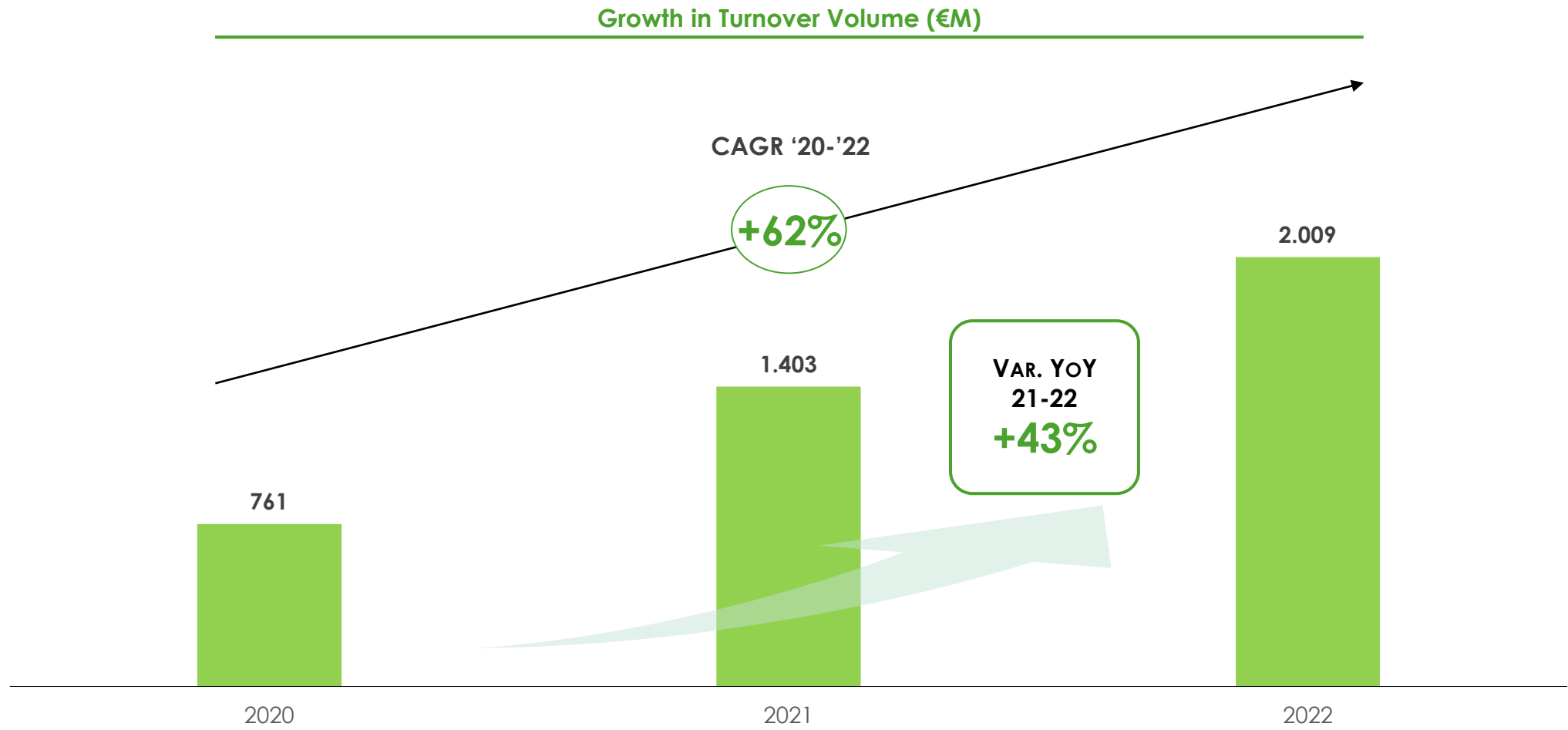
*CFO*

# Agenda

- **General finance Overview and Main 2022 Results**
- **Focus on Asset Quality, Organization and Digital Factoring**
- **2022 Results: Balance Sheet, P&L, Funding and Capital**
- **Closing Remarks**

## Generalfinance: 2022 Overview and Main results

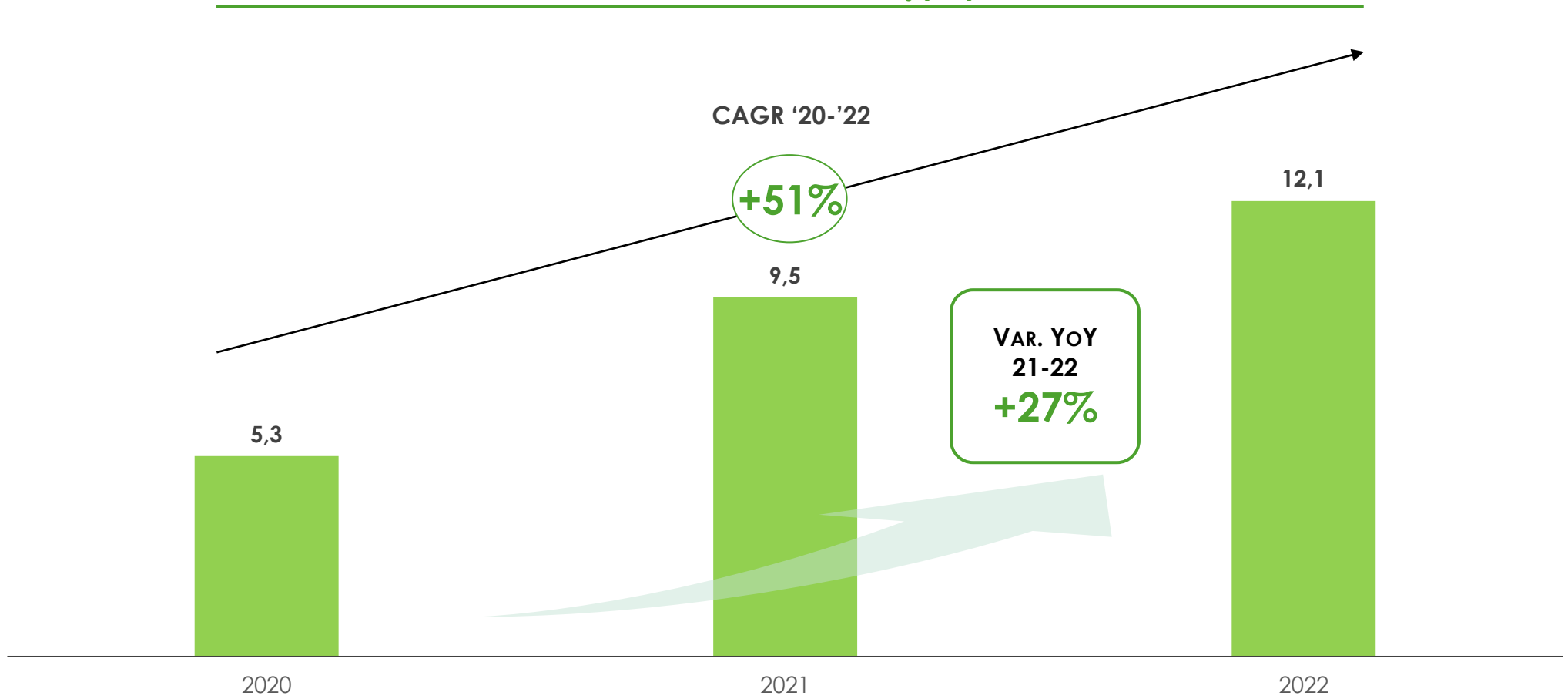
# Turnover witnessing a strong growth story



2022 annual growth rate (43%) significantly above the market average (14,5%)

# Net Income Adjusted: high profitability from the operations

Growth in Net Income Adj (€M)



2022 annual growth rate (27%) on adjusted basis

# A low risk model with a best in class asset quality



**Q4 2022**

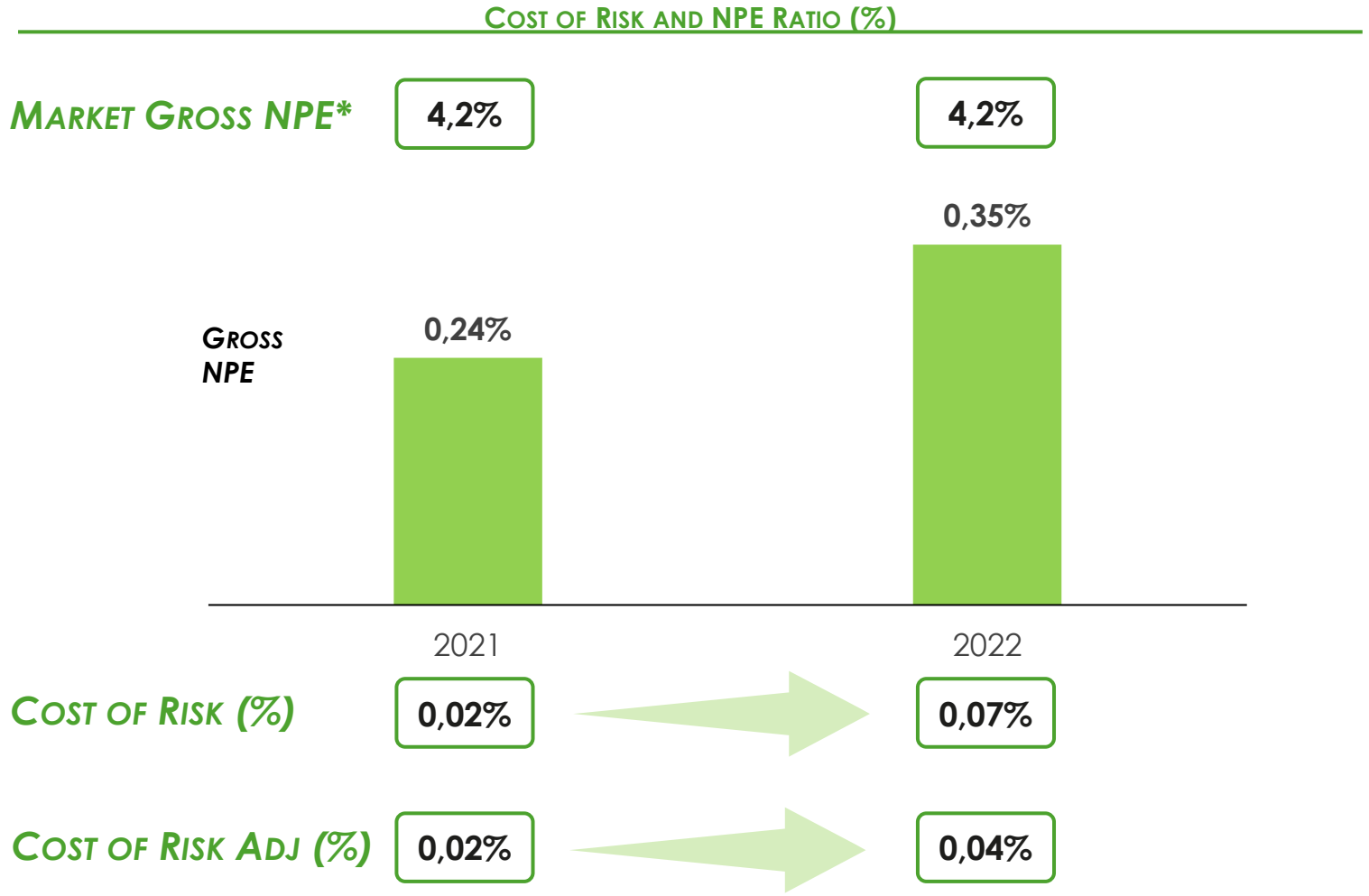
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**7 BPS  
COST OF  
RISK<sup>1</sup>**



**0,35%  
GROSS  
NPE<sup>2</sup>**



**Generalfinance has a lower cost of risk and a non-performing exposure compared to the market thanks to its unique and effective business model enabling a constant mitigation of credit risk**

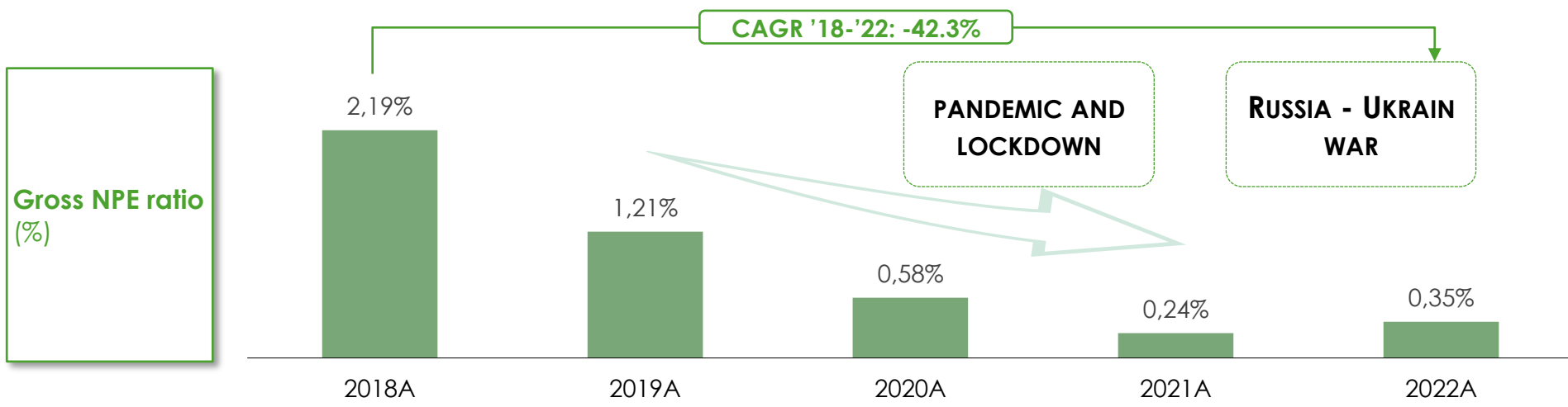
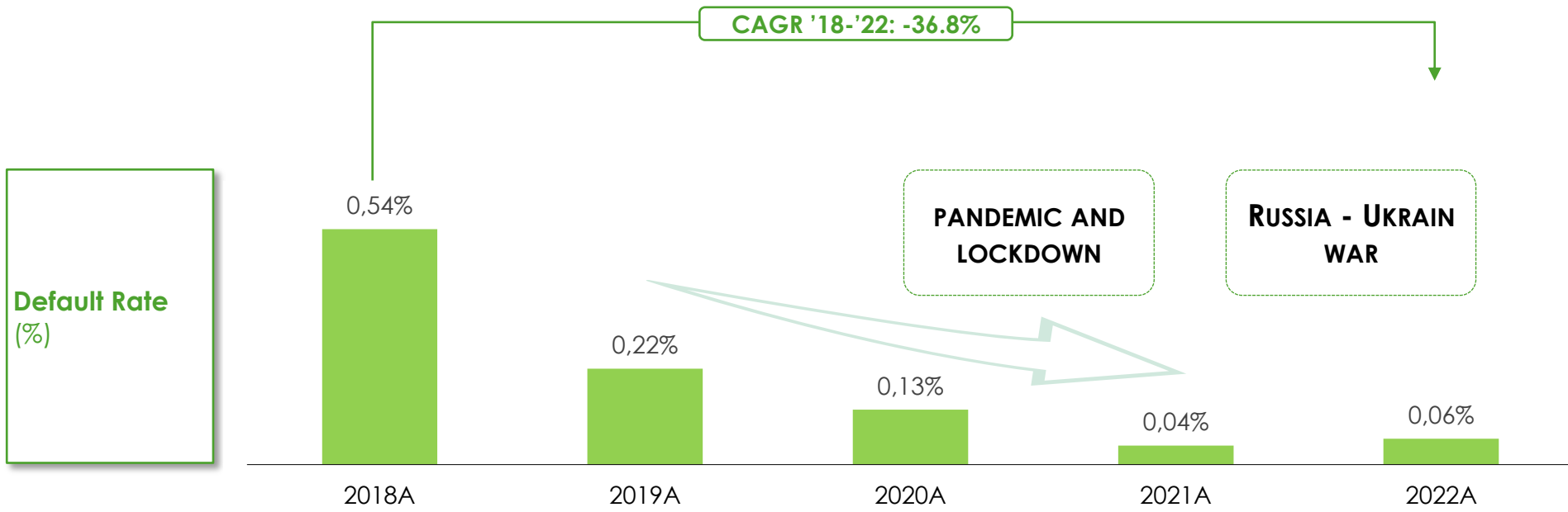
\* Assifact NPE Ratio (%) as at 30.09.2022 and 31.12.2021  
 1) Cost of Risk has been computed as Credit Risk Adjustments / Annual Disbursed Loans; Cost of Risk Adj calculated net of Insurance indemnities  
 2) Gross NPE («Non-Performing Exposure») Ratio has been computed as Gross NPE / Gross Loans to Customers



## Focus on Asset Quality, Organization and Digital Factoring

# Default Rate and NPE Ratio constantly improving

DEFAULT RATE AND GROSS NPE RATIO (%)

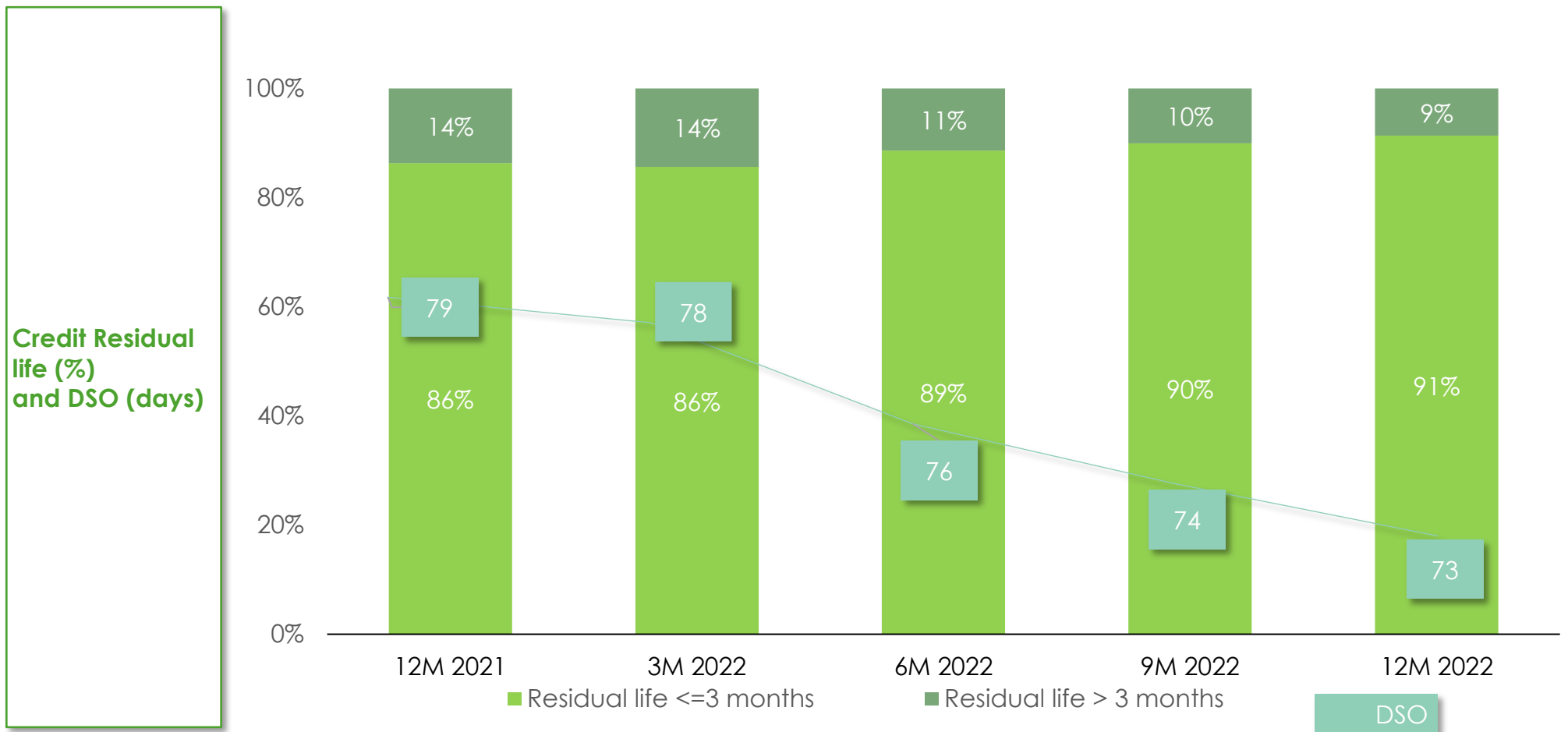


Default rate: NPE inflow of the year / loans disbursement flow of the year

# A business model with low duration for a conservative risk profile



## CREDIT RESIDUAL LIFE AND DSO

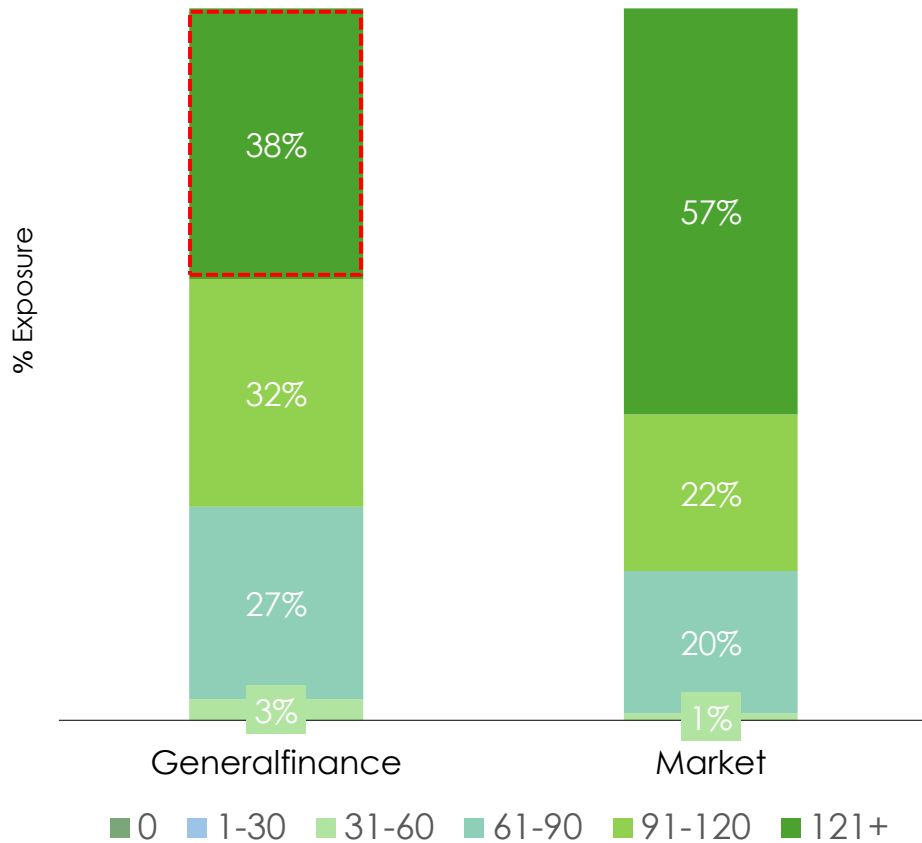


DSO: Days Sales Outstanding

# Collection performance: a strategic delivery to our Customers

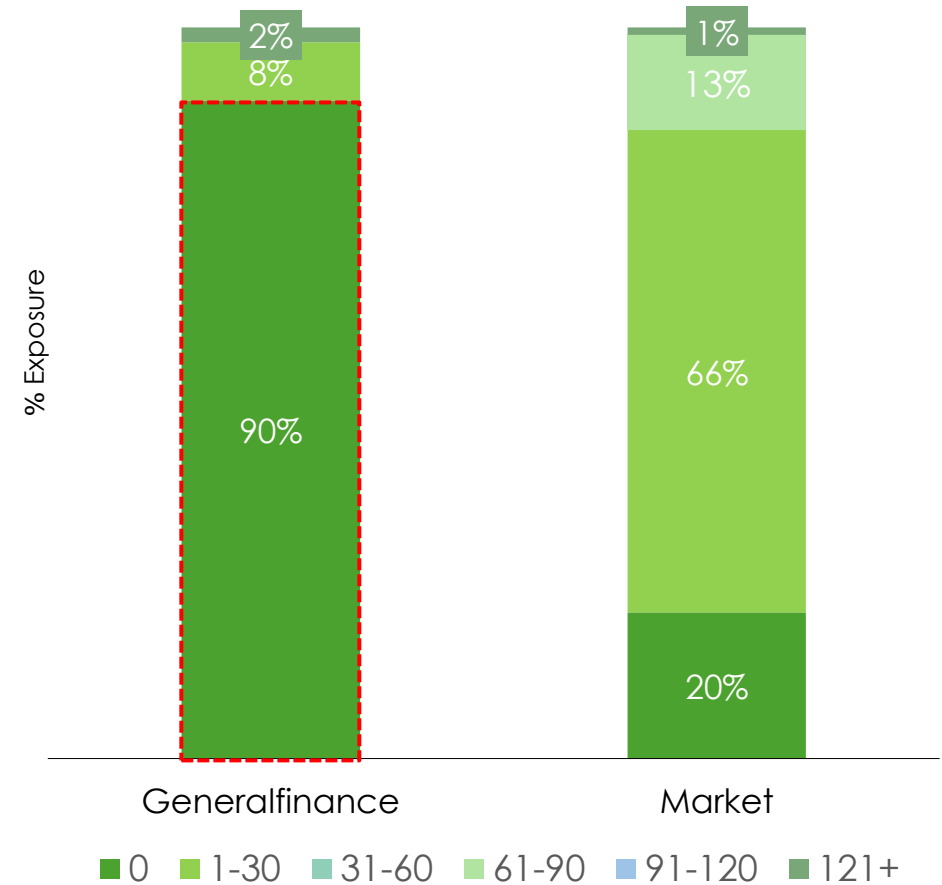
## Payment Conditions (days)

Only **38%** of Generalfinance's portfolio has payment conditions exceeding 120 days (vs 57% of the market)



## Payment Delays (days)

**90%** of Generalfinance's portfolio has no payment delays (vs 20% of the market)



Generalfinance boasts a portfolio quality, both in terms of Payment Conditions and Payment Delays, higher than the rest of the market

# A unique business model, leveraging the factoring features

The peculiarity of Generalfinance's business model is the choice of Seller-Debtor, where clients (Sellers) typically have a low credit rating (turnaround situation) while the Debtors underlying customer loans refer to a high credit rating (investment grade)

AAA
AA+
AA
AA-
A+
A
A-
BBB+
BBB
BBB-

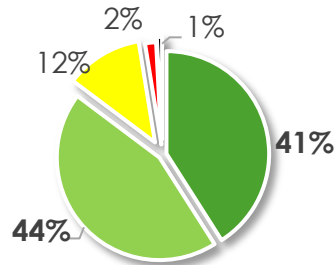
**DEBTOR, GENERALLY WITH  
«INVESTMENT GRADE» RATING**



CCC+
CCC
CCC-
CC
C
D

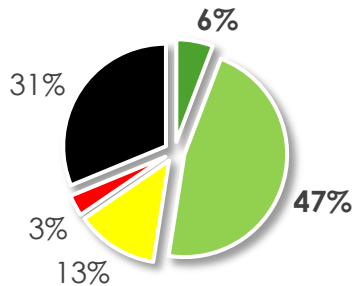
**SELLER TYPICALLY IN  
TURNAROUND /  
RESTRUCTURING PROCEDURE**

Turnover 2022 – per Debtor



Rating Class 1 and 2 equal to 85%

Turnover 2022 – per Seller



Rating Class 1 and 2 equal to 53%

## HIGHLIGHTS FOR GENERALFINANCE<sup>1</sup>

### PRODUCTS

- ❑ Pro-solvendo factoring (c. 91% of turnover; vs 22% Assifact average)
- ❑ Pro-soluto factoring (c. 9% of turnover; vs 78% Assifact)
- ❑ Reverse factoring
- ❑ C. 80% of turnover covered by insurance with Allianz Trade
- ❑ 83% LTV in 2022, adjustable according to credit risk

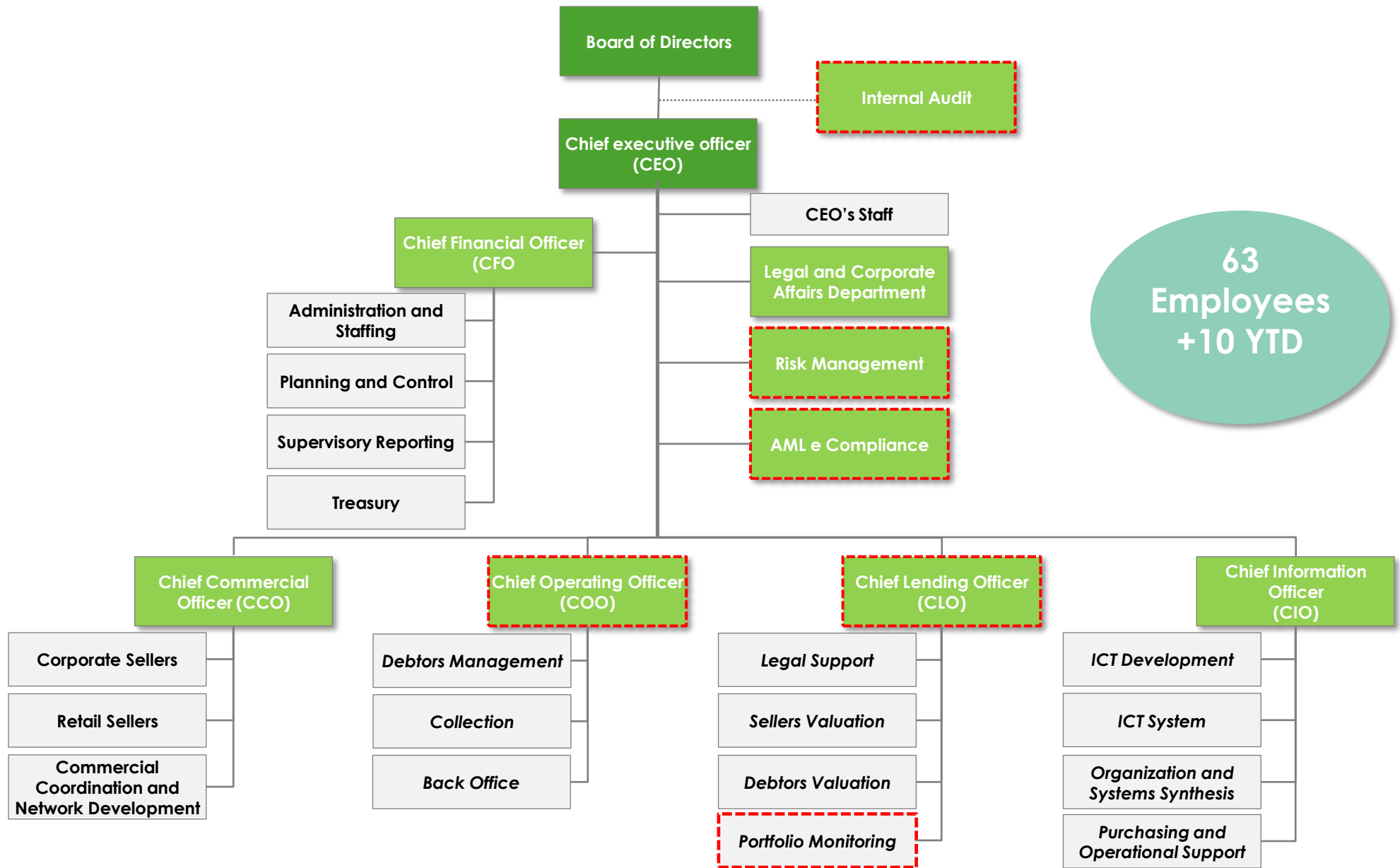
### CUSTOMERS

- ❑ Italian corporates (revenues higher than €20M) mainly distressed (c. 69% of turnover) and "in bonis" (c. 31% of turnover)
- ❑ High diversification by sector
- ❑ Debtors from Italy and abroad with an "investment grade" rating
- ❑ High ratio Debtor/Seller (~86 vs 10 of Assifact average<sup>2</sup>)
- ❑ Average Seller retention about 3 years

RATING GF SCORE	1	2	3	4	5
	Great	Good	Vulnerable	Risk	Default

Notes: 1) Generalfinance data refers to 2022; Assifact data refers to 3Q 2022; 2) Assifact data net of household debtors.

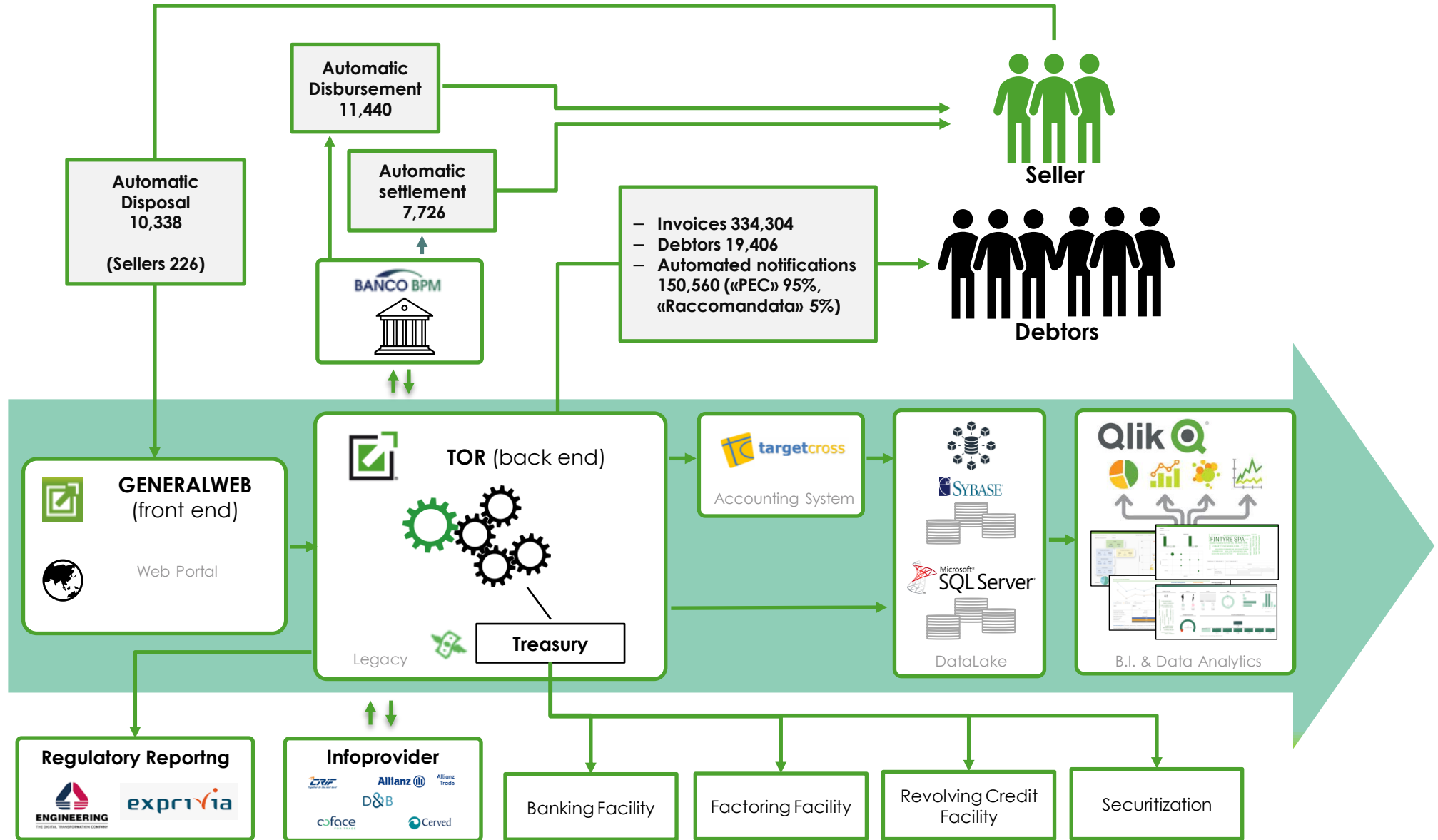
# A new organization oriented to risk control and business



63  
Employees  
+10 YTD



# A strategic asset: the proprietary digital platform



Note: LTM Company data

## 2022 Results: Balance Sheet, P&L, Funding and Capital



# Income statement 2022 – adjustments

Income Statement (€m)	2022A	Adj	2022 Adj
Interest income and similar income	14,0	0,0	14,0
Interest expense and similar charges	(6,7)	0,0	(6,7)
<b>INTEREST MARGIN</b>	<b>7,3</b>	<b>0,0</b>	<b>7,3</b>
Fee and commission income	27,4	0,0	27,4
Fee and commission expense	(3,8)	0,0	(3,8)
<b>NET FEE AND COMMISSION INCOME</b>	<b>23,6</b>	<b>0,0</b>	<b>23,6</b>
Dividends and similar income	0,0	0,0	0,0
Net profit (loss) from trading	(0,0)	0,0	(0,0)
Net results of other financial assets and liabilities measured at fair value through profit or loss	0,0	0,0	0,0
<b>NET INTEREST AND OTHER BANKING INCOME</b>	<b>30,9</b>	<b>0,0</b>	<b>30,9</b>
Net value adjustments / write-backs for credit risk	(1,2)	0,0	(1,2)
a) Financial assets measured at amortised cost	(1,2)	0,0	(1,2)
<b>NET PROFIT (LOSS) FROM FINANCIAL MANAGEMENT</b>	<b>29,7</b>	<b>0,0</b>	<b>29,7</b>
Administrative expenses	(13,0)	1,6	(11,5)
a) Personnel expenses	(6,7)	0,2	(6,5)
b) Other administrative expenses	(6,3)	1,3	(5,0)
Net provision for risks and charges	(0,0)	0,0	(0,0)
b) Other net provisions	(0,0)	0,0	(0,0)
Net value adjustments / write-backs on property, plan and equipment	(0,7)	0,0	(0,7)
Net value adjustments / write-backs on intangible assets	(0,3)	0,0	(0,3)
Other operating income and expenses	1,0	0,0	1,0
<b>OPERATING COSTS</b>	<b>(13,2)</b>	<b>(1,6)</b>	<b>(11,6)</b>
<b>PRE-TAX PROFIT (LOSS) FROM CURRENT OPERATIONS</b>	<b>16,5</b>	<b>(1,6)</b>	<b>18,0</b>
Income tax for the year on current operations	(5,6)	0,4	(6,0)
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>10,9</b>	<b>(1,2)</b>	<b>12,1</b>

Extraordinary costs booked in 2022, related to the IPO Process, ~ 1,6 € M

Adjusted Net income 12,1 € M, +27% YoY

# Main KPIs behind our business – adjusted figures

Income Statement (€m)	2020A	2021A	2022A	YoY	CAGR '20-'22
Interest Margin	4,1	6,2	7,3	17,7%	33,4%
Net Commission	13,1	17,7	23,6	33,3%	34,2%
<b>Net Banking Income</b>	<b>17,2</b>	<b>23,9</b>	<b>30,9</b>	<b>29,3%</b>	<b>34,0%</b>
Operating Costs	(8,4)	(9,8)	(11,6)	18,4%	17,5%
<b>Net Profit</b>	<b>5,3</b>	<b>9,5</b>	<b>12,1</b>	<b>27,4%</b>	<b>51,1%</b>

(€m)	2020A	2021A	2022A	YoY	CAGR '20-'22
Turnover	761	1.403	2.009	43,2%	62,5%
Allocated Amount	562	1.118	1.674	49,7%	72,6%
<b>LTV</b>	<b>74%</b>	<b>80%</b>	<b>83%</b>	<b>4,5%</b>	<b>6,2%</b>

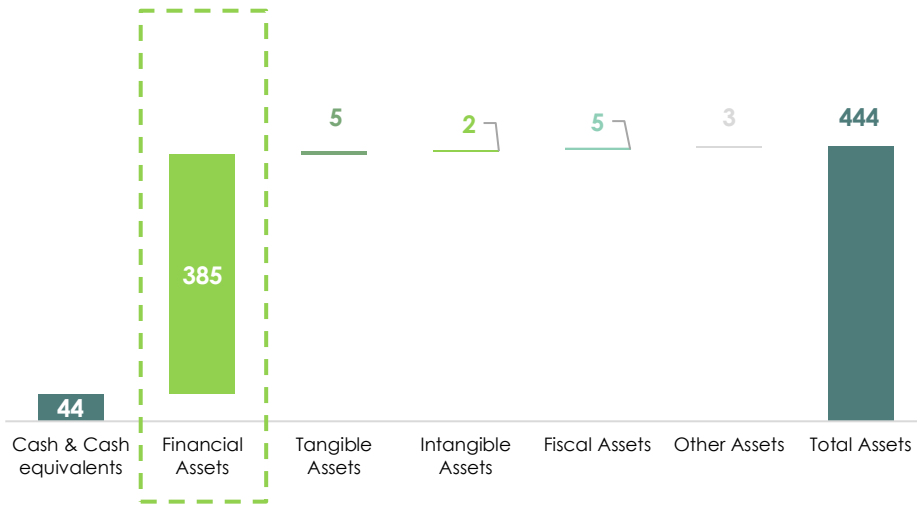
Net Banking Income / Average Loan (%)	11,2%	9,6%	8,7%	(9,0%)	(11,7%)
Interest Margin / Net Banking Income (%)	23,8%	26,0%	23,5%	(9,4%)	(0,5%)
Cost Income Ratio	48,7%	40,9%	37,7%	(7,9%)	(12,1%)
ROE (%)	30,9%	42,0%	26,3%	(37,5%)	(7,8%)

Balance Sheet (€m)	2020A	2021A	2022A	YoY	CAGR '20-'22
Cash & Cash Equivalents	24	34	44	30,4%	34,4%
Financial Assets	177	321	385	20,1%	47,8%
Other Assets	10	11	15	35,2%	24,0%
<b>Total Assets</b>	<b>210</b>	<b>365</b>	<b>444</b>	<b>21,5%</b>	<b>45,3%</b>
Financial Liabilities	175	315	368	17,1%	44,9%
Other Liabilities	12	19	19	(1,1%)	23,1%
<b>Total Liabilities</b>	<b>188</b>	<b>333</b>	<b>387</b>	<b>16,1%</b>	<b>43,6%</b>
<b>Shareholder's Equity</b>	<b>23</b>	<b>32</b>	<b>57</b>	<b>77,5%</b>	<b>58,5%</b>

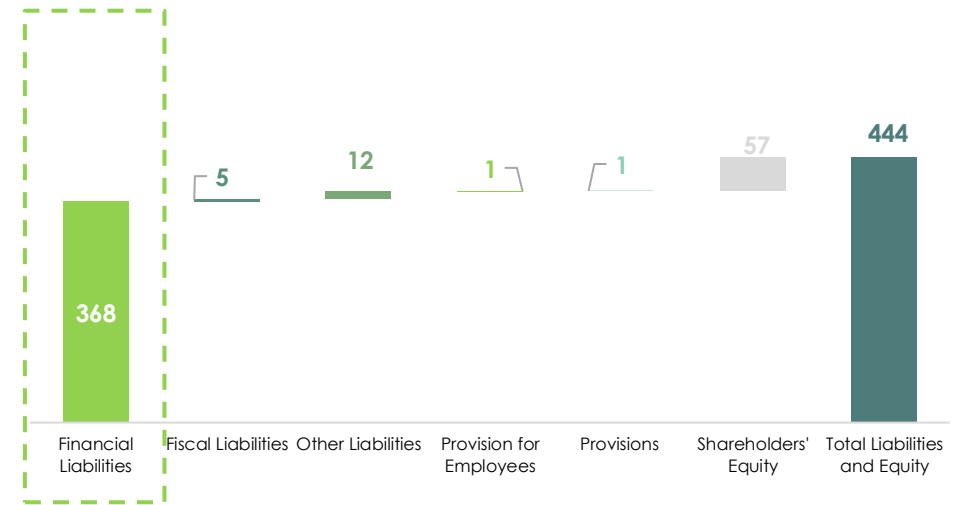
Note: Turnover includes Future receivables; Income statement data as of 2022 adjusted. ROE adj = Net Profit adj / (Equity - Net Profit adj)

# A very simple balance sheet with a strong capital position...

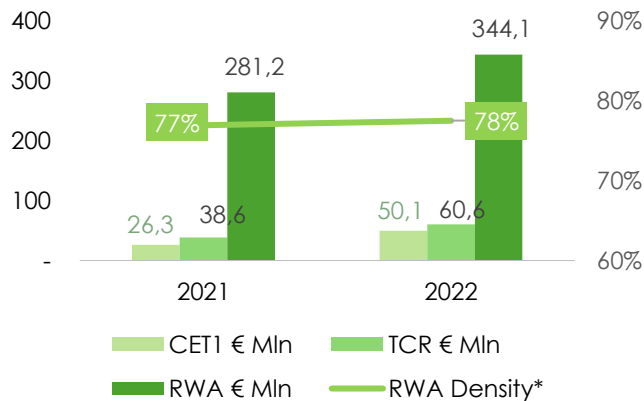
## 2022A ASSETS BREAKDOWN



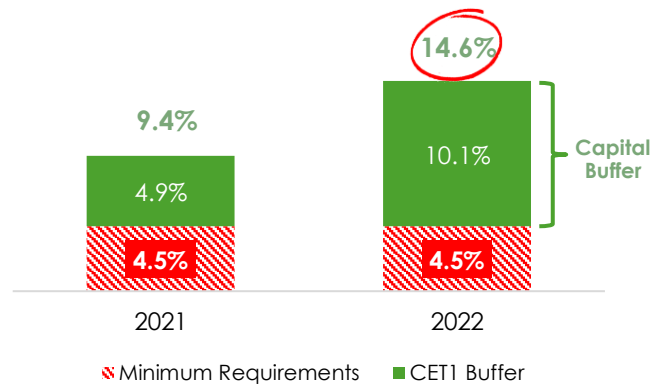
## 2022A LIABILITIES BREAKDOWN



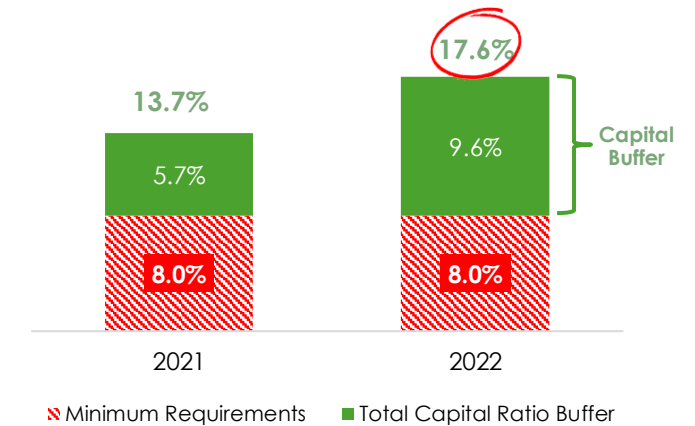
## CAPITAL AND RWA



## CET1 RATIO (%)

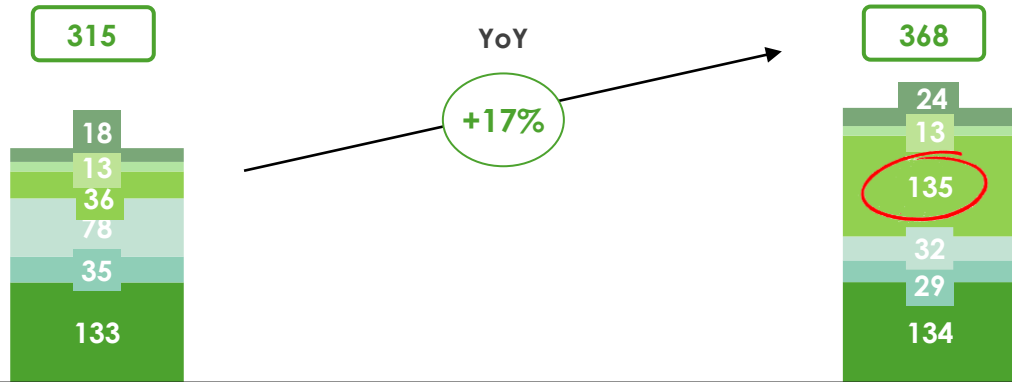


## TOTAL CAPITAL RATIO (%)

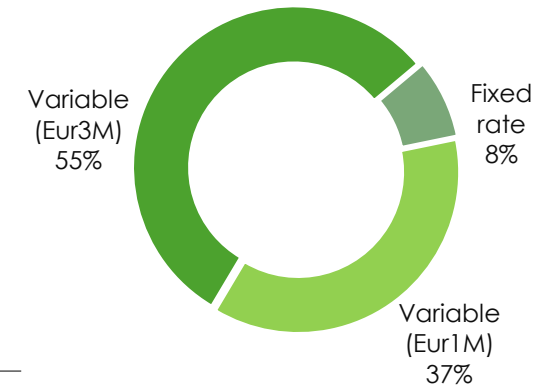


# ...coupled with a robust funding and liquidity position

2021A – 2022A FUNDING AND COST OF FUNDING (€M, %)



2022A FUNDING BREAKDOWN



2021 2022

■ RCF ■ Banking Facility ■ Factoring Facility ■ Securitization ■ Bond Tier 2 ■ Commercial Paper

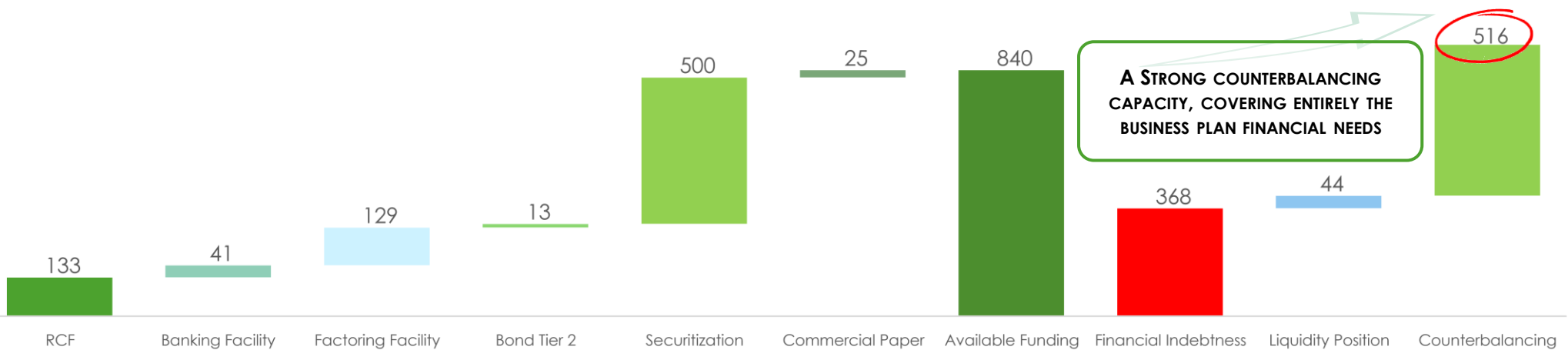
Avg cost of funding **1.2%**

**2.0%**

Avg cost of funding excluded Tier 2 Bonds **1.1%**

**1.6%**

2022A TOTAL AVAILABLE FINANCING AMOUNT (€M)

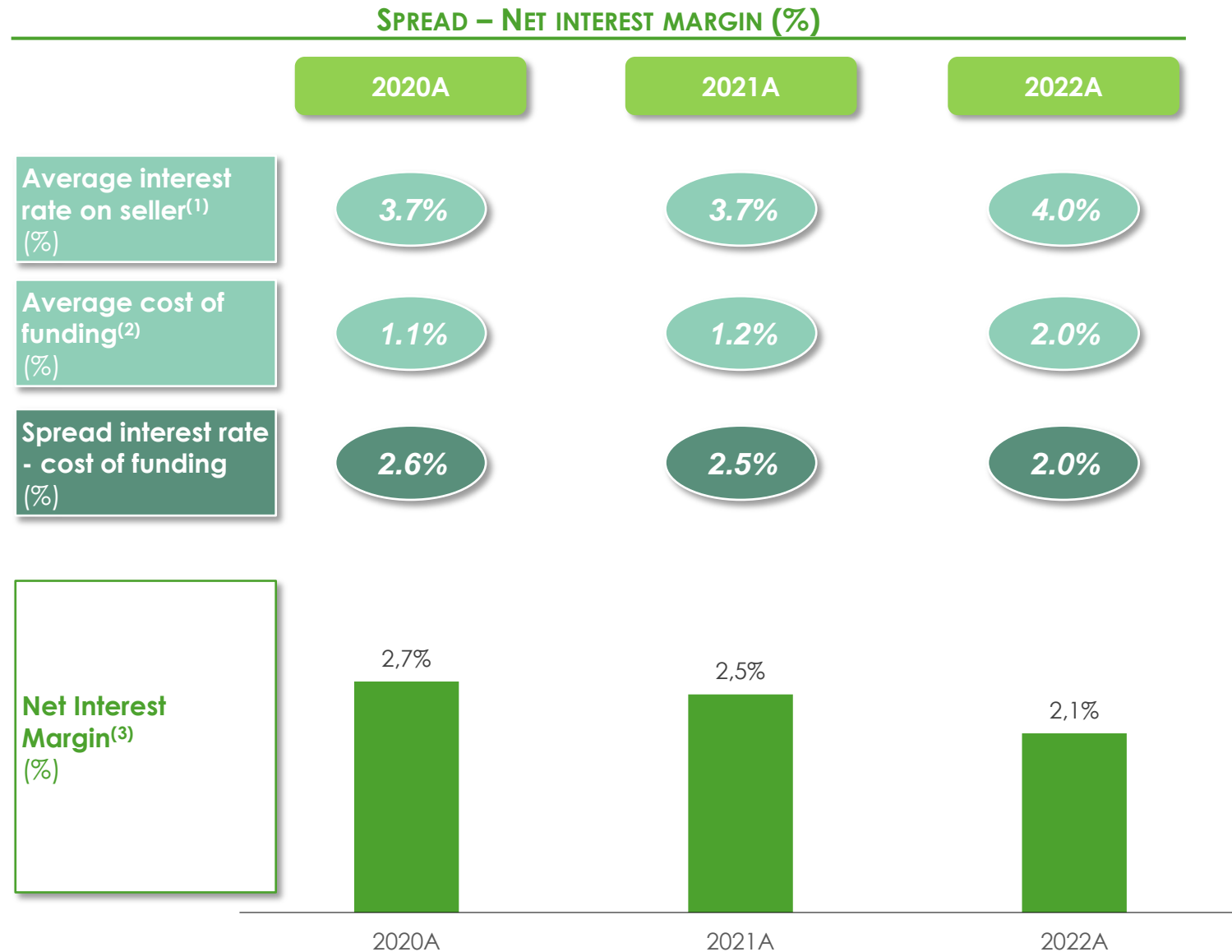


**A STRONG COUNTERBALANCING CAPACITY, COVERING ENTIRELY THE BUSINESS PLAN FINANCIAL NEEDS**

Note: «Securitization» includes only senior financing and excluding around 53 €M of Mezzanine Notes

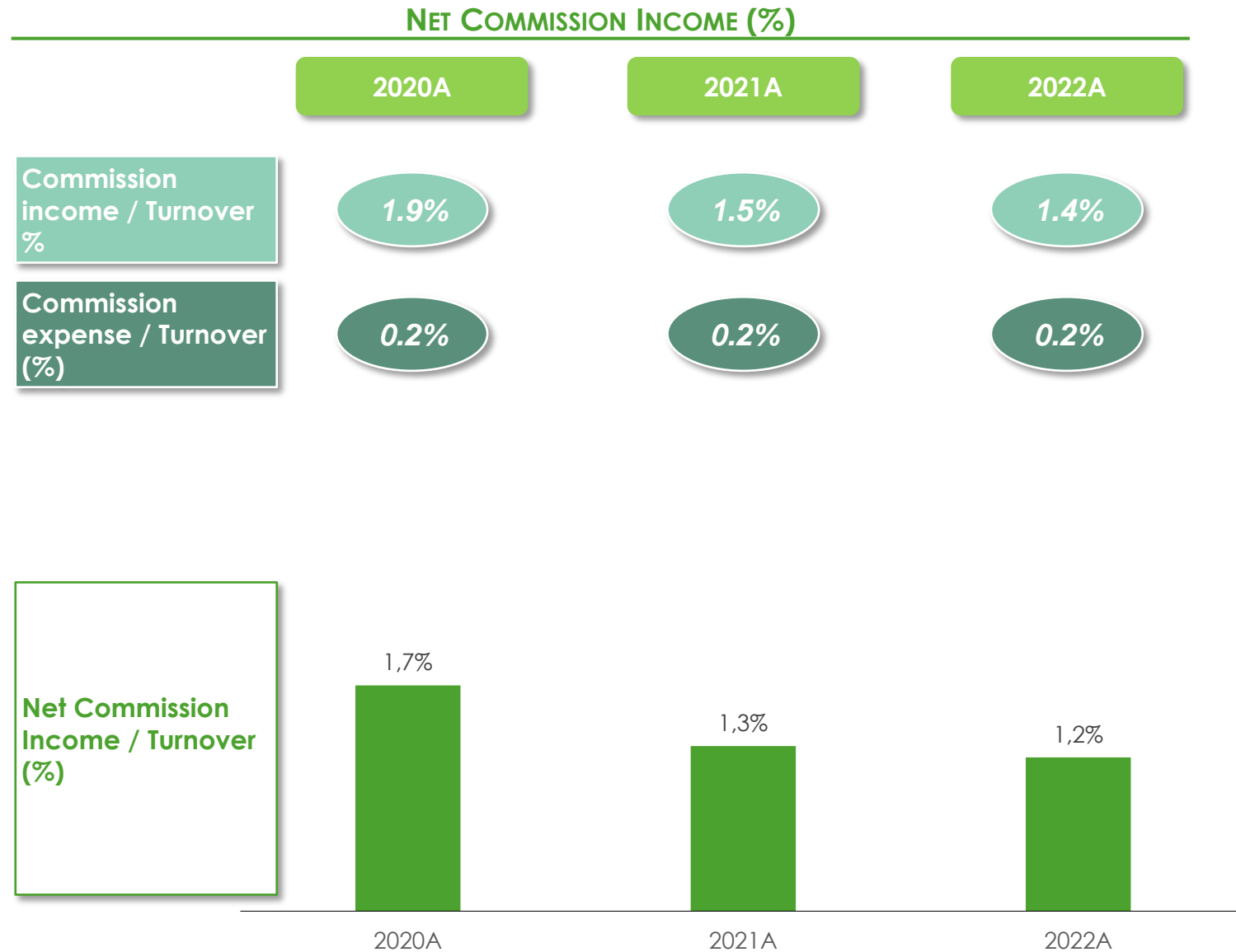
# Net interest Income, «hedged» against interest rate rises

- **Net Interest Income only ~ 24% of the Net Banking Income**
- Almost **all funding available at variable rates** (Eurbor 1M, 3M)
- As of today, **around 98% of the factoring contracts** had been renegotiated, changing the calculated interest rate from fixed to **variable (based on Euribor 3M)**



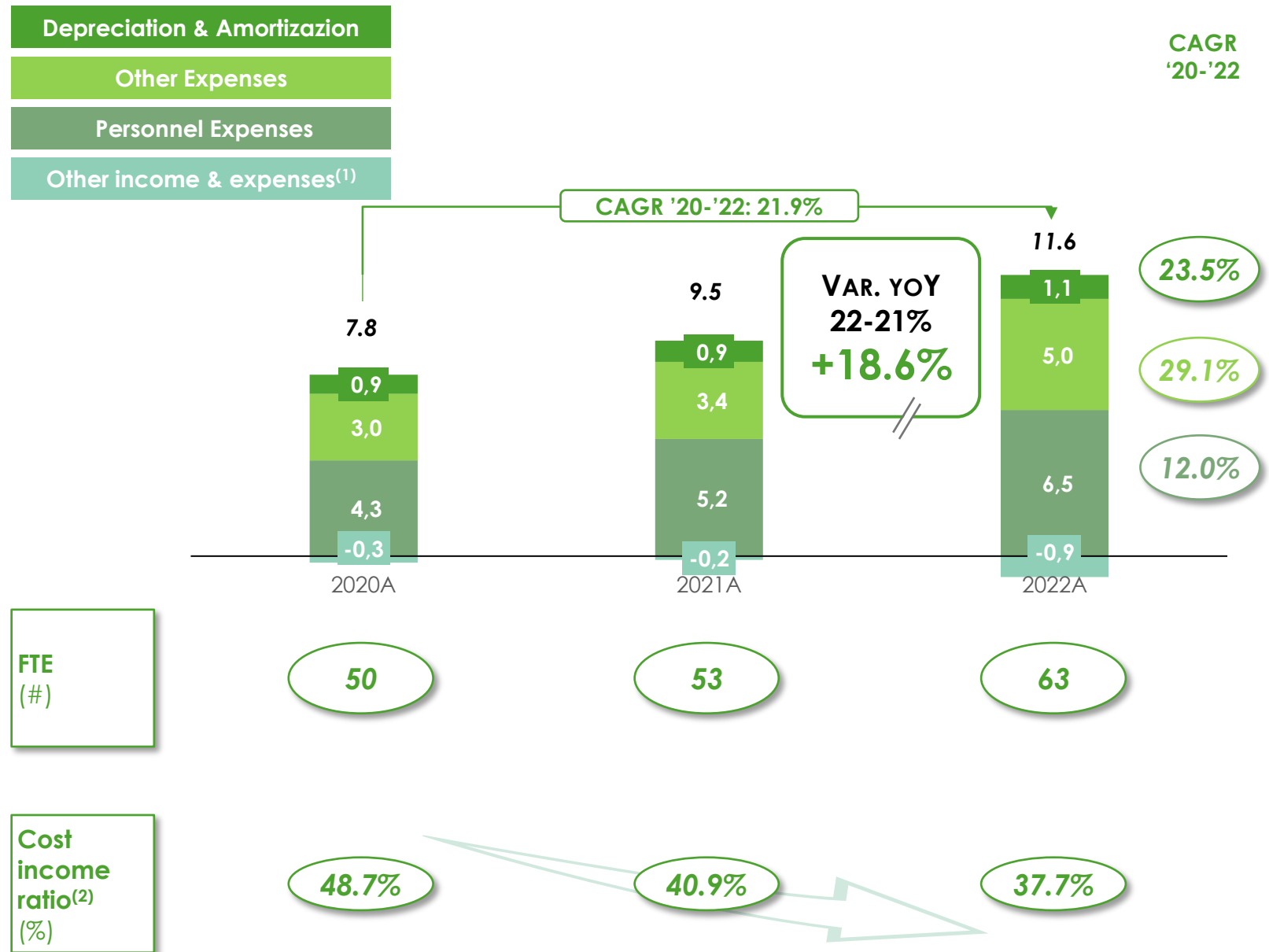
# Net commission income, the primary source of profitability

- **Net Commission Income ~ 76% of the Net Banking Income**
- **Commission income rate** declining in connection with the **different mix of the portfolio** (Corporate Sellers vs Retail Sellers)
- **Stable commission expense rate** thanks to **optimization of insurance costs and banking fees**



# Cost / Income reflecting the efficiency of the operating machine

- **#10 new FTE** compared to year-end 2022
- Year-on-year **growth in operating costs in line with the CAGR** of the last 3 years
- Cost income **declining** benefitting from the **high efficiency of the operating machine and the economy of scale (IT proprietary platform)**



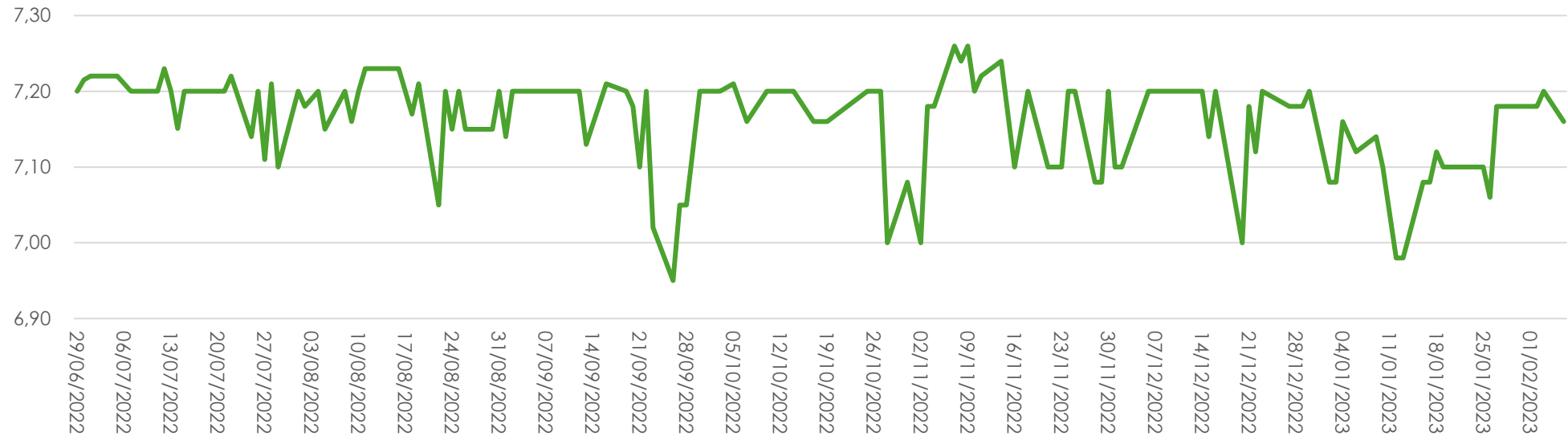
Note: (1) other net revenues and risk charges; (2) Operating Costs / Net Banking Income. Operating Costs on Adjusted basis

# Closing Remarks



# Dividend Policy

## SHARE PERFORMANCE



Distribution of Net Profit (Euro)		2022A
Net profit		10.885.387
Number of shares		12.635.066
<b>Dividend per share</b>		<b>0,43</b>
Total dividends		5.433.078
Retained earnings		5.452.309
<b>Payout ratio</b>		<b>50%</b>
<b>Dividend Yield</b>		<b>6,0%</b>

**DIVIDEND  
YIELD  
6%**

Note: dividend yield calculated as dividend / average share price of the last 10 days, as of 10th Feb 2023

# Closing Remarks

- **2022: a year of great achievements:**
  - ✓ *IPO of the Company*
  - ✓ *Reinforcement of the financial profile (Total Capital Ratio up to 17.6%)*
  - ✓ *Strong growth of the business (turnover +43% YoY)*
  - ✓ *Very good asset quality (NPE Ratio 0.35%)*
  - ✓ *Stable and robust funding (Counterbalancing > 500 €M)*
  
- **2023 Outlook supporting Generalfinance's business:**
  - ✓ *Geopolitical and macroeconomic tensions affecting financial position of Italian SMEs*
  - ✓ *Tightening of credit standards from Italian banks*
  - ✓ *Exit from state aid supports for SMEs financing via MCC and SACE*
  - ✓ *Solid pipeline of new Sellers in the first part of the year*
  - ✓ *2023 Net Income guidance: 16-17 €m*
  
- **Potential add-on coming from the expansion of the Company abroad (Greece and Spain), depending on the analysis already started to be finalized in the coming quarters**

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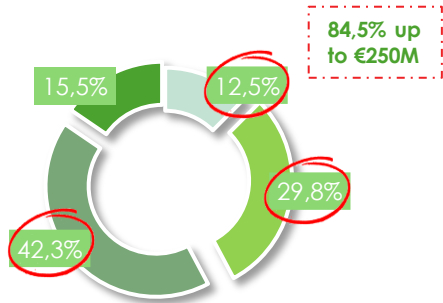
# Annexes



# Turnover breakdown vs system average 1/2

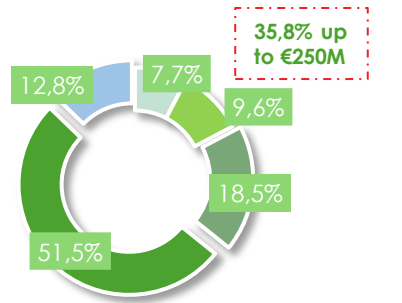
## SELLERS' DIVERSIFICATION BY DIMENSION<sup>1</sup>

### GENERALFINANCE (%)



- Small size (<€10M)
- Medium size (€10M-€50M)
- Corporate (€50M-€250M)
- Large corporate (>€250M)

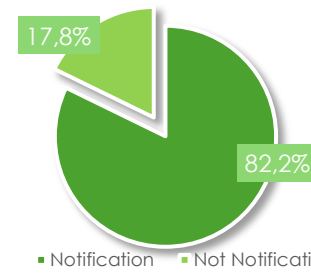
### ASSIFACT (%)



- Small size (<€10M)
- Medium size (€10M-€50M)
- Corporate (€50M-€250M)
- Large corporate (>€250M)
- Not classified

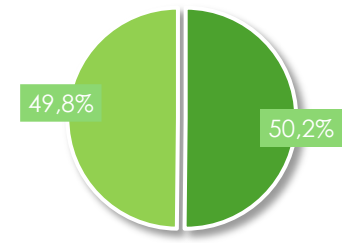
## FACTORING BY NOTIFICATION STATUS<sup>1</sup>

### GENERALFINANCE (%)



- Notification
- Not Notification

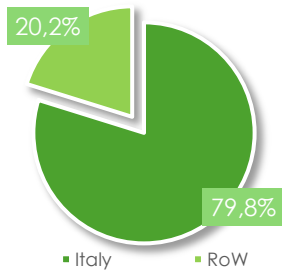
### ASSIFACT (%)



- Notification
- Not Notification

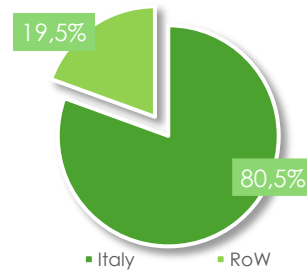
## NATIONAL VS INTERNATIONAL TURNOVER<sup>1</sup>

### GENERALFINANCE (%)



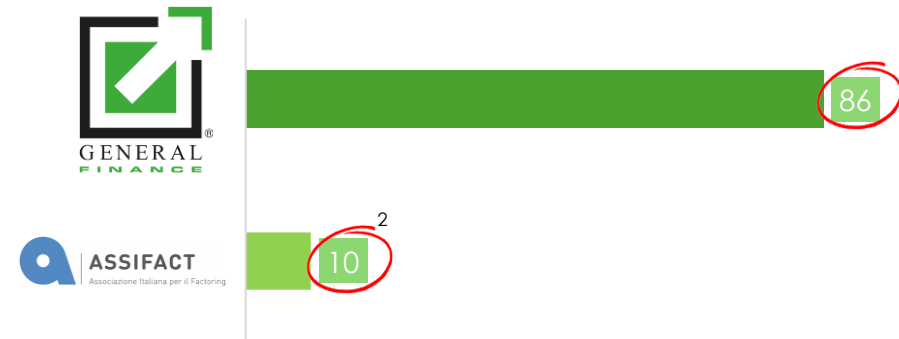
- Italy
- RoW

### ASSIFACT (%)



- Italy
- RoW

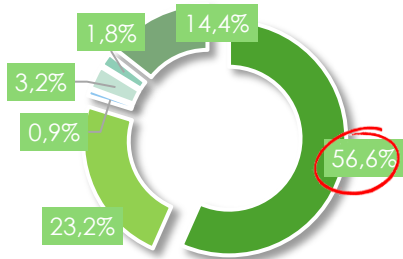
## HIGHER NUMBER OF DEBTORS PER SELLER<sup>1</sup>



# Turnover breakdown vs system average 2/2

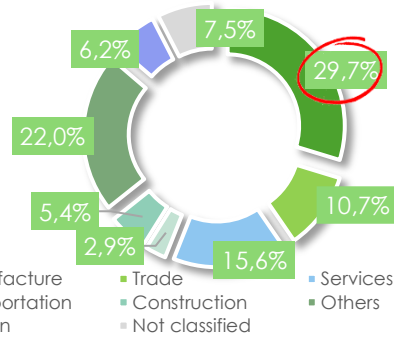
## SELLERS' DIVERSIFICATION BY SECTOR<sup>1</sup>

GENERALFINANCE (%)



- Manufacturing
- Trade
- Services
- Transportation
- Construction
- Others

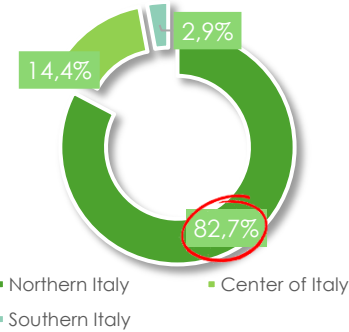
ASSIFACT (%)



- Manufacturing
- Trade
- Services
- Transportation
- Construction
- Foreign
- Not classified
- Others

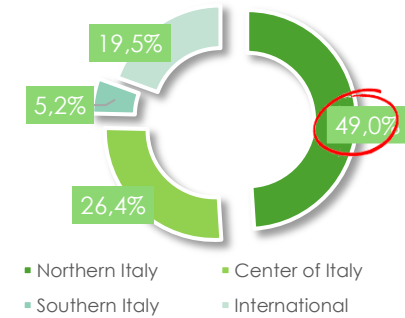
## SELLERS' DIVERSIFICATION BY GEOGRAPHY<sup>1</sup>

GENERALFINANCE (%)



- Northern Italy
- Center of Italy
- Southern Italy

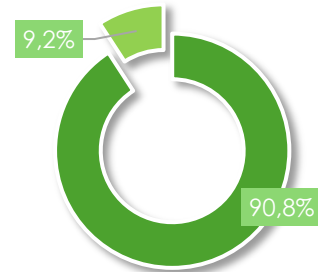
ASSIFACT (%)



- Northern Italy
- Center of Italy
- Southern Italy
- International

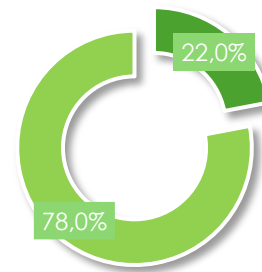
## TURNOVER BY PRODUCT<sup>1</sup>

GENERALFINANCE (%)



- Pro solvendo
- Pro soluto

ASSIFACT (%)



- Pro solvendo
- Pro soluto

1) Generalfinance Turnover data refers to 2022; Assifact Turnover data refers to 3Q 2022

1°  
giorno di  
quotazione  
BORSA ITALIANA Euronext



**GENERALFINANCE**

# 2022 Financial Results



February 13, 2023