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GENERALFINANCE

1Q23 Results



April 19, 2023

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Today's presenters



Massimo Gianolli
CEO



Ugo Colombo
CFO

Agenda

- **Main 1Q 2023 Results**
- **Focus on Asset Quality and Digital Factoring**
- **1Q 2023 Results: Balance Sheet, P&L, Funding and Capital**
- **Annexes**

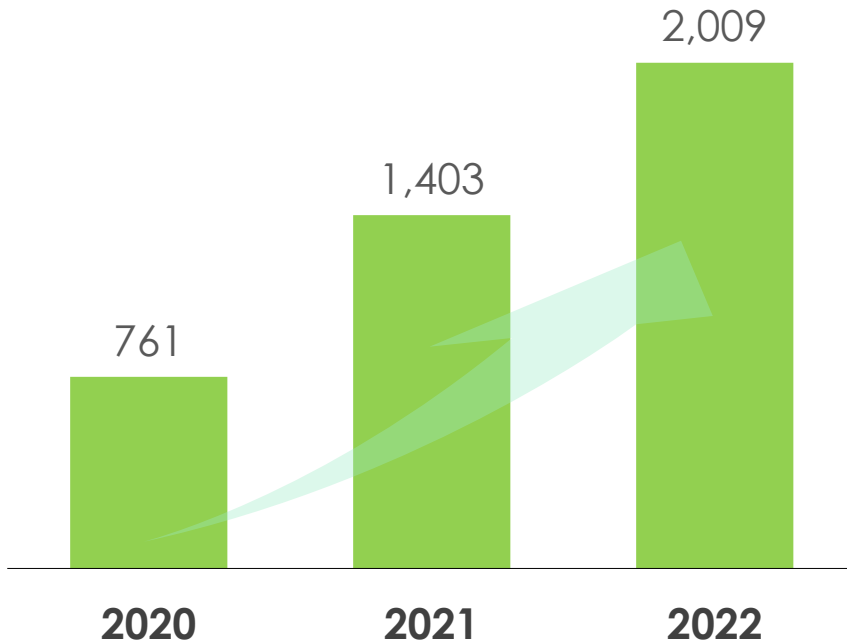
Main 1Q 2023 Results

Turnover witnessing a strong growth story

Growth in Turnover Volume (€M)

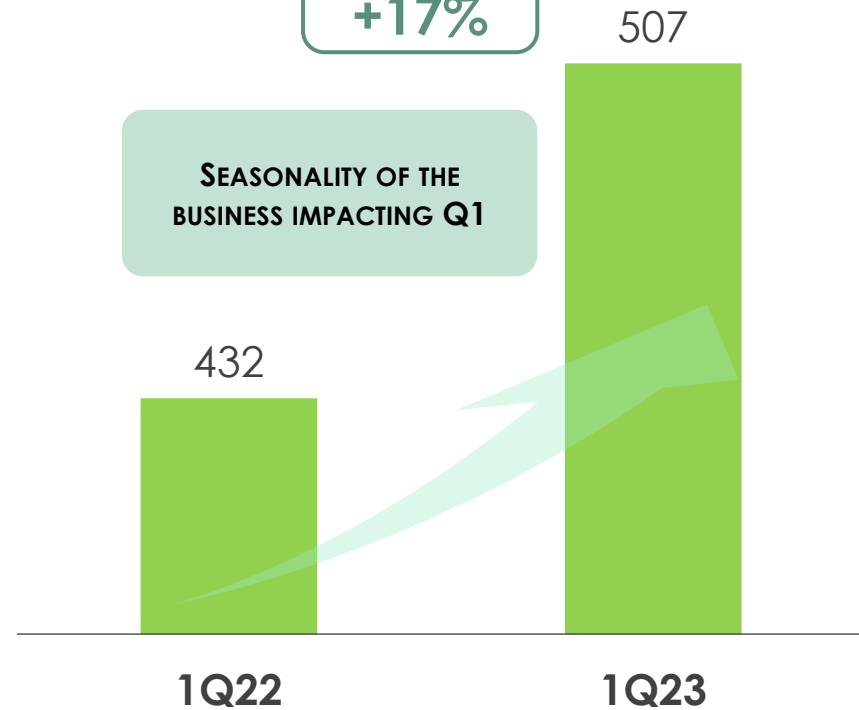
Data in €Mln

**CAGR
'20-'22
+62%**



Data in €Mln

**VAR. YOY
22-23
+17%**



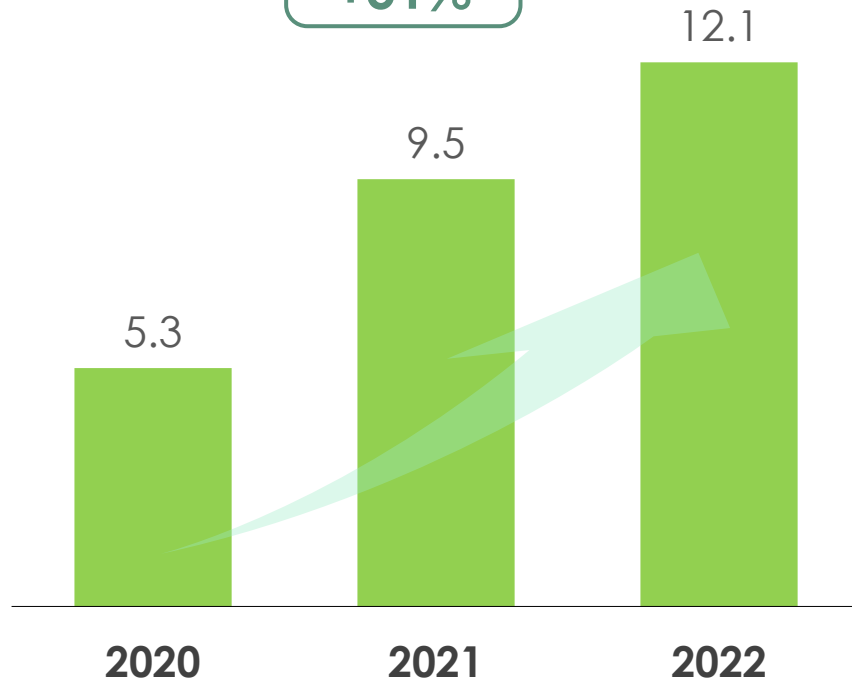
2023 annual growth rate (17%) above the market average (+8%)

Net Income: high profitability from the operations

Growth in net income (€M)

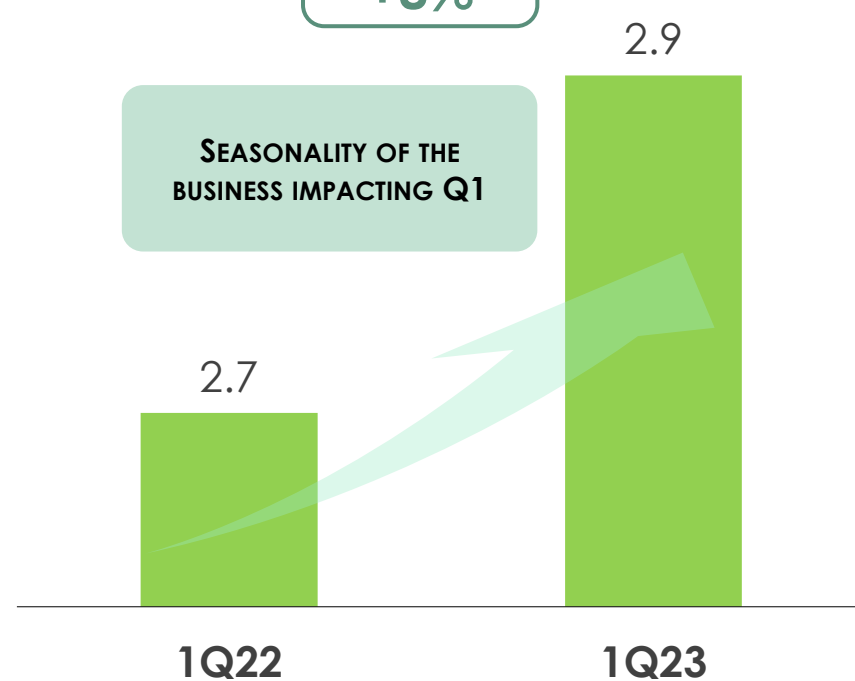
Data in €mln

**CAGR
'20-'22
+51%**



Data in €mln

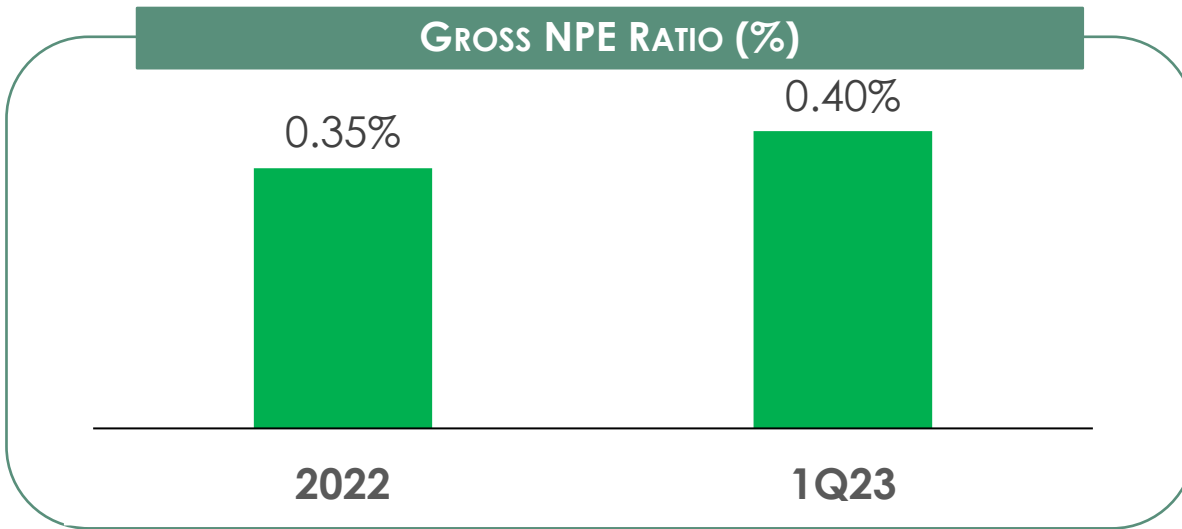
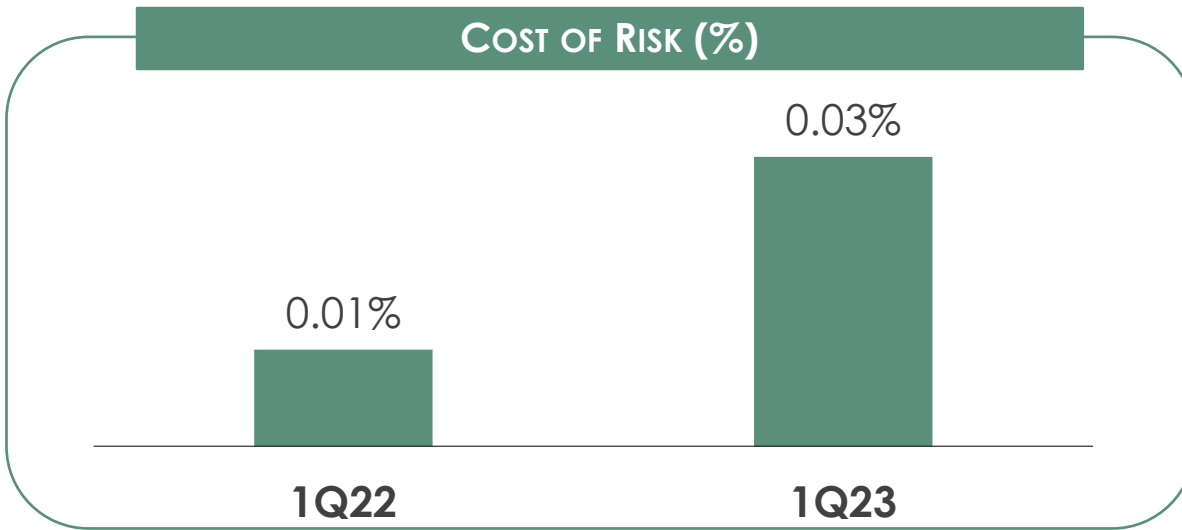
**VAR. YOY
22-23
+8%**



Profitability level in line with 2023 Budget

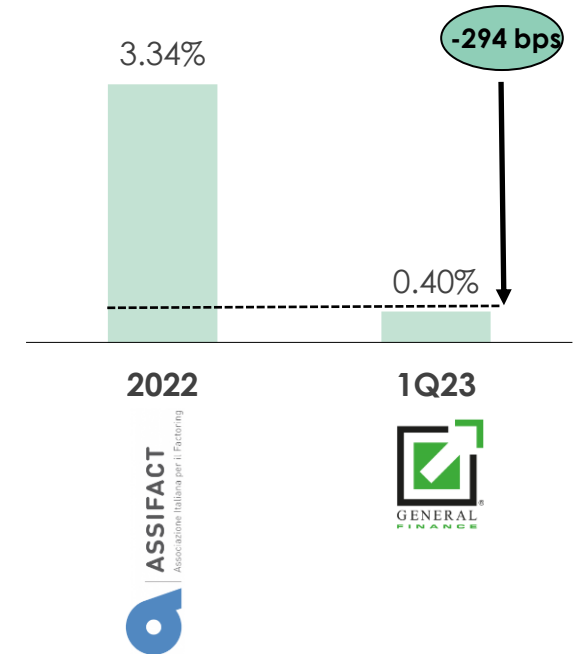
Focus on Asset Quality and Digital Factoring

A low risk model with a best in class asset quality

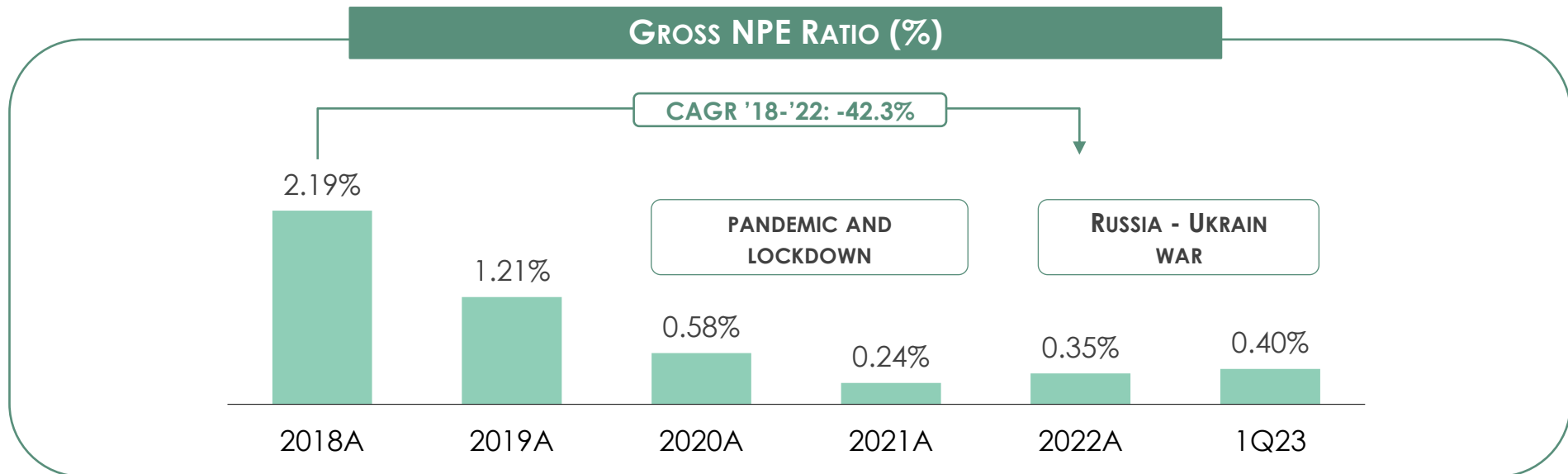
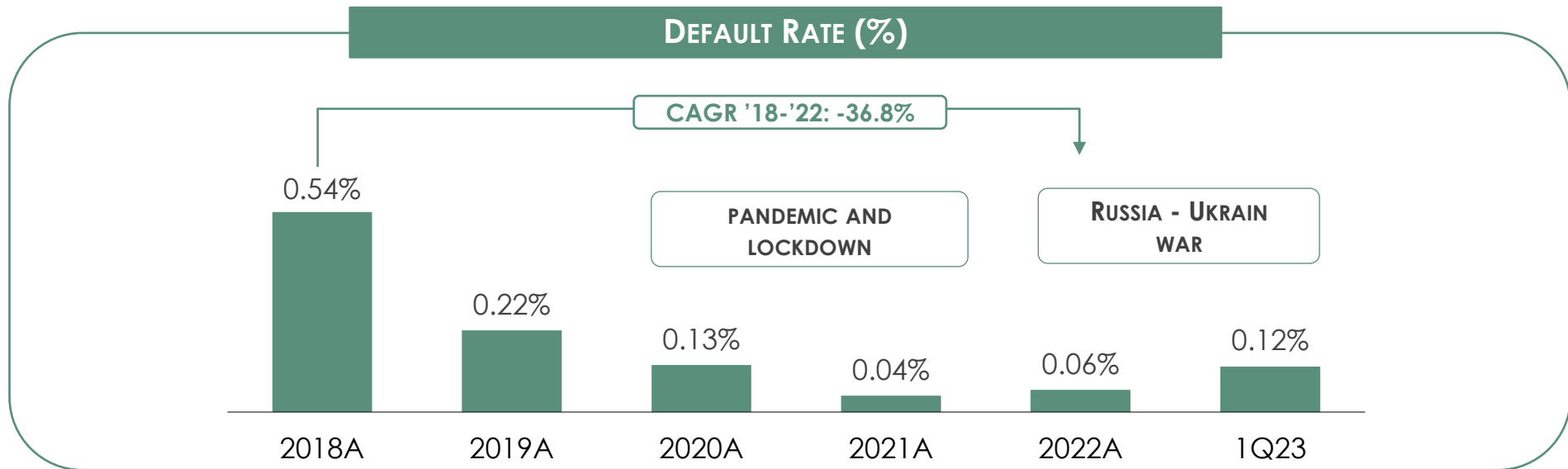


Gross NPE Ratio Benchmarking

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



Default Rate and NPE Ratio constantly improving

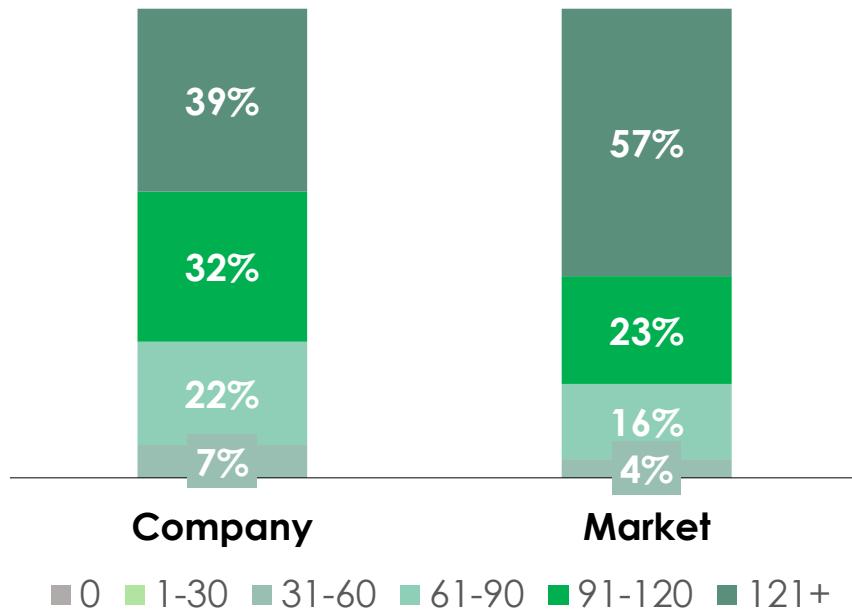


Default rate: $\frac{\text{NPE inflow of the year}}{\text{loans disbursement flow of the year}}$

Collection performance: a strategic delivery to our Customers

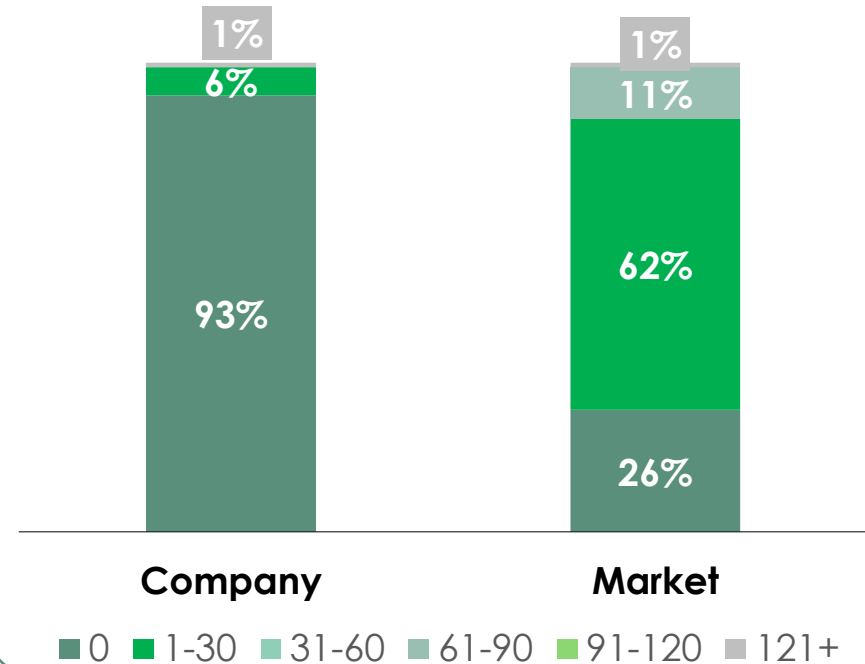
Payment Conditions (days)

Only **39%** of Generalfinance's portfolio has payment conditions exceeding 120 days (vs 57% of the market)



Payment Delays (days)

93% of Generalfinance's portfolio has **no payment delays** (vs 26% of the market)



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

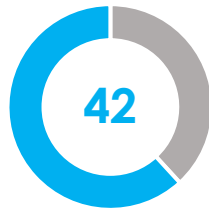
Small businesses perceive more benefits from factoring

Assifact analysis

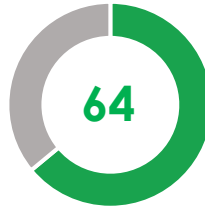
- **Smaller firms** are more likely to **outsource trade receivables management** to the factor and are more likely to **perceive the benefits of factor management** in terms of **containment of bad debts, regularity and timeliness of payments**
- Among businesses that have never used factoring, there is a high proportion (63 percent) of individuals, belonging to small and medium-sized enterprises, who express interest in the service

Firms that have reduced internal trade receivables management activity through factoring

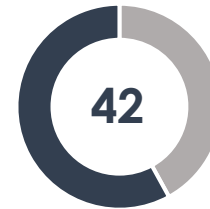
TOTAL SAMPLE



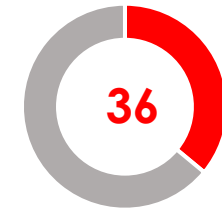
SMALL FIRMS



MEDIUM – SIZED BUSINESS



CORPORATE

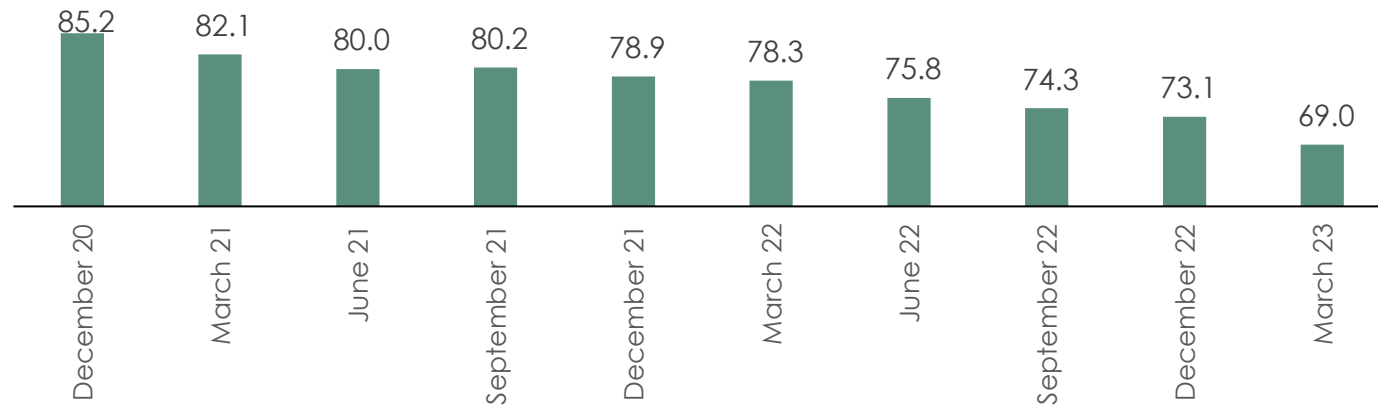
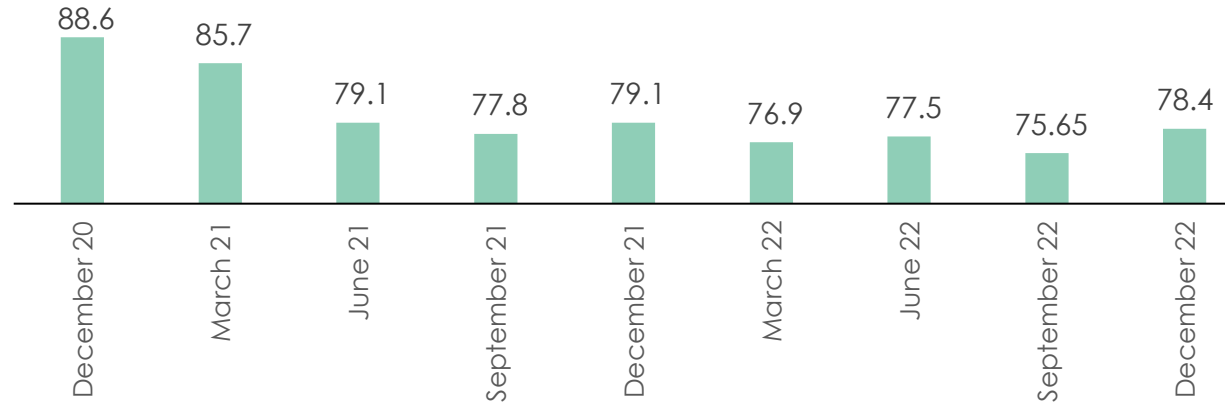


The impacts of factoring from a management perspective (breakdown by firm size)



Company's DSO expressing a very low duration of the portfolio

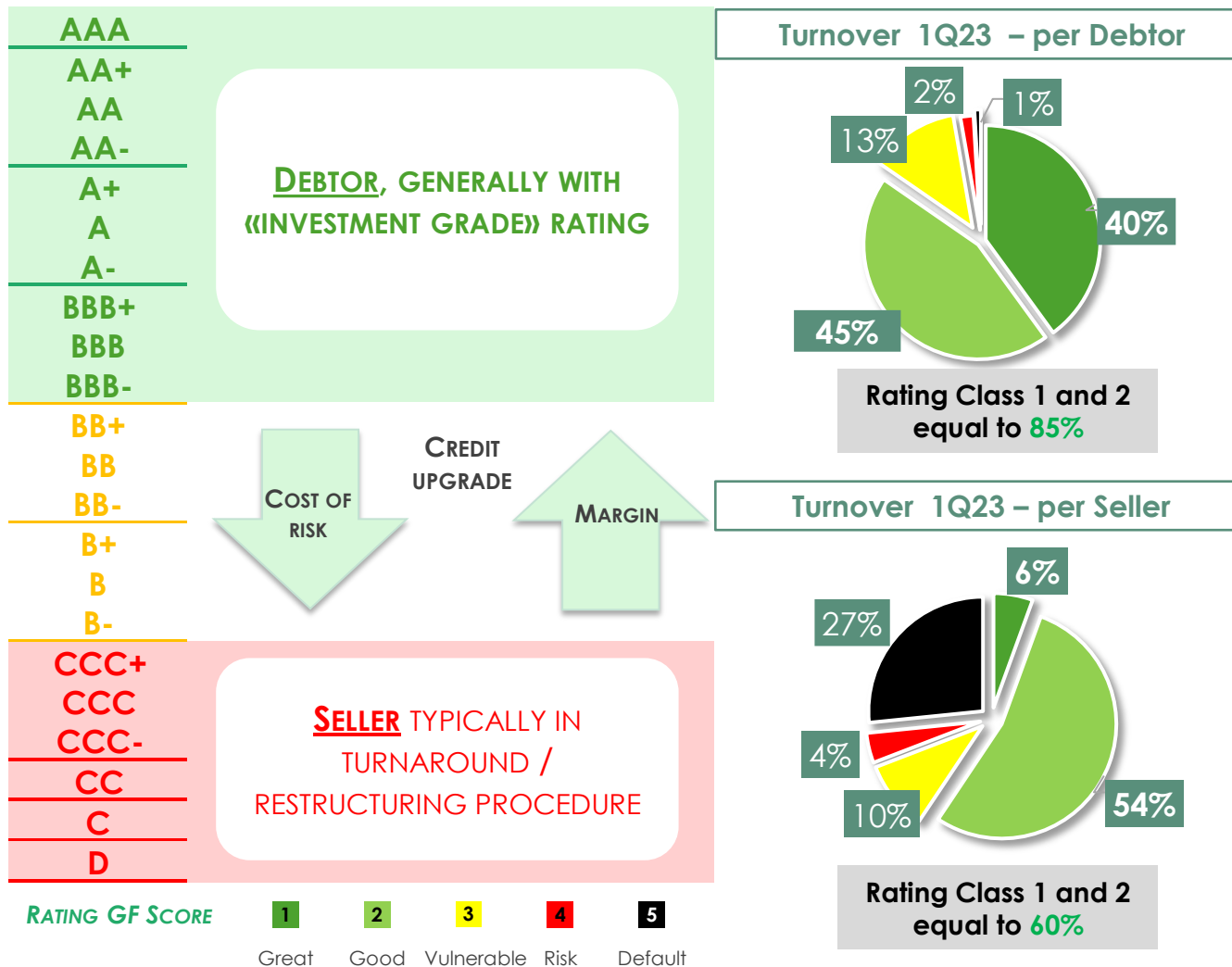
Days Sales Outstanding (DSO) – Receivables from private companies



Source: Assifact monthly and quarterly statistics; excluding public sector.

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)



HIGHLIGHTS FOR GENERALFINANCE¹

PRODUCTS

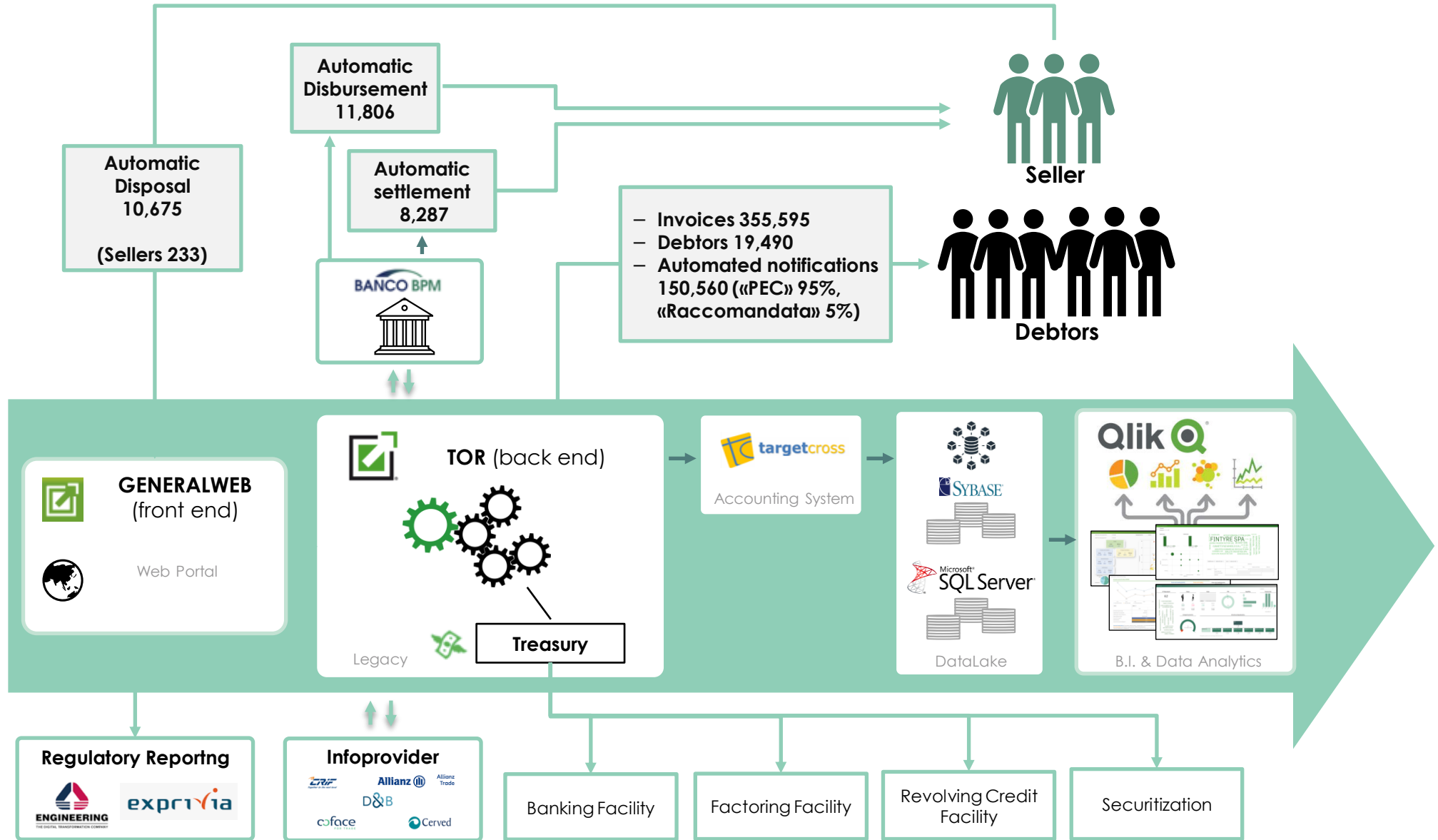
- ✓ Pro-solvendo factoring (c. **90%** of turnover; vs 21% Assifact average)
- ✓ Pro-soluto factoring (c. **10%** of turnover; vs 79% Assifact)
- ✓ Reverse factoring
- ✓ C. **80%** of turnover covered by insurance with Allianz Trade
- ✓ **81%** LTV in 1Q 2023, adjustable according to credit risk

CUSTOMERS

- ✓ Italian corporates (revenues higher than €20M) mainly distressed (c. **65%** of turnover) and "in bonis" (c. 35% of turnover)
- ✓ High diversification by sector
- ✓ Debtors from Italy and abroad with an "investment grade" rating
- ✓ High ratio Debtor/Seller (~**84 vs 10** of Assifact average²)
- ✓ Average Seller **retention about 6 years**

Notes: 1) Generalfinance data refers to 1Q 2023 (LTM); Assifact data refers to 2022; 2) Assifact data net of household debtors.

A strategic asset: the proprietary digital platform



Data LTM, as of March 2023

1Q 23 Results: Balance Sheet, P&L, Funding and Capital

Main KPIs behind our business

Income Statement (€m)	2020A	2021A	2022A	CAGR '20-'22	1Q22	1Q23	YoY
Interest Margin	4,1	6,2	7,3	33,4%	1,8	1,8	(3,5%)
Net Commission	13,1	17,7	23,6	34,2%	5,2	6,0	16,9%
Net Banking Income	17,2	23,9	30,9	34,0%	7,0	7,8	11,6%
Net value adjustments / write-backs for credit risk	(0,7)	(0,2)	(1,2)	30,0%	(0,0)	(0,1)	n.s.
Operating Costs	(8,4)	(9,8)	(11,6)	17,5%	(2,8)	(3,2)	14,7%
Net Profit	5,3	9,5	12,1	51,1%	2,7	2,9	7,9%

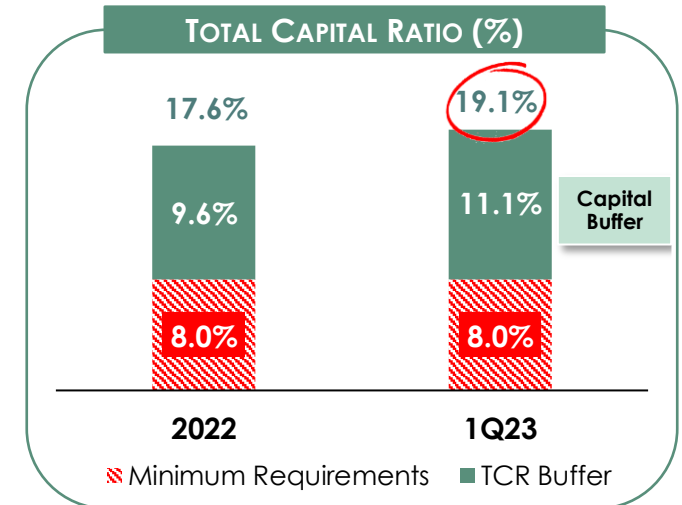
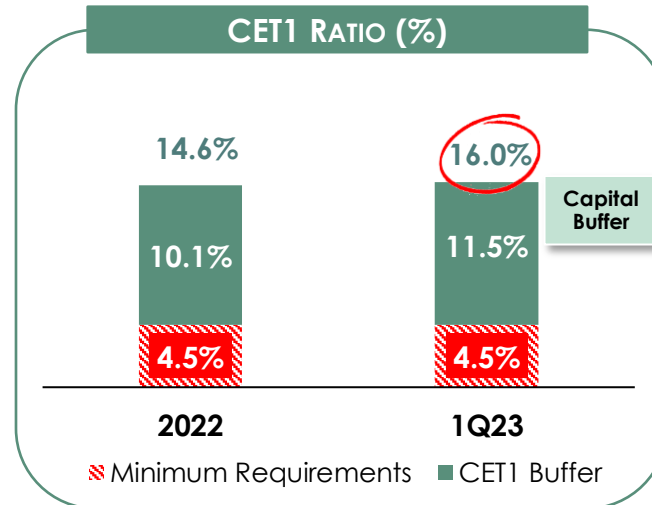
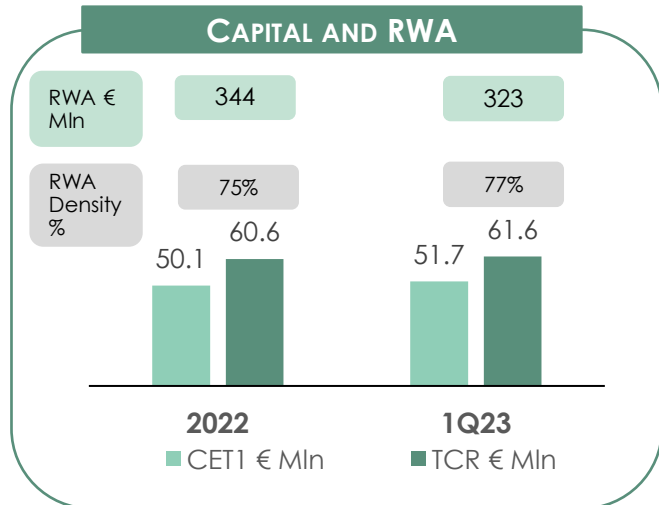
(€m)	2020A	2021A	2022A	CAGR '20-'22	1Q22	1Q23	YoY
Turnover	761,0	1.403,0	2.009,0	62,5%	432,4	506,9	17,2%
Allocated Amount	562,0	1.118,0	1.674,0	72,6%	359,3	411,7	14,6%
LTV	73,9%	79,7%	83,3%	6,2%	83,1%	81,2%	-2,3%

Net Banking Income / Average Loan (%)	11,2%	9,6%	8,7%	(11,9%)	8,5%	8,5%	0,3%
Interest Margin / Net Banking Income (%)	23,8%	26,0%	23,5%	(0,6%)	26,0%	22,5%	(13,5%)
Cost Income Ratio	48,7%	40,9%	37,7%	(12,0%)	40,2%	41,4%	2,8%
ROE (%)	30,9%	42,0%	26,3%	(7,7%)	40,0%	22,9%	(42,8%)

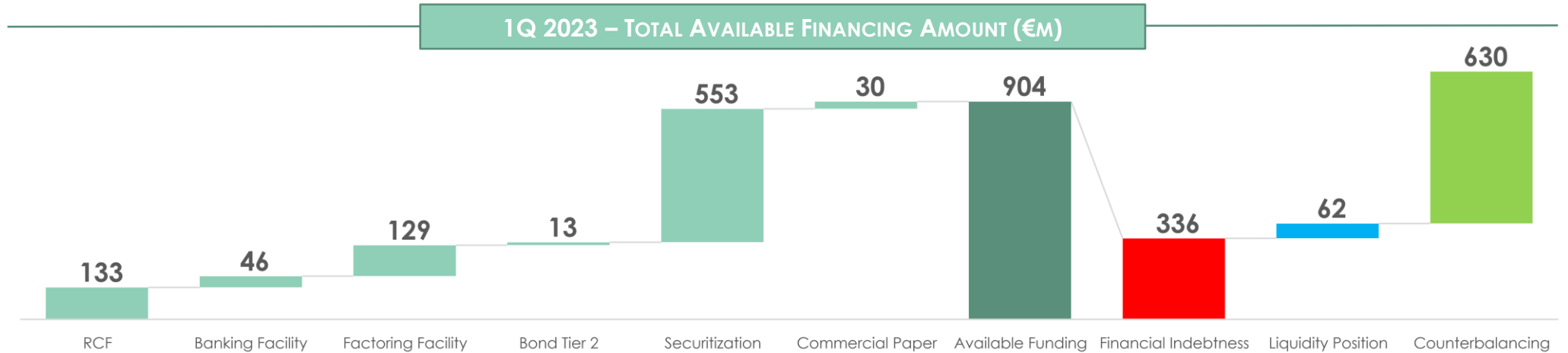
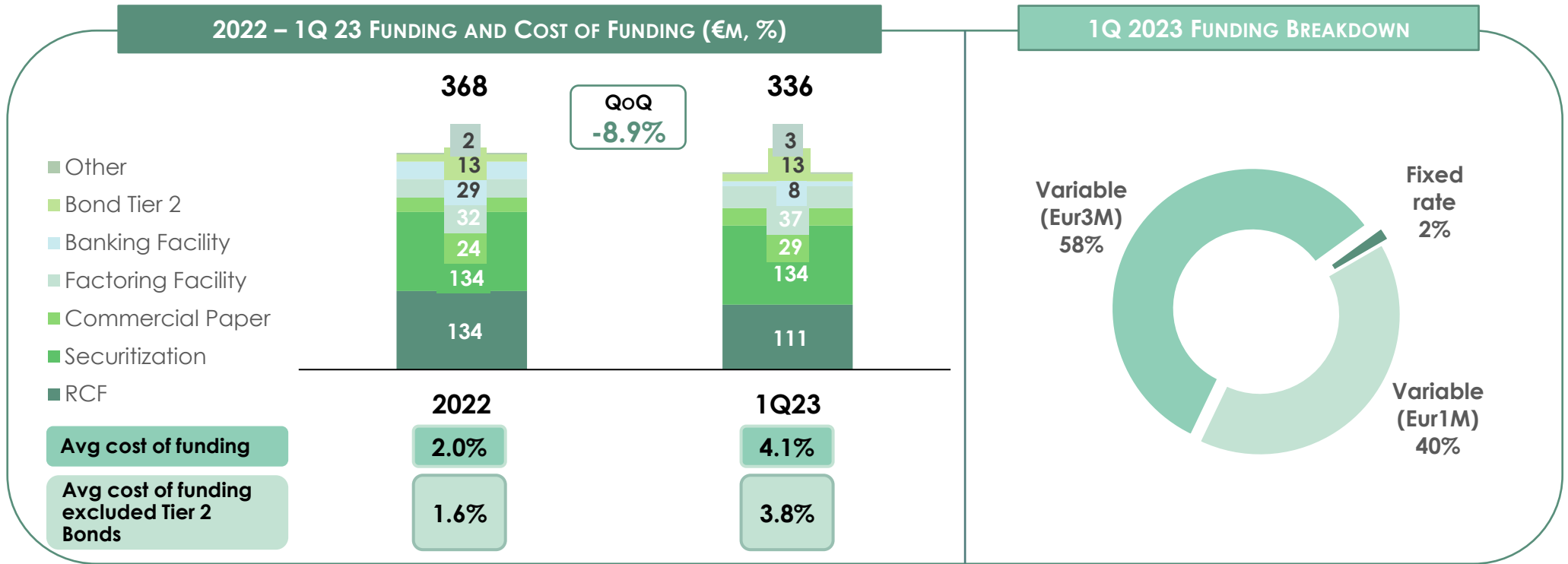
Balance Sheet (€m)	2020A	2021A	2022A	CAGR '20-'22	1Q22	1Q23	YoY
Cash & Cash Equivalents	24,2	33,5	43,7	34,4%	46,2	62,0	34,2%
Financial Assets	176,5	321,0	385,4	47,8%	333,1	342,9	2,9%
Other Assets	9,5	10,8	14,7	24,4%	11,2	14,6	30,4%
Total Assets	210,2	365,3	443,8	45,3%	390,5	419,5	7,4%
Financial Liabilities	175,4	314,6	368,4	44,9%	336,6	335,5	(0,3%)
Other Liabilities	12,2	18,7	18,6	23,5%	23,9	29,7	24,1%
Total Liabilities	187,6	333,3	387,0	43,6%	360,5	365,2	1,3%
Shareholder's Equity	22,6	32,0	56,8	58,5%	30,0	54,3	81,2%

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

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

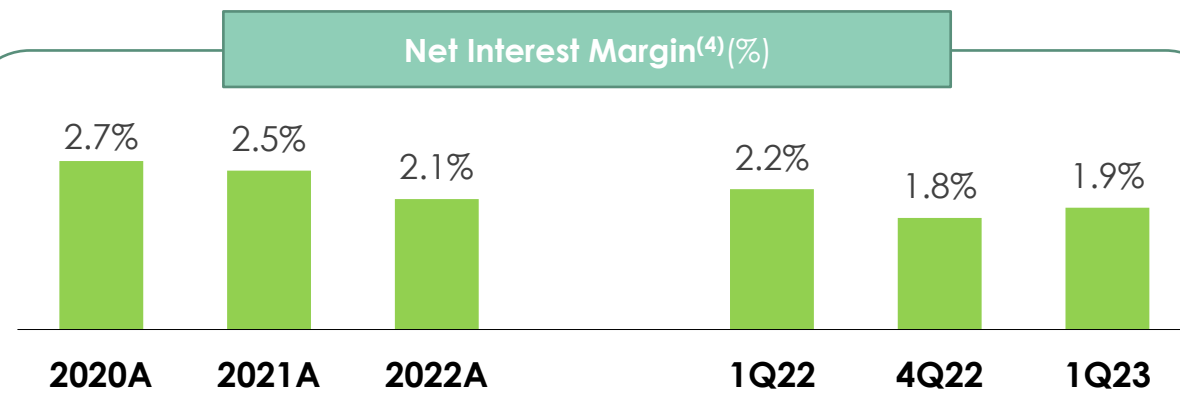
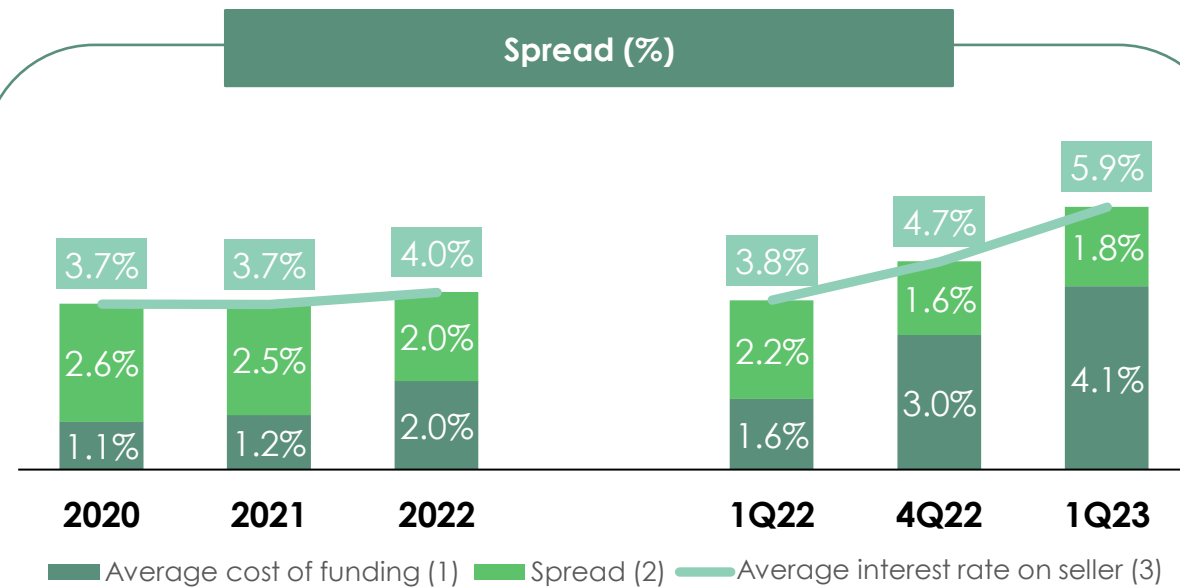


...coupled with a robust funding and liquidity position



Net interest Income, «hedged» against interest rate rises

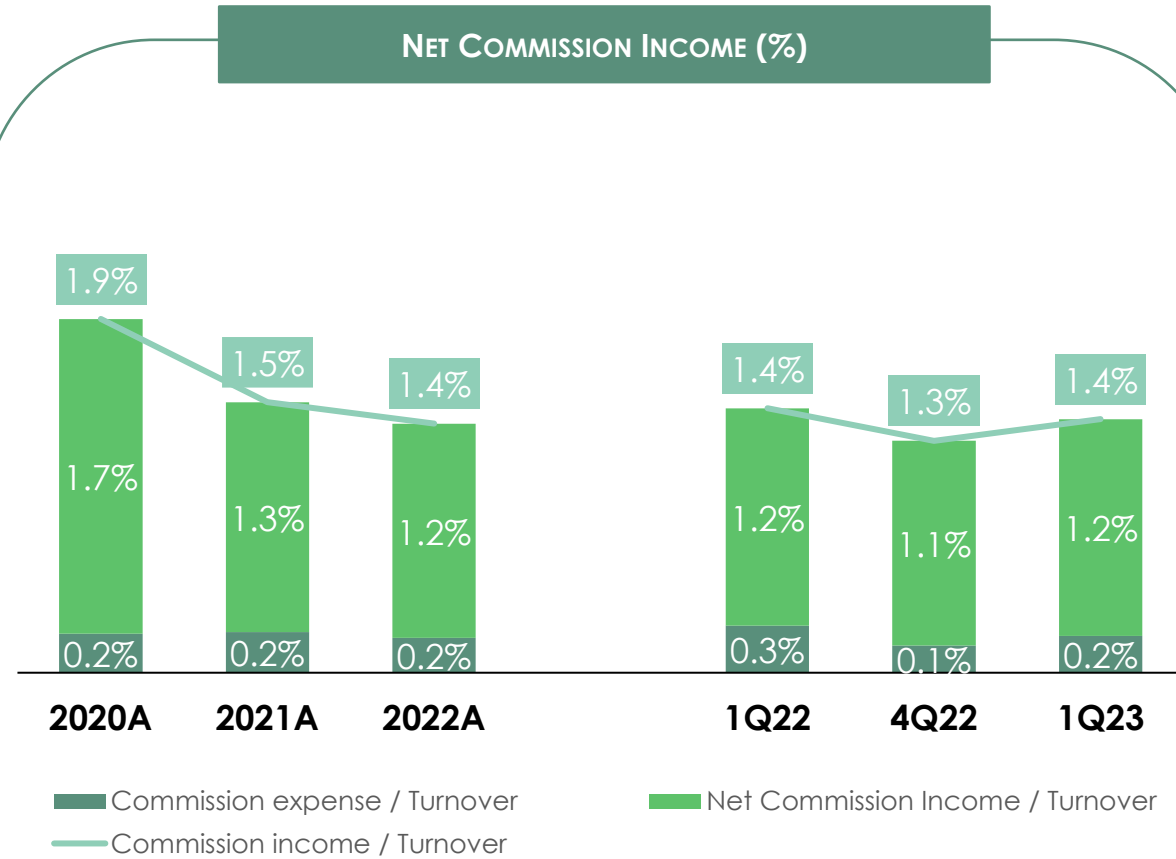
- Net Interest Income only **~22%** of the Net Banking Income
- Almost all **funding** available at **variable rates (Euribor 1M, 3M)**
- As of today, around **99%** of the factoring contracts have been renegotiated, changing the calculated interest rate from fixed to **variable (based on Euribor 3M)**



Notes: (1) Calculated as interest expense / average financial liabilities (current and previous year); (2) Spread: Average interest rate on seller – Average cost of funding (3) Interest income + Delayed payment Interest / average loans (current and previous year); (4) Calculated as Net Interest income / average loans (current and previous year)

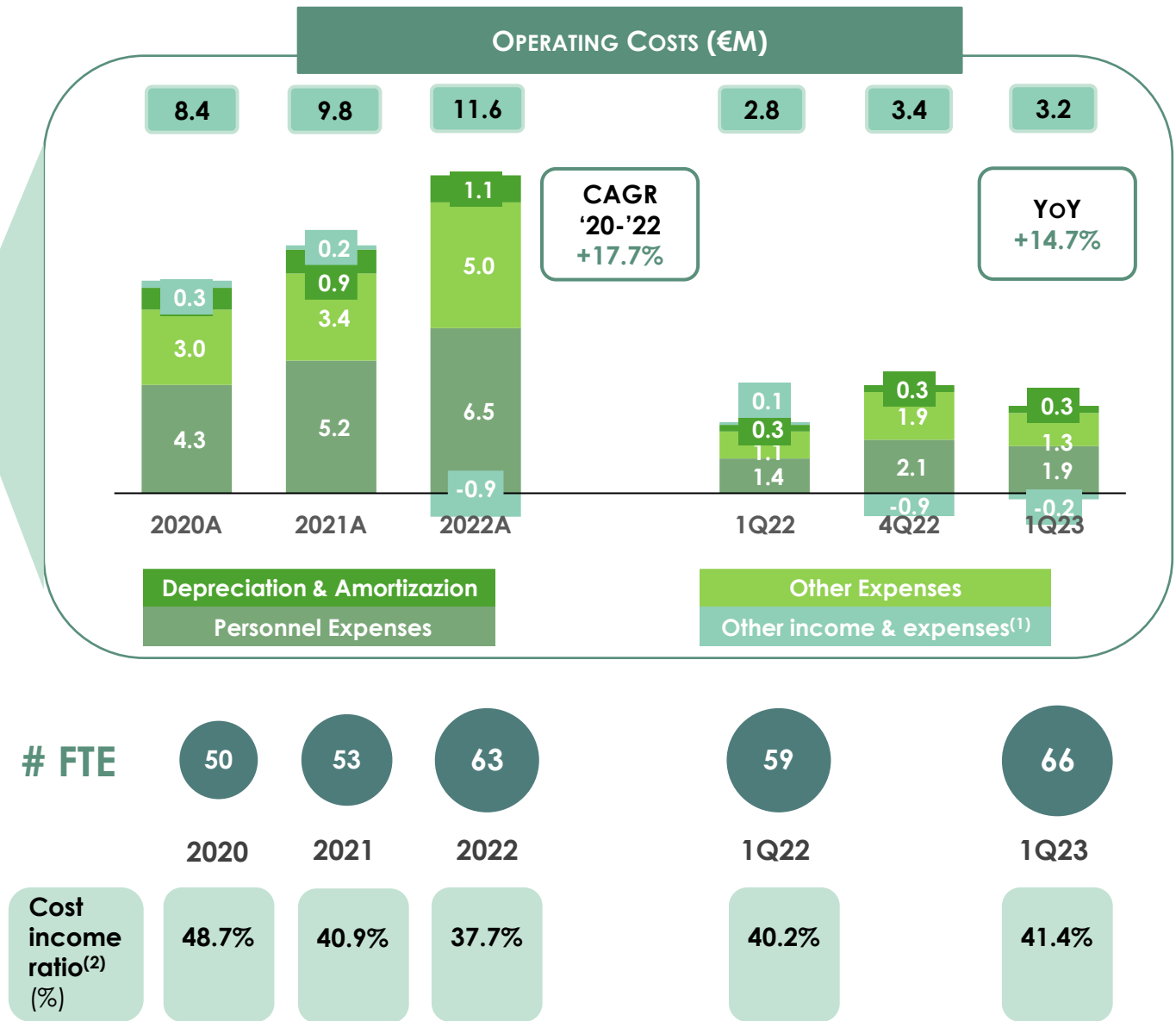
Net commission income, the primary source of profitability

- Net Commission Income ~**78%** of the Net Banking Income
- Commission Income/Turnover stable YoY, even with the **different mix of the portfolio** (Corporate Sellers vs Retail Sellers)
- **Declining commission expense** rate thanks to optimization of insurance costs and banking fees



Cost / Income reflecting the efficiency of the operating machine

- **#66 FTE** as of Q1 23
- **Year-on-year growth in operating costs lower than the CAGR** of the last 3 years
- **Cost income remaining at excellent levels** 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

2022 FY Results: Closing Remarks

Closing Remarks

- **2023 start of the year confirms a growing trend, in line with full year budget**
 - Macro economic evolution and more difficult environment for SME lending support our strategy
 - Excellent asset quality confirms Generalfinance conservative risk policy
 - Costs under control and cost income expected to drop despite the planned investments (digital platform, FTEs) confirm good operating leverage

- **New steps ahead to further support our numbers**
 - New sellers pipeline set to push a stronger growth ahead
 - Robust funding structure to support future growth
 - Strong Capital ratios (CET1 at 16.0%) allowing a sound capital buffer for growth exceeding strategic plan horizon
 - Expanding Generalfinance abroad: further steps towards the conclusion of the analysis over foreign market (Southern Europe)

- **Net Income guidance confirmed in the range 16-17 €M**

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Annexes



Income Statement

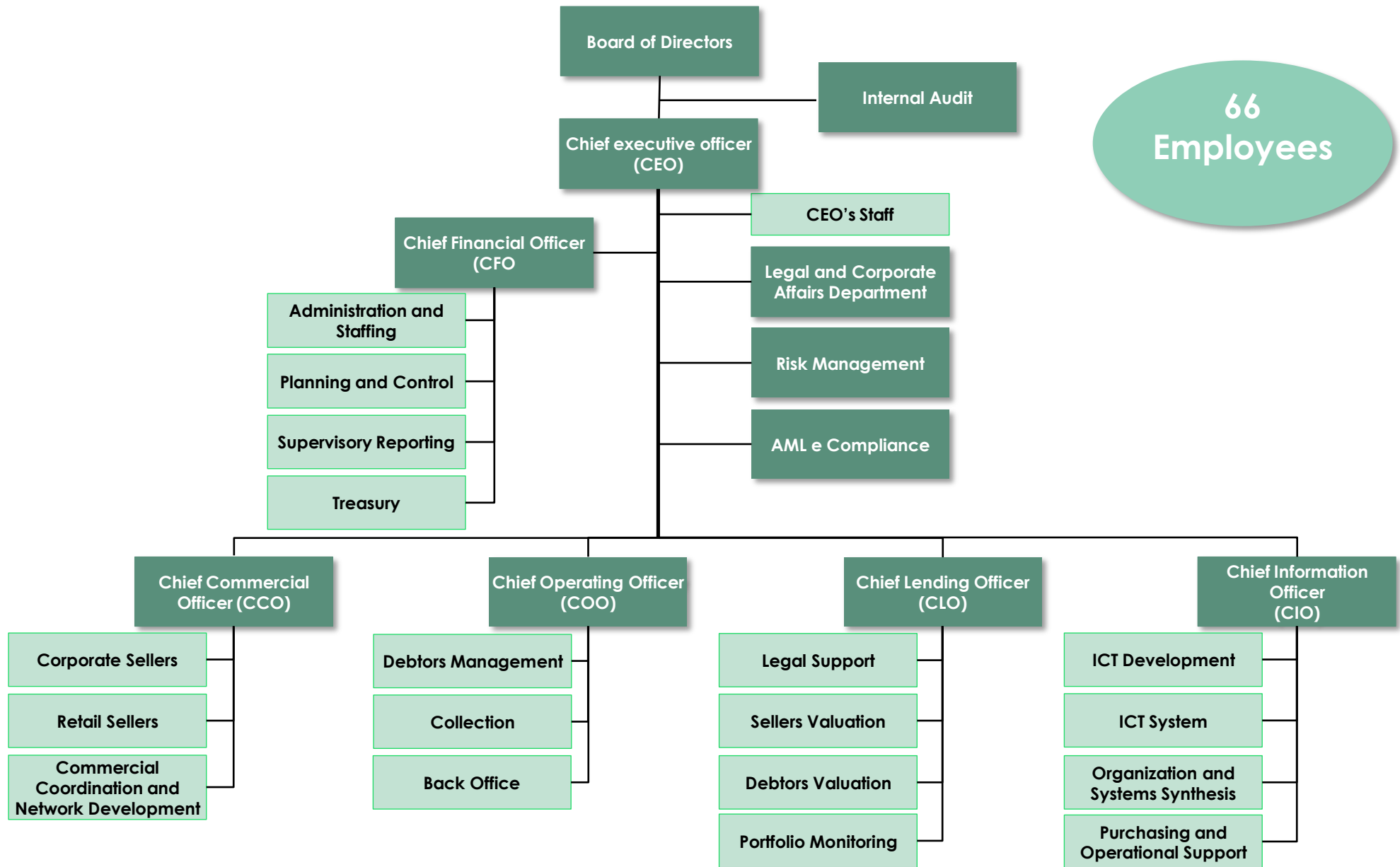
Income Statement (€m)	1Q22	1Q23	YoY
Interest income and similar income	3.1	5.4	72.8%
Interest expense and similar charges	(1.3)	(3.6)	179.7%
INTEREST MARGIN	1.8	1.7	(3.5%)
Fee and commission income	6.3	7.0	12.4%
Fee and commission expense	(1.1)	(1.0)	(8.1%)
NET FEE AND COMMISSION INCOME	5.2	6.0	16.9%
Dividends and similar income	0.0	0.0	0.0%
Net profit (loss) from trading	(0.0)	0.0	(156.7%)
Net results of other financial assets and liabilities measured at fair value through p/l	0.0	0.0	(100.0%)
NET INTEREST AND OTHER BANKING INCOME	7.0	7.8	11.6%
Net value adjustments / write-backs for credit risk	(0.0)	(0.1)	201.6%
a) Financial assets measured at amortised cost	(0.0)	(0.1)	201.6%
NET PROFIT (LOSS) FROM FINANCIAL MANAGEMENT	6.9	7.7	10.6%
Administrative expenses	(2.4)	(3.2)	29.5%
a) Personnel expenses	(1.4)	(1.9)	35.7%
b) Other administrative expenses	(1.0)	(1.3)	21.5%
Net provision for risks and charges	(0.0)	(0.0)	0.9%
b) Other net provisions	(0.0)	(0.0)	0.9%
Net value adjustments / write-backs on property, plan and equipment	(0.2)	(0.1)	3.0%
Net value adjustments / write-backs on intangible assets	(0.1)	(0.1)	32.6%
Other operating income and expenses	(0.1)	0.2	(331.3%)
OPERATING COSTS	(2.8)	(3.2)	14.7%
PRE-TAX PROFIT (LOSS) FROM CURRENT OPERATIONS	4.1	4.5	7.9%
Income tax for the year on current operations	(1.4)	(1.6)	7.9%
PROFIT (LOSS) FOR THE YEAR	2.7	2.9	7.9%

Balance Sheet

Balance Sheet (€m)	2020A	2021A	2022A	CAGR 20-22	2022A	1Q23	Y/Y %
Cash and cash equivalents	24.2	33.5	43.7	34.4%	43.7	62.0	41.8%
Financial assets measured at fair value through p/l	0.0	0.0	0.0	ns	0.0	0.0	14.7%
Financial assets measured at amortised cost	176.5	321.0	385.4	47.8%	385.4	342.9	(11.0%)
Property, Plan and Equipment (PPE)	5.1	4.9	4.9	(2.3%)	4.9	4.8	(0.8%)
Intangible assets	0.8	1.7	2.0	60.0%	2.0	2.0	0.1%
Tax assets	1.4	1.2	4.6	80.7%	4.6	4.6	(0.1%)
a) current	0.7	0.9	4.1	143.5%	4.1	4.1	(0.1%)
b) deferred	0.7	0.3	0.5	(15.5%)	0.5	0.5	0.0%
Other assets	2.2	3.0	3.2	20.6%	3.2	3.1	(0.7%)
TOTAL ASSETS	210.2	365.3	443.8	45.3%	443.8	419.5	(5.5%)
Financial liabilities measured at amortised cost	175.4	314.6	368.4	44.9%	368.4	335.5	(8.9%)
a) payables	175.4	283.6	331.2	37.4%	331.2	293.2	(11.5%)
b) outstanding securities	0.0	31.0	37.2	ns	37.2	42.3	13.8%
Tax liabilities	0.9	1.2	4.9	134.0%	4.9	6.4	30.9%
Other liabilities	8.4	15.8	11.6	17.4%	11.6	20.9	80.6%
Severance pay	1.4	1.4	1.3	(3.0%)	1.3	1.4	1.1%
Provision for risk and charges	1.6	0.3	0.8	(28.4%)	0.8	1.1	20.8%
Share capital	3.3	3.3	4.2	12.8%	4.2	4.2	0.0%
Share premium reserve	5.8	7.8	25.4	109.3%	25.4	25.4	0.0%
Reserves	8.2	11.4	16.2	40.4%	16.2	21.6	33.7%
Valuation reserves	(0.1)	0.0	0.1	ns	0.1	0.1	25.6%
Profit (loss) for the year	5.3	9.5	10.9	43.3%	10.9	2.9	(73.0%)
TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY	210.2	365.3	443.8	45.3%	443.8	419.5	(5.5%)

An organization oriented to risk control and business

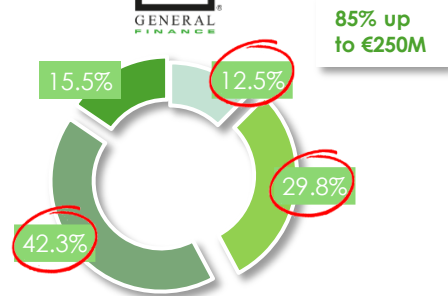
66
Employees



Organizational chart as at 31th march 2023

Turnover breakdown vs system average 1/2

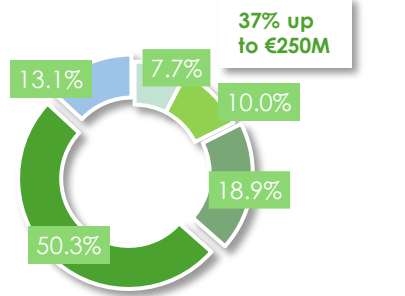
SELLERS' DIVERSIFICATION BY DIMENSION¹



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

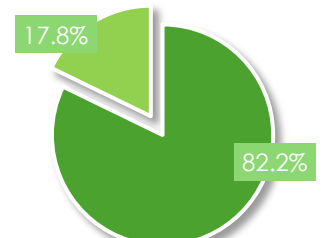


ASSIFACT
Associazione Italiana per il Factoring



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

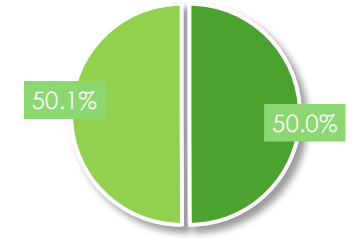
FACTORING BY NOTIFICATION STATUS¹



- Notification
- Not Notification

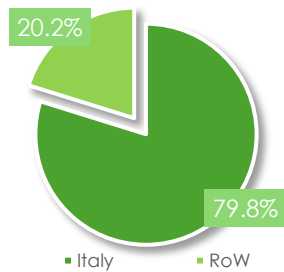


ASSIFACT
Associazione Italiana per il Factoring



- Notification
- Not Notification

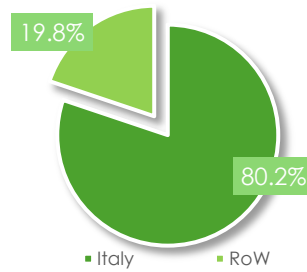
NATIONAL VS INTERNATIONAL TURNOVER¹



- Italy
- RoW

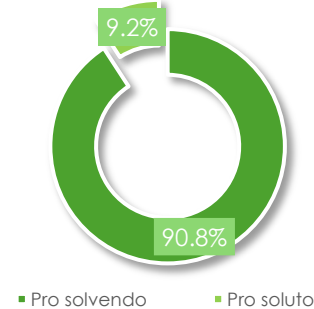


ASSIFACT
Associazione Italiana per il Factoring



- Italy
- RoW

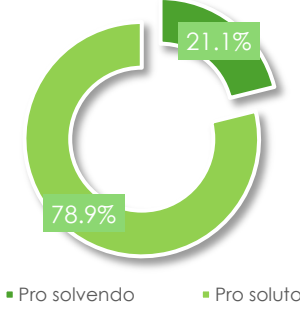
TURNOVER BY PRODUCT¹



- Pro solvendo
- Pro soluto



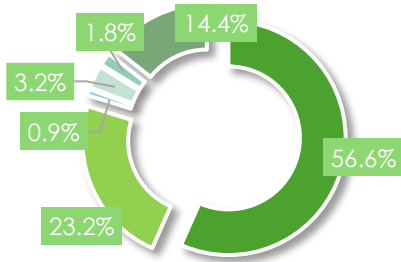
ASSIFACT
Associazione Italiana per il Factoring



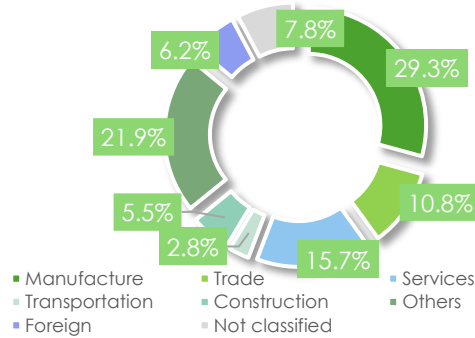
- Pro solvendo
- Pro soluto

Turnover breakdown vs system average 2/2

SELLERS' DIVERSIFICATION BY SECTOR¹

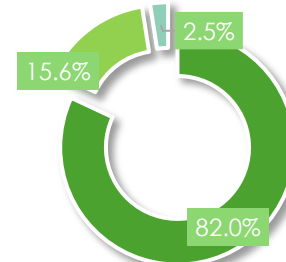


- Manufacture
- Trade
- Services
- Transportation
- Construction
- Others

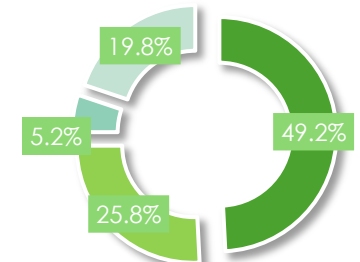


- Manufacture
- Trade
- Services
- Transportation
- Construction
- Others
- Foreign
- Not classified

SELLERS' DIVERSIFICATION BY GEOGRAPHY¹



- Northern Italy
- Center of Italy
- Southern Italy



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

HIGHER NUMBER OF DEBTORS PER SELLER¹



1) Generalfinance Turnover and Assifact data refers to 2022

2) Household debtors have not been included

IPO and updated shareholder base

IPO main results

29th June 2022

FIRST DAY OF TRADING

€ 38.5 M

CAPITAL RAISED¹

€ 20.2 M

CAPITAL INCREASE

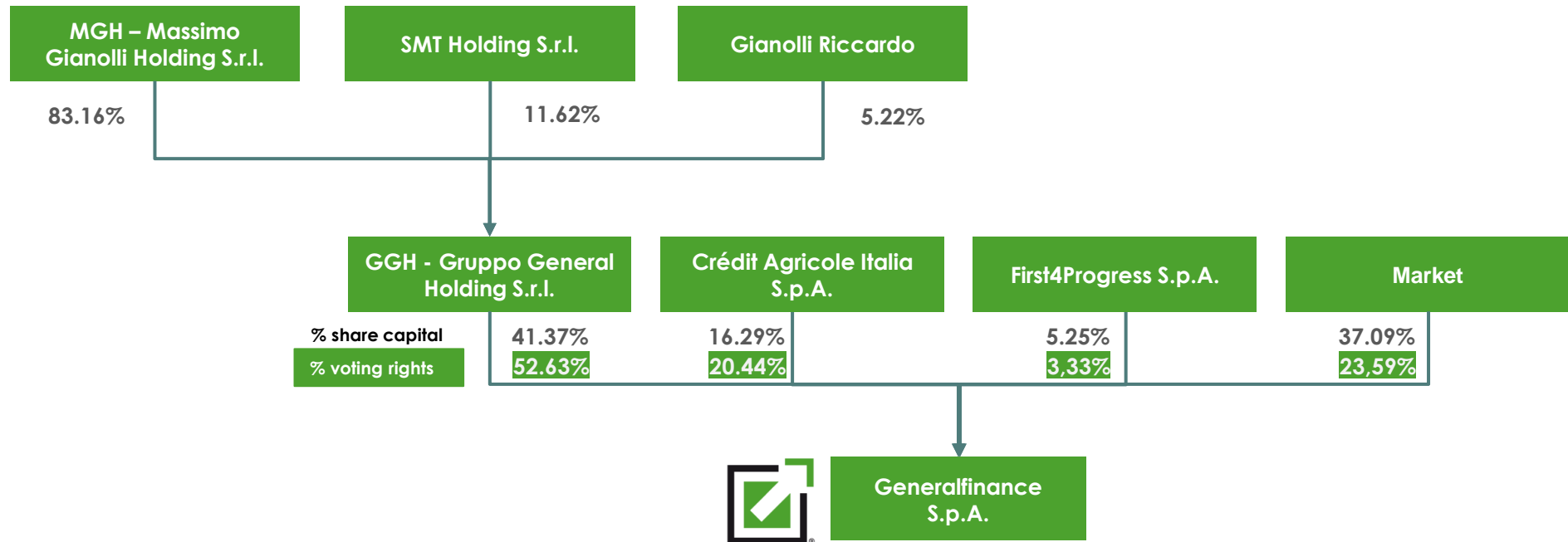
€ 65.8 M

TOTAL DEMAND

€ 91.0 M

MARKET CAPITALIZATION
AT IPO

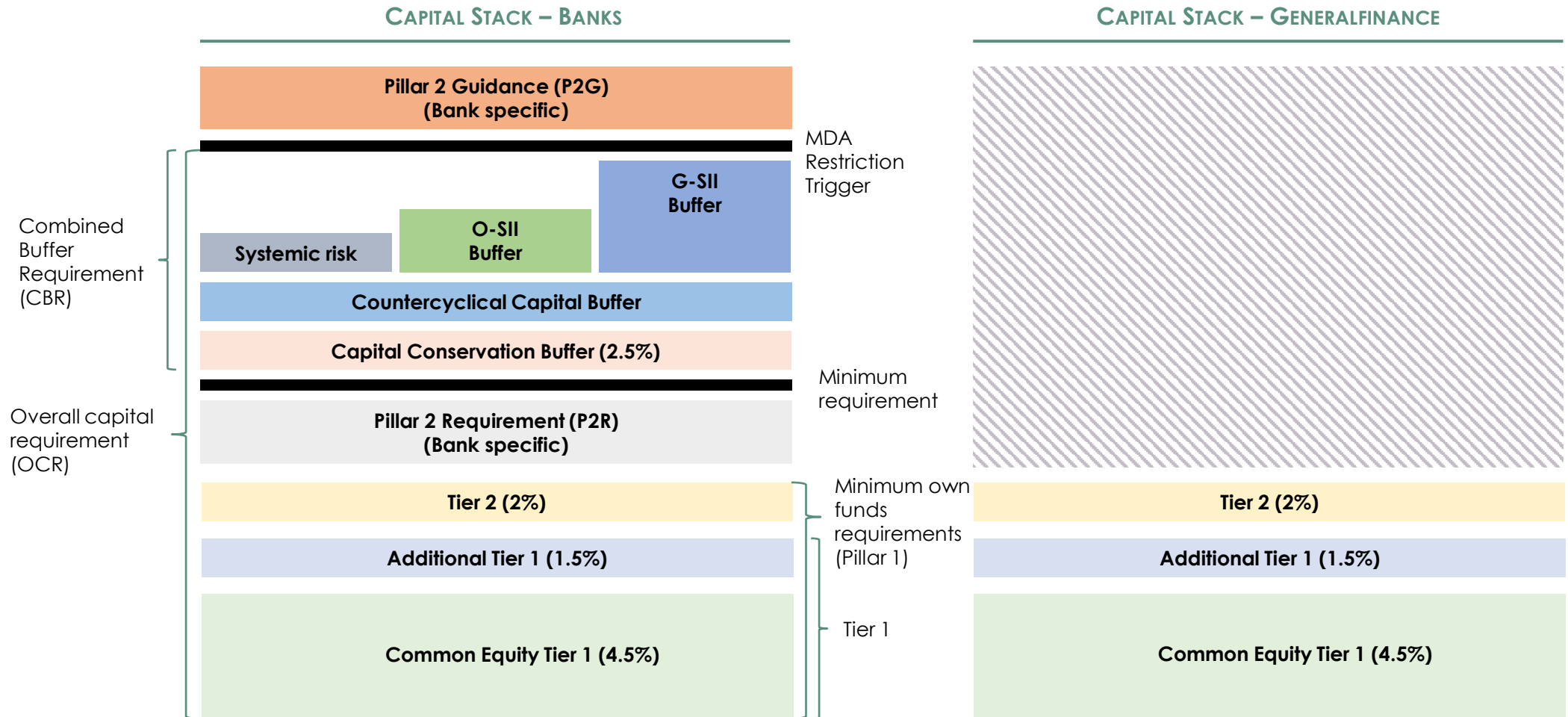
Shareholders' structure



Revenues' generation – example

PRO SOLVENDO TRANSACTION		Formula	P&L Accounting
Invoice's nominal value	100,000	a	
Advance rate	80.00%	b	
Gross disbursed amount	80,000	$c = a \times b$	
Maturity of disbursed amount (days)	88	e	
Contractual interest rate	4.00%	f	
Interest revenues	789.04	$g = (c \times f \times (e+2)) / 365$	Prepayment
DSO	90	h	
Monthly commission rate	0.50%	i	
Commission revenues	1500.00	$l = a \times i \times (h/30)$	Prepayment
Total revenues	2289.04	$m = g + l$	Prepayment
Net disbursed amount	77,710.96	$n = c - m$	
Delay in payment (days)	5	o	
Delay in payment interest rate	5.00%	p	
Delay in payment commission rate	0.50%	q	
Delay in payment interest revenues	54.79	$r = (c \times p \times o) / 365$	Cash basis
Delay in payment commission revenues	83.33	$s = a \times q \times (o/30)$	Cash basis
Delay in payment total revenues	138.13	$t = r + s$	Cash basis
Non-advance amount	20,000	$u = a - c$	
Net settlement	19,861.87	$v = u - t$	

Capital Stack – A capital light lending business



Source: Management

1°
giorno di
quotazione

BORSA ITALIANA EURONEXT



GENERALFINANCE

