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GENERALFINANCE

# Generalfinance\_BANCA AKROS Geneva ROADSHOW 2024



May 29, 2024

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# Agenda

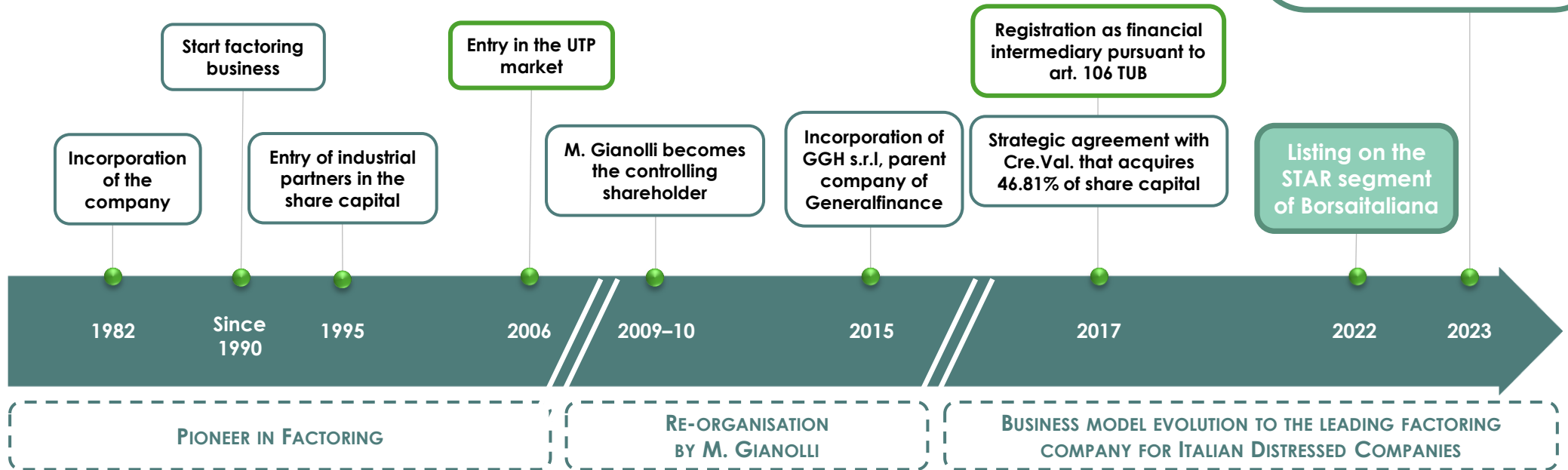
- **Generalfinance: Overview**
- **Factoring Market and Distressed Financing**
- **Digital, Low Risk Player**
- **Main 1Q24 Results**
- **Focus on Asset Quality and Digital Factoring**
- **1Q24 Results: Balance Sheet, P&L, Funding and Capital**
- **Closing Remarks**
- **Annex**

## Generalfinance: Overview



# Generalfinance: a long and successful history

- ❑ C. €2,6bn Turnover in 2023A
- ❑ C. €10,6bn Cumulated Turnover from the start of the factoring business
- ❑ Served Italian corporates mainly distressed (c. 62% in 2023A)



**Long Standing Experience, Specialisation and Unique Positioning**

# Generalfinance: Overview

- ✓ **Leading independent player** in the white space of **factoring for Distressed Italian SMEs**, unserved by traditional banks, with no comparable companies
- ✓ **Digital platform** enables unique efficiency, knowledge of clients (competitive advantage) and better risk management
- ✓ **Competitive advantage** with tailor-made services to customers by using a unique in-house Scoring and Rating system and **high sector diversification**
- ✓ **Excellent risk management** due to digital platform data management and managerial proven experience
- ✓ **Strong growth opportunities** supported by sound capital and excellent funding structure
- ✓ **Management with a solid experience in financial services** to distressed companies, as well as significant skills in business development

## KEY FIGURES 1Q24

Turnover € 622M

**+23%**  
vs 1Q23

Net Income € 4.9M

**+66%**  
vs 1Q23

Gross NPE ratio  
**0.64%**  
(vs 3.08% Avg market)

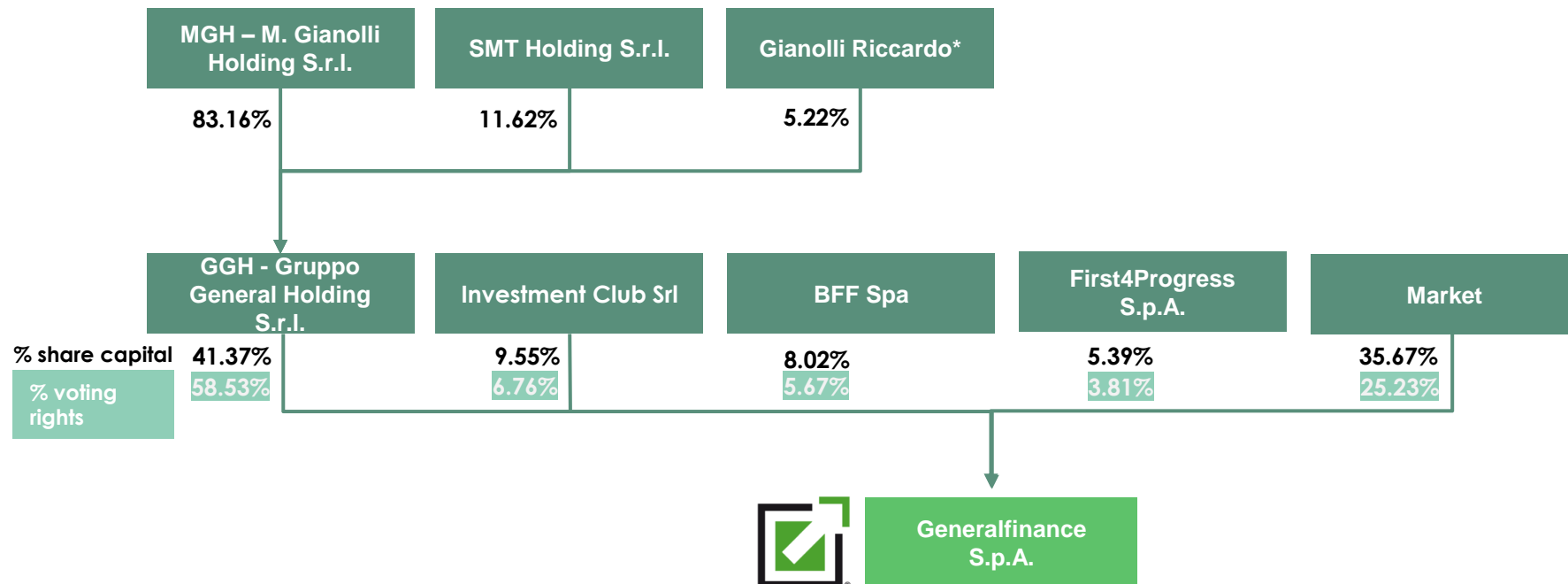
CET1 ratio  
**16.1%**  
(vs 4.5% Regulatory req.)

ROE  
**29.4%**

Cost Income Ratio  
**31.4%**

# Strong and long term oriented shareholder base

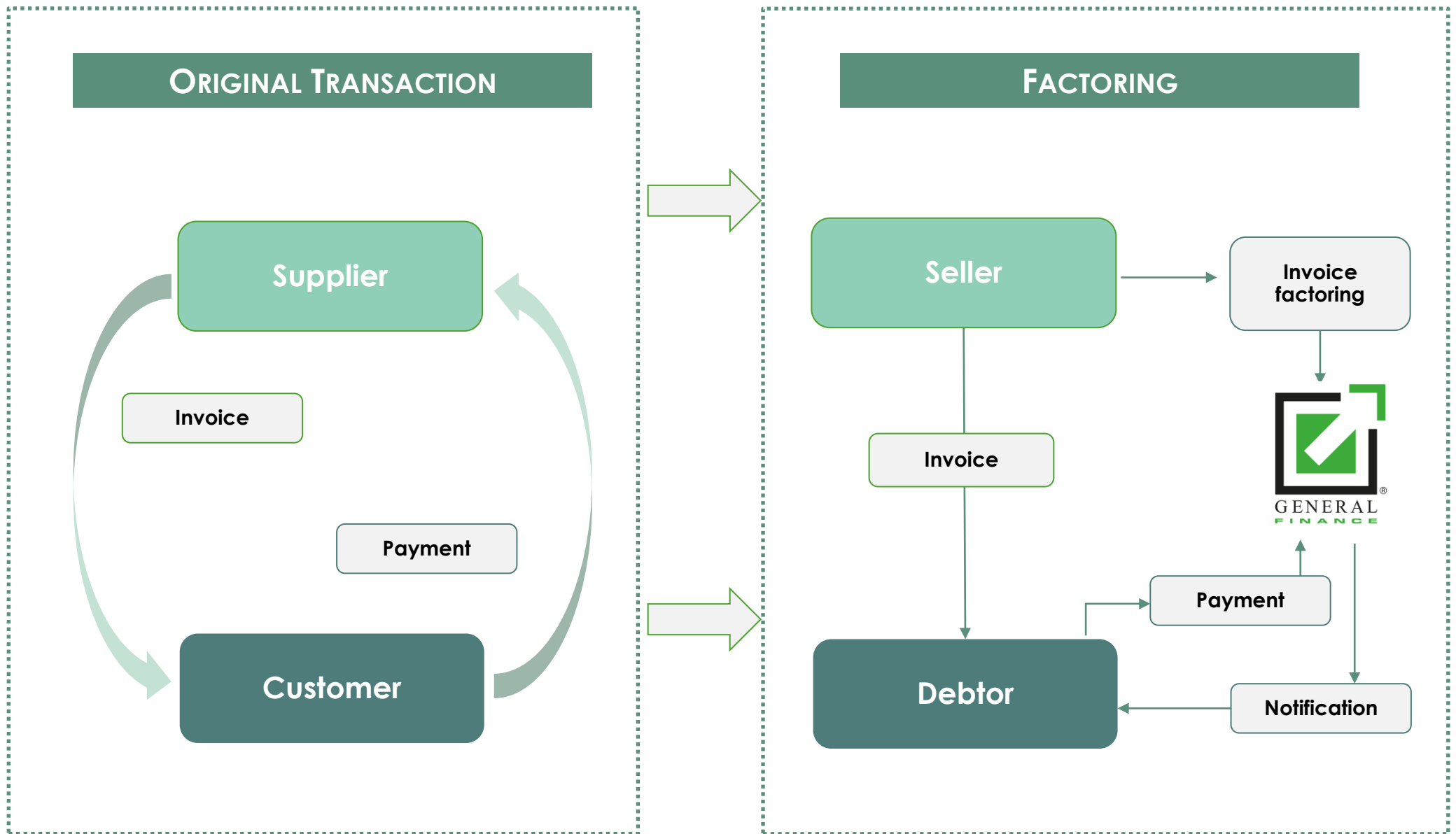
## Shareholders' structure



## Factoring Market and Distressed Financing



# What is Factoring? (1/2)

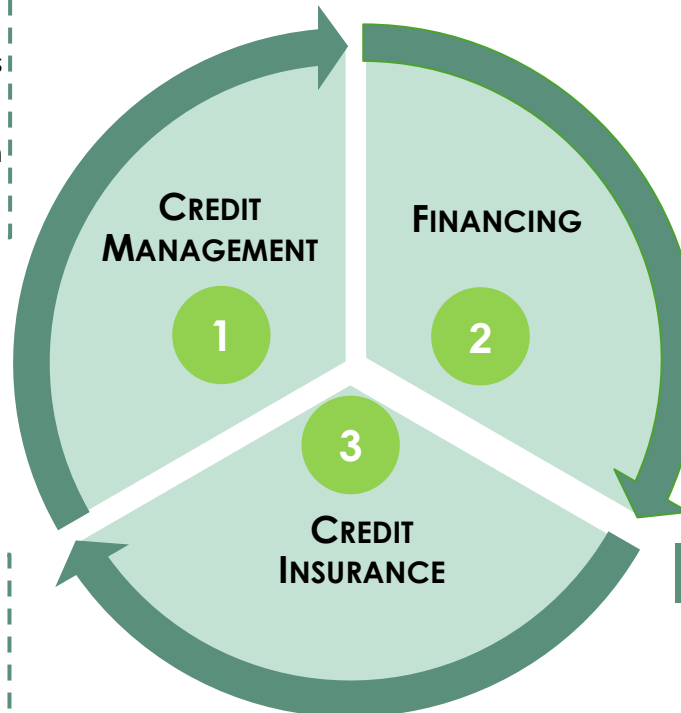


# What is Factoring? (2/2)

**Credit management** (debtor management and payment collection) is the **core business** of a factoring company and allows the creditor to outsource activities that are usually carried out in-house, thus achieving:

- Greater **effectiveness** (credit management is the core business of a Factor)
- Greater **efficiency** (a Factor can leverage on economies of scale)

1



In the **working capital financing service**, the Factor differs from a bank since it analyses the assigned receivables/debtors in addition to performing the usual creditworthiness assessments

2

In the **credit insurance** service, the Factor analyses the **specific features of the assigned receivables** and can issue a solvency guarantee

3

## FURTHER KEY TAKEAWAYS ON FACTORING

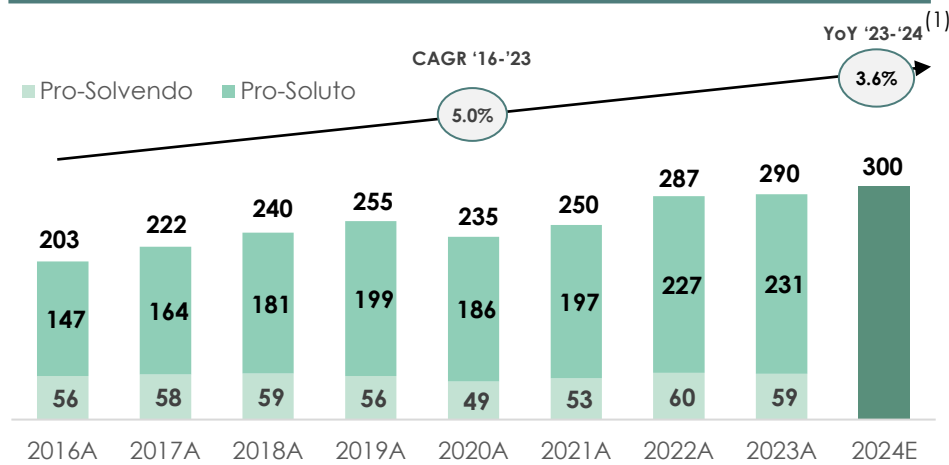
- ❑ Factoring is a **flexible tool** for the **management of working capital**, offering a wide range of services to release, manage and successfully deliver trade receivables;
- ❑ The **legal instrument underpinning factoring** is the **assignment of receivables in accordance with Law no. 52 of 21 February 1991** (Law on the assignment of receivables).

Source: Management

# Leader in the high-growth distressed market segment

In the overall fast growing factoring market (turnover in Italy is expected to grow from € 290bn in 2023 up to €300bn in 2024) Generalfinance focuses on distressed sellers (UTP, forborne and past due) with a portfolio of performing debtors (in bonis)

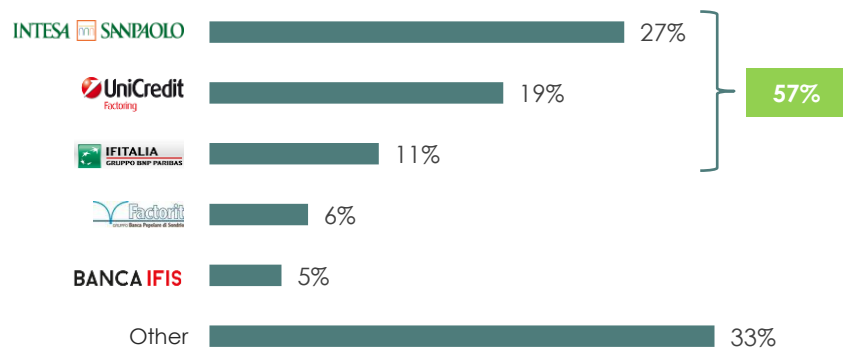
Evolution of Turnover in Italy (€bn)



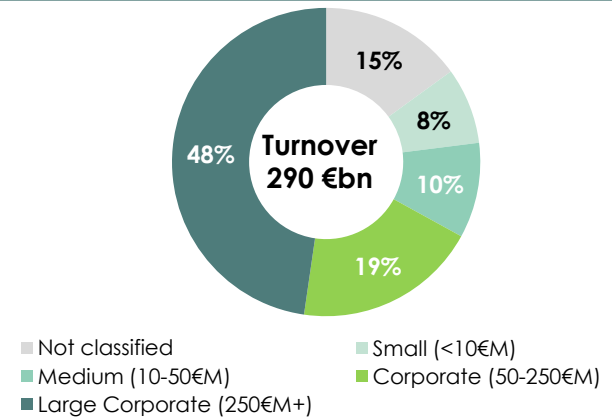
## Generalfinance's Market Key Drivers

- 1 Impact of Russia – Ukraine war and spike in interest rates
- 2 Vulnerable companies and new non-bankruptcy procedures
- 3 Regulatory framework affecting banks and NPE

Ranking of the Italian factoring market – 2023 (%)



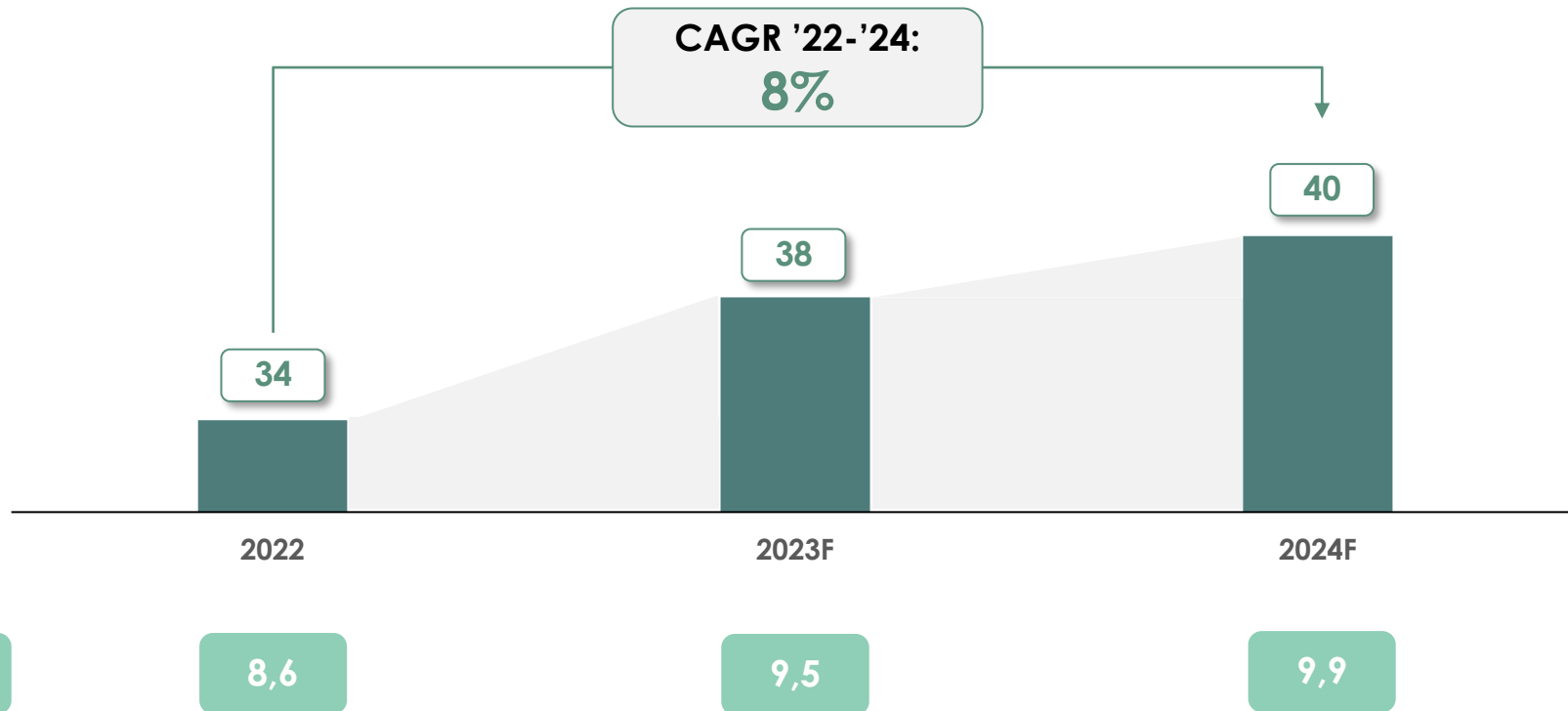
Sellers by Size – 2023



Notes: (1) range of values estimated in the last Assifact report «ForeFact» 24 n.2  
Source: Assifact monthly and quarterly statistics

# Addressable market

Potential turnover of factoring to distressed enterprises\* (€Bn, 2022-2024F)



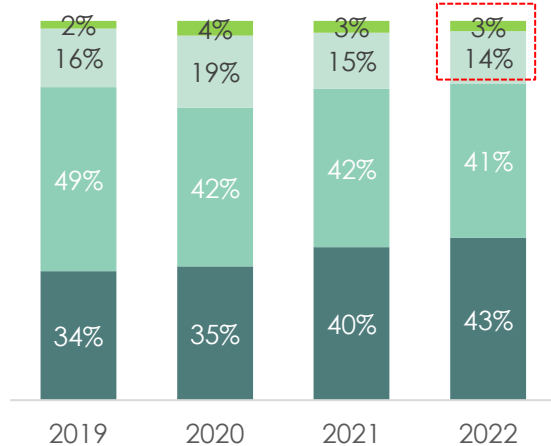
The worsening financial conditions of Italian companies expected in the next three-year period and the consequent increase in rates of deterioration could in fact drive a growth in the potential turnover of factoring to distressed companies by 8 percent annually, up to a market value of ca. 40 billion € by 2024

# Vulnerable companies and new procedures

## Cerved Group Score (CGS)

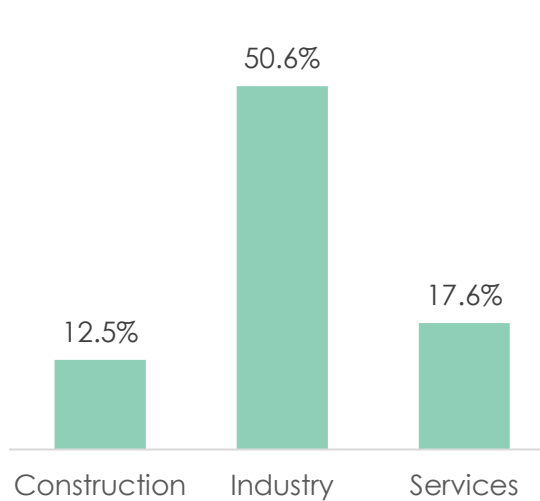
More than 17% of SMEs are in vulnerability or risk condition

■ Solidity ■ Solvency ■ Vulnerability ■ Risk



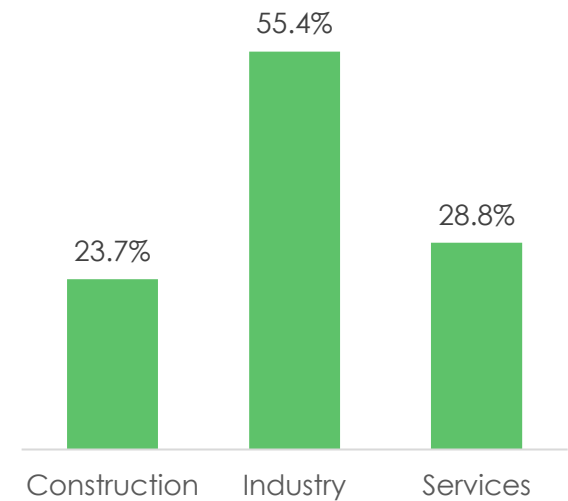
## Bankruptcy

% increase in bankruptcies in 1H 2023 compared to 1H 2022 by sector



## Voluntary Liquidation

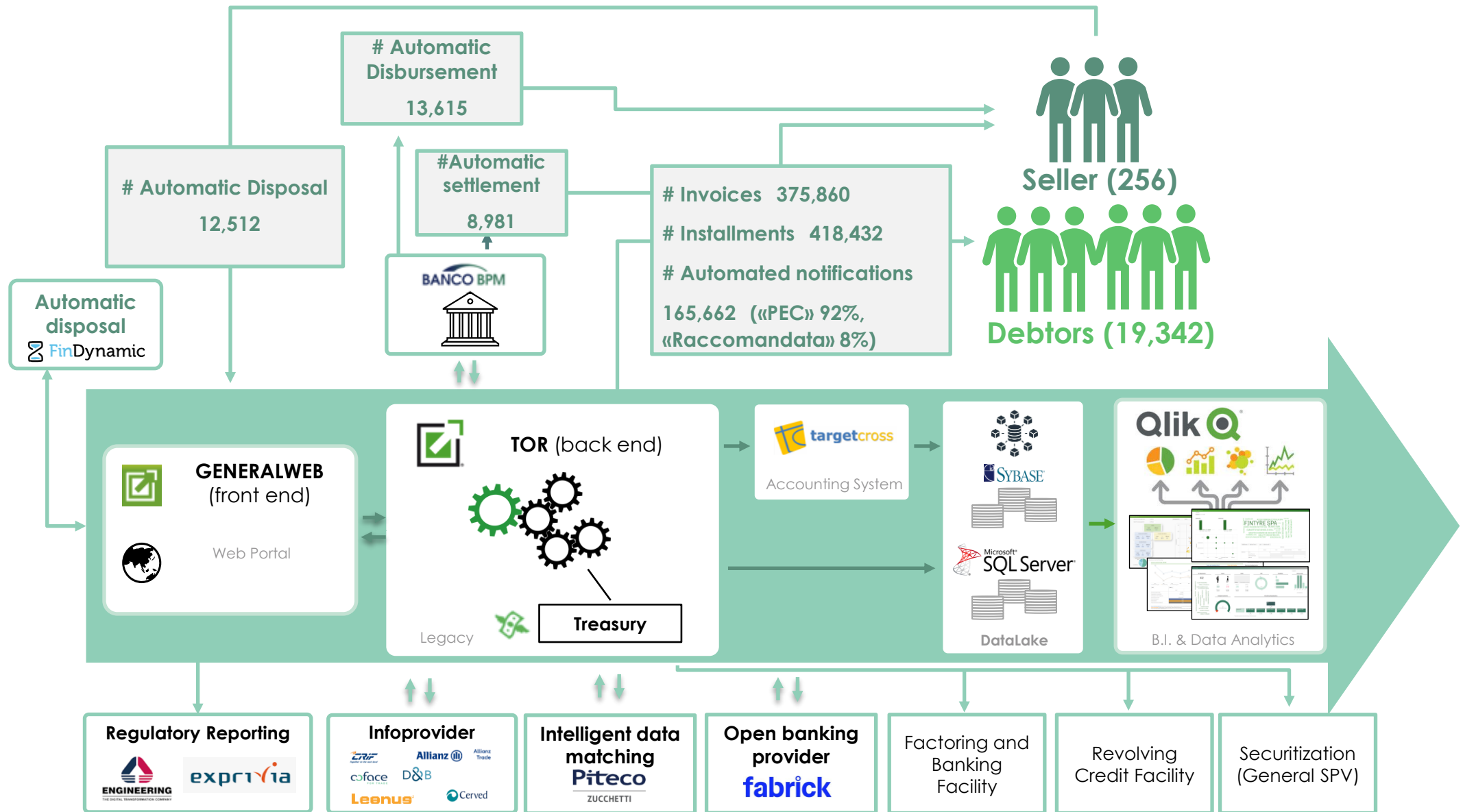
% increase in voluntary liquidations in 1H 2023 compared to 1H 2022 by sector



## Digital, Low Risk Player

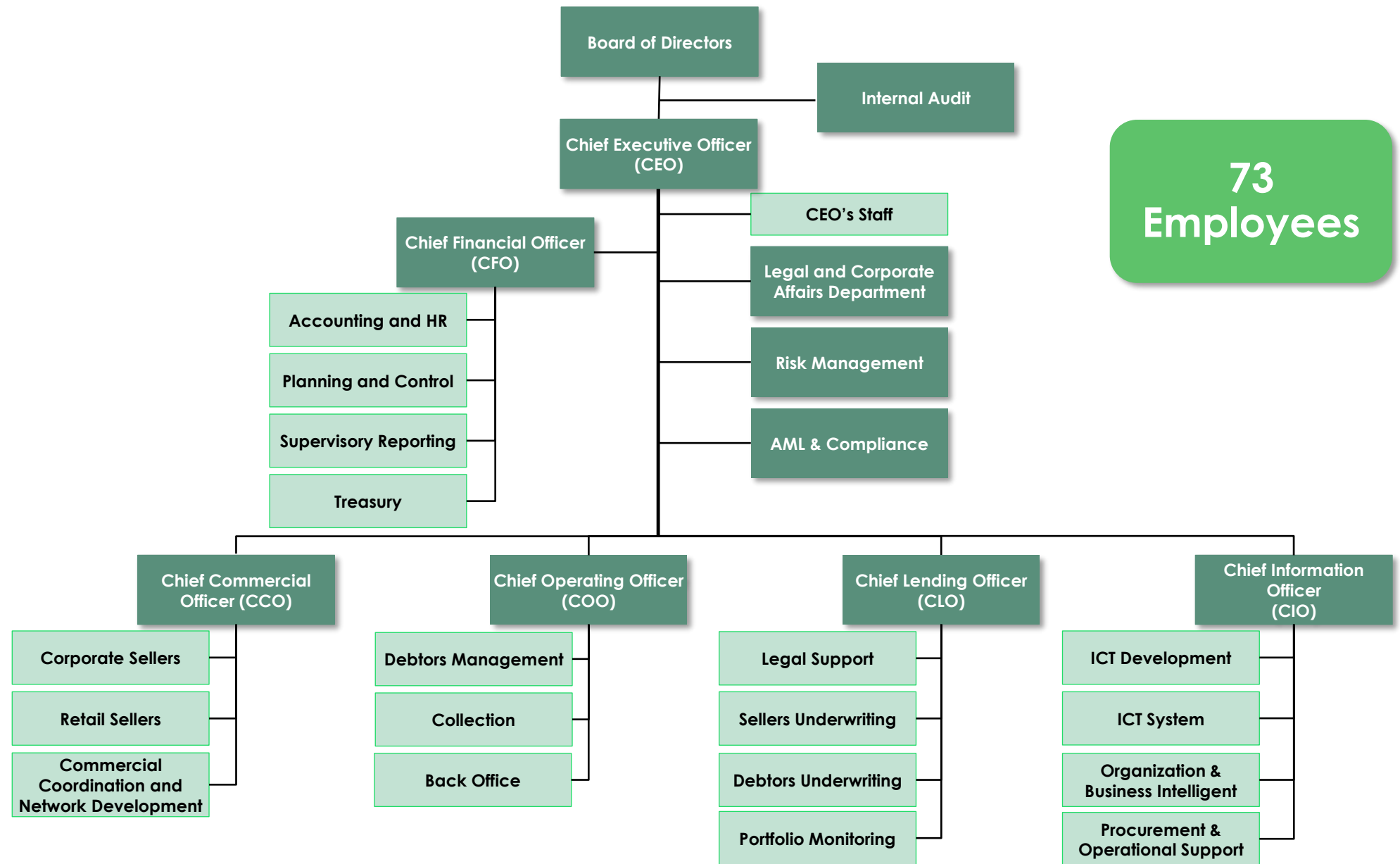


# A strategic asset: the proprietary digital platform



Data LTM, as of March 2024

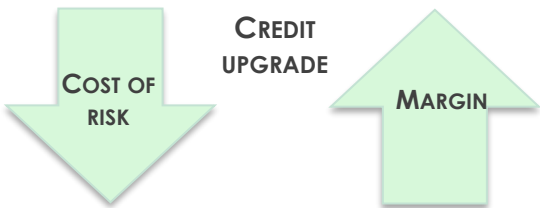
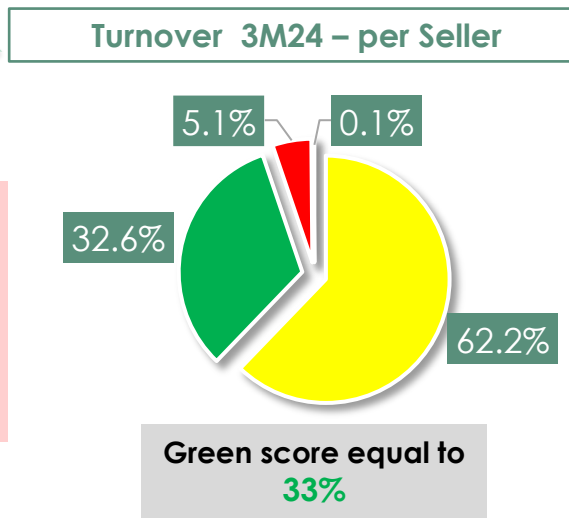
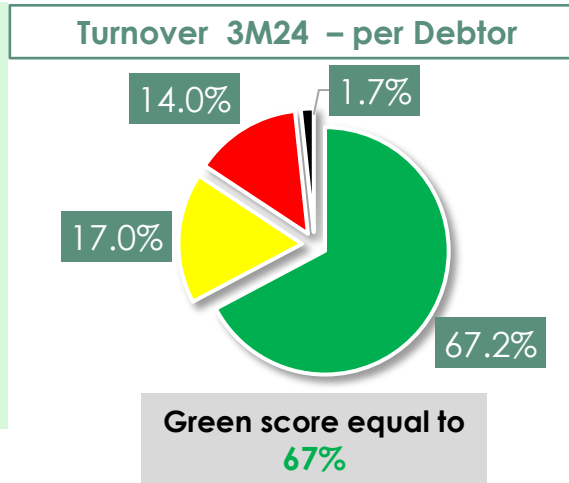
# An organization oriented to risk control and business



**73  
Employees**

# 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** (normally investment grade)



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

**PRODUCTS**

- ✓ Pro-solvendo factoring (c. **74%** of turnover; vs 20% Assifact average)
- ✓ Pro-solutio factoring (c. **26%** of turnover; vs 80% Assifact)
- ✓ Reverse factoring
- ✓ C. **79%** of turnover covered by insurance with Allianz Trade
- ✓ **73%** LTV Pro solvendo in 3M 2024, adjustable according to credit risk

**CUSTOMERS**

- ✓ High ratio Debtor/Seller (~**75** vs 7 of Assifact average<sup>2</sup>)
- ✓ Average Seller **retention about 6.5 years**

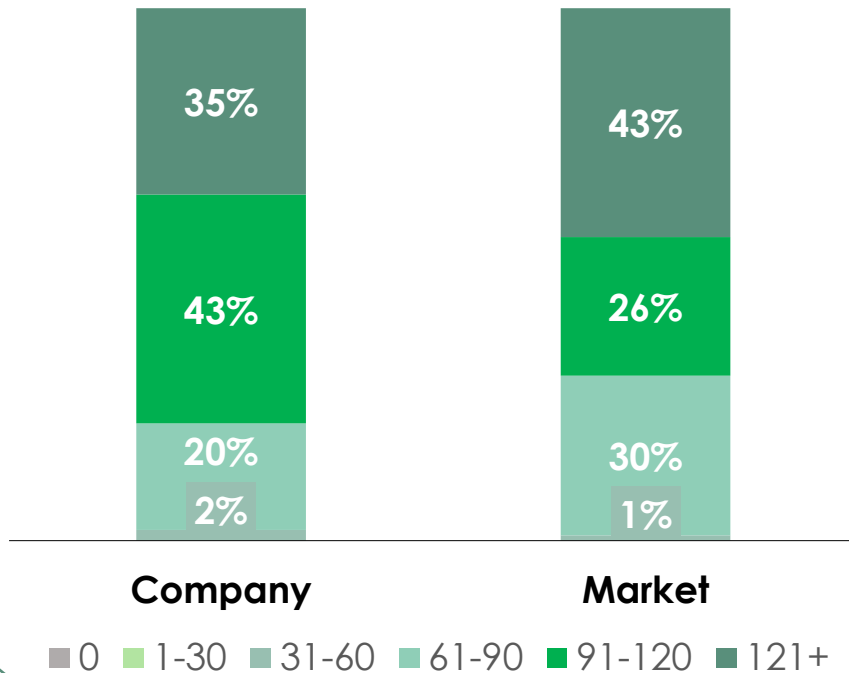
■ Distressed ■ Bonis ■ NewCo<sup>3</sup>

Notes: 1) Generalfinance data refers to March 31, 2024 (LTM); Assifact data refers to December 31, 2023; 2) Assifact data net of household debtors; 3) NewCo: New Company after the definition of the turnaround plan

# Collection performance: a strategic delivery to our Customers

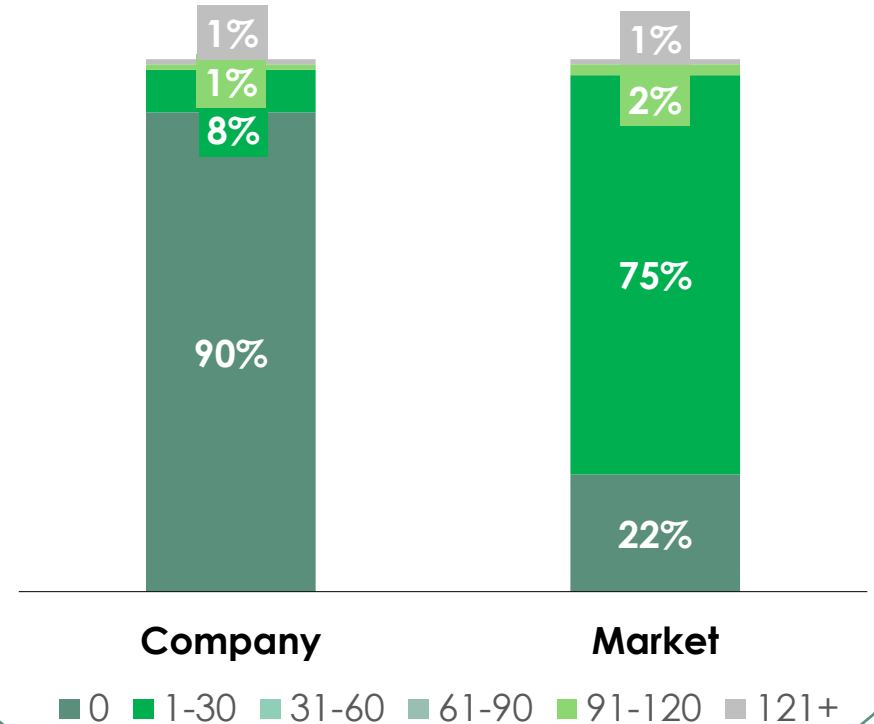
## Payment Conditions (DSO)

Only **35%** of Generalfinance's portfolio has payment conditions exceeding 120 days (vs **43%** of the market)



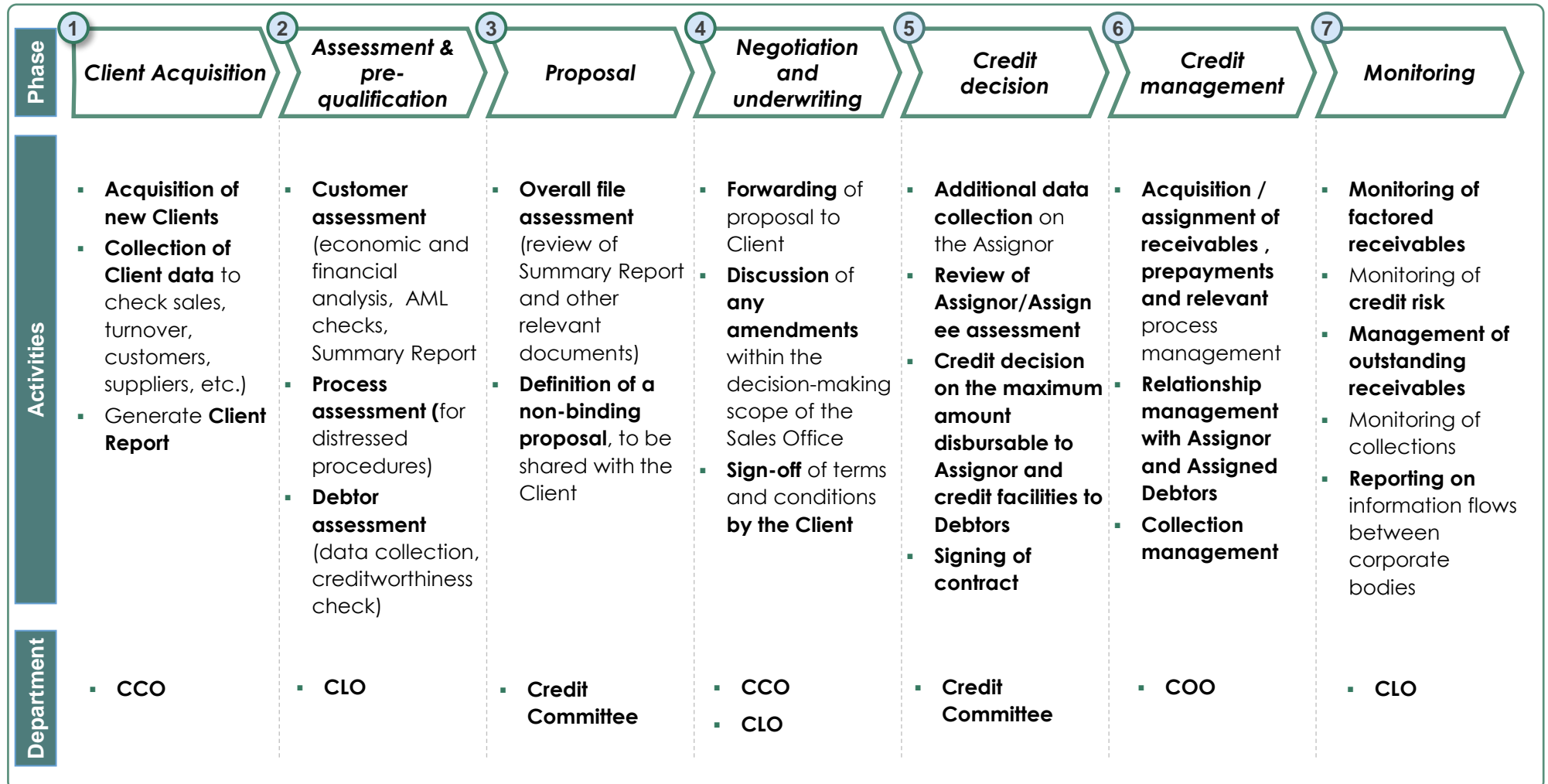
## Payment Delays (days)

**90%** of Generalfinance's portfolio has **no payment delays** (vs **22%** of the market)



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

# Credit Process Overview



# Value proposition, distinctive features and value chain

## 1 Value proposition

Generalfinance offers its customers (mostly companies under financial stress) rapid and customized interventions for the financing of the working capital and trade receivables, covering the entire supply chain finance



## 2 Distinctive skills

- **Consolidated expertise** throughout the entire process
- **End-to-end in-house valuation process**, tailored to customer specifications
- **Strong risk reduction and diversification mechanisms**
- **In-house-developed proprietary factoring platform** to support business specifications
- **Fast operational processes** and capability to **provide bridge financing** within turnaround processes

## 3 Generalfinance masters all the crossroads of the value chain

- All operational steps and core activities are **carried out internally** by Generalfinance's dedicated structures
- Generalfinance does not rely on external consultants to assess the creditworthiness of sellers and debtors but **owns all the skills**
- The process is reinforced by **credit insurance policies** provided by Allianz Trade insurance company which, during the risk acquisition phase, performs an independent assessment of the assigned debtors, providing Generalfinance a feedback on the results of their assessment



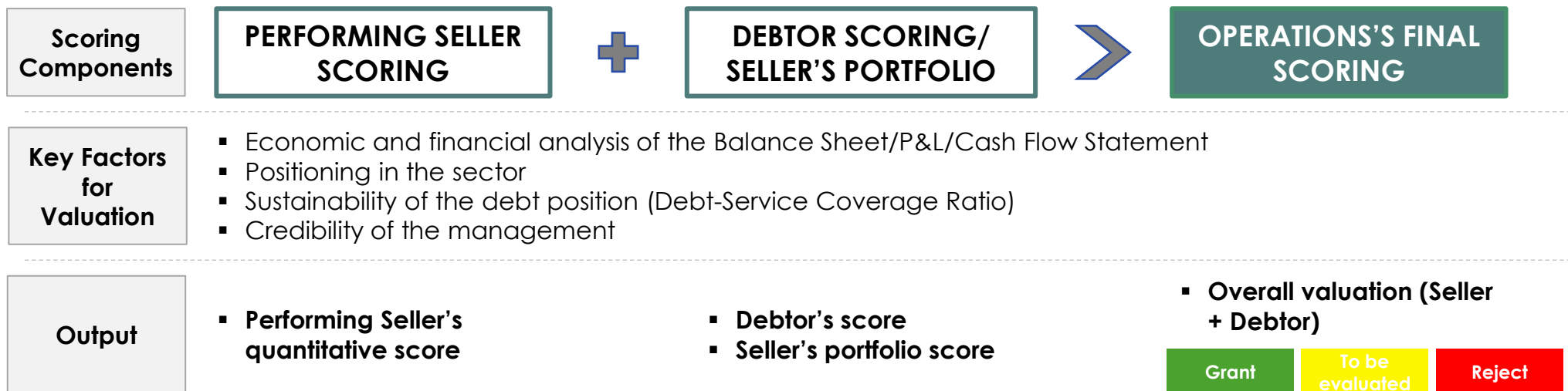


# Valuation Framework

## Distressed Client



## Performing Client



# Risk reduction in Distressed Factoring

Given that the majority of Generalfinance's turnover is realized towards distressed Sellers, the Company can benefit from a reduction in risk, because of 3 main factors



## Lower Credit Risk

- Effects of insolvency proceedings on financial position (ex. credit write-offs)
- Recovery and relaunch plan
- Possible change in the Governance
- Possible capital injection or new financing
- Preeductibility (i.e., superpriority) of receivables arising from loans disbursed in execution of the plan and loans disbursed prior to the submission of the composition with creditors plan, respectively, if the conditions provided by the regulations are met



## Lower Operating Risk











- Court approval (arrangement with creditors, restructuring agreement)
- Supervision by the court commissioner (arrangement with creditors)
- Presence of high standing Financial Advisors and Legal Counsels
- Management change



## Lower Risk of Clawback Action

- Financial assistance for the implementation of the agreement / plan / arrangement with creditors with exemptions from clawback actions
- Authorization for bridge financing (in these cases, the risk of clawback actions is excluded on a *de facto* basis)
- Factoring law and related protections (clawback actions regarding collections from assigned debtors)

# Debtor Scoring

| Macro score                    | Indicator  | Assessment details   |
|--------------------------------|--|--|
| 1<br>Commercial score          | BRI<br>                   | <ul style="list-style-type: none"> <li>Counterparty summary assessment considering the economic and financial aspects, the history of the company, the shareholders structure, etc.</li> </ul> |
|                                | CGS<br>                   | <ul style="list-style-type: none"> <li>Counterparty summary assessment considering the economic and financial aspects, the history of the company, the shareholders structure, etc.</li> </ul> |
|                                | Rating Score<br>          | <ul style="list-style-type: none"> <li>Counterparty summary assessment considering the economic and financial aspects, the history of the company, the shareholders structure, etc.</li> </ul> |
|                                | Delinquency Score<br>     | <ul style="list-style-type: none"> <li>Probability of late payments over the next 12 months</li> </ul>   |
|                                | Failure Score<br>         | <ul style="list-style-type: none"> <li>Company probability of default over the next 12 months</li> </ul>   |
| 2<br>Payments score            | Paydex<br>                | <ul style="list-style-type: none"> <li>Score on the counterparty's payment performance</li> </ul>  |
|                                | Payline<br>             | <ul style="list-style-type: none"> <li>Score on the counterparty's payment performance</li> </ul>  |
| 3<br>Credit insurability score | Grade Allianz Trade<br> | <ul style="list-style-type: none"> <li>Degree of credit insurability</li> </ul>  |
|                                | DRA<br>                 | <ul style="list-style-type: none"> <li>Degree of credit insurability</li> <li>Coface – <i>in progress</i></li> </ul>   |
| 4<br>Credit insurance          | Insurance<br>           | <ul style="list-style-type: none"> <li>Insurance partnership with Allianz Trade to insure up to 100% of the credit cross, starting from amounts above 30k</li> </ul>                           |

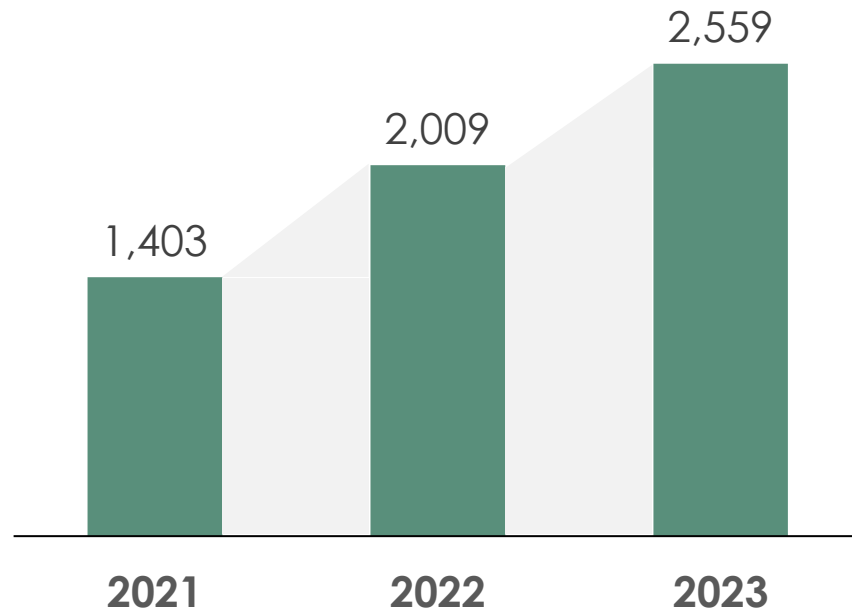
## Main 1Q24 Results

# Turnover witnessing a strong growth story

## Growth in Turnover Volume (€M)

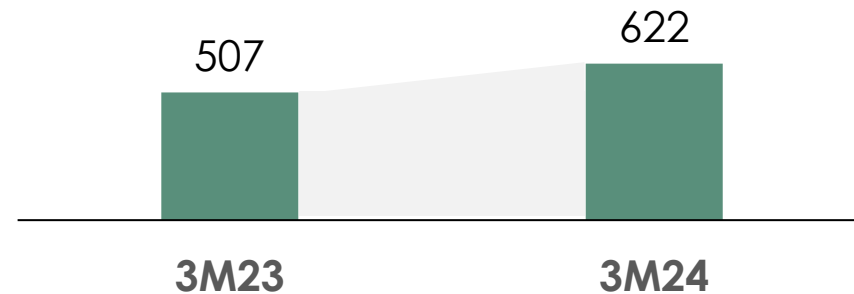
Data in €mln

**CAGR**  
**'21-'23**  
**+35%**



Data in €mln

**VAR. YOY**  
**23-24**  
**+23%**



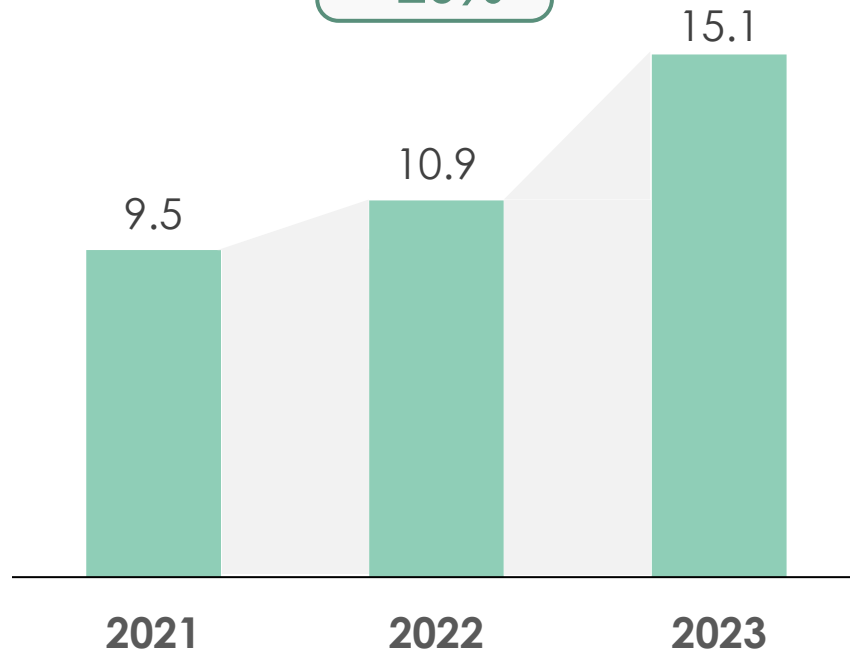
**2024 annual growth rate (23%) well above the market average (+3%)**

# Net Income: high profitability from the operations

## Growth in net income (€M)

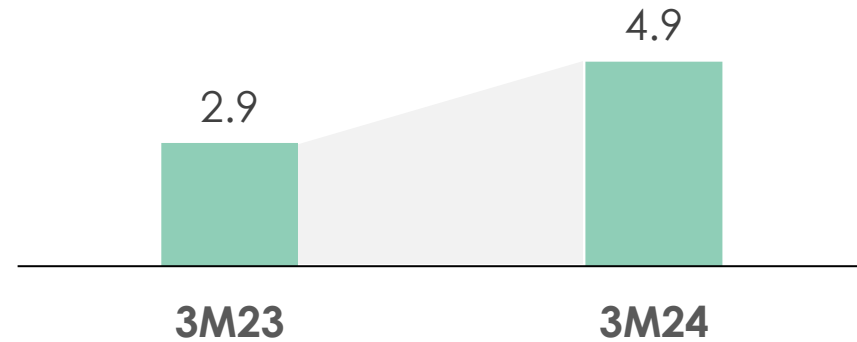
Data in €mln

**CAGR**  
**'21-'23**  
**+26%**



Data in €mln

**VAR. YOY**  
**23-24**  
**+66%**

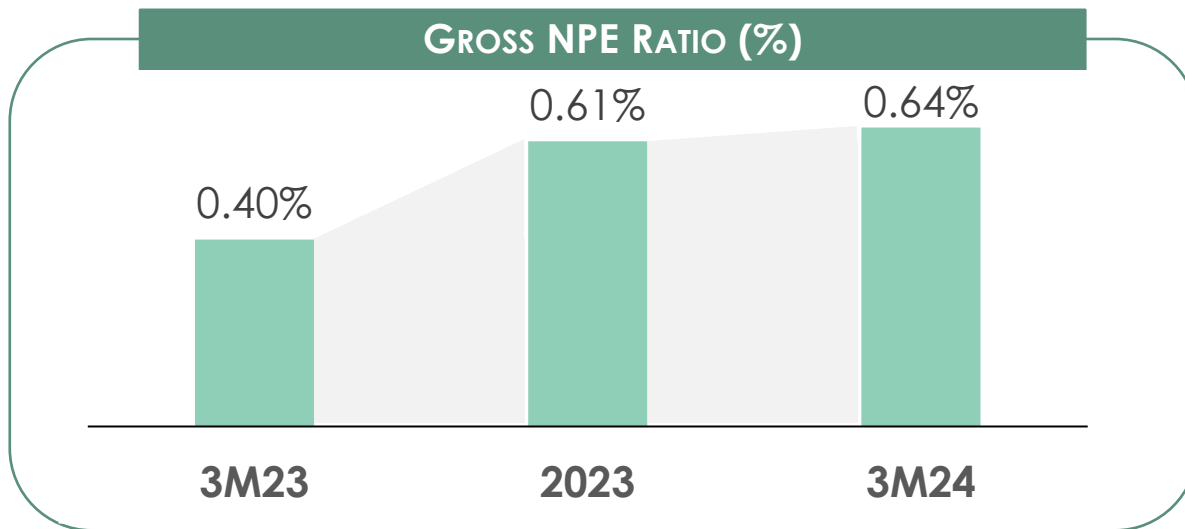
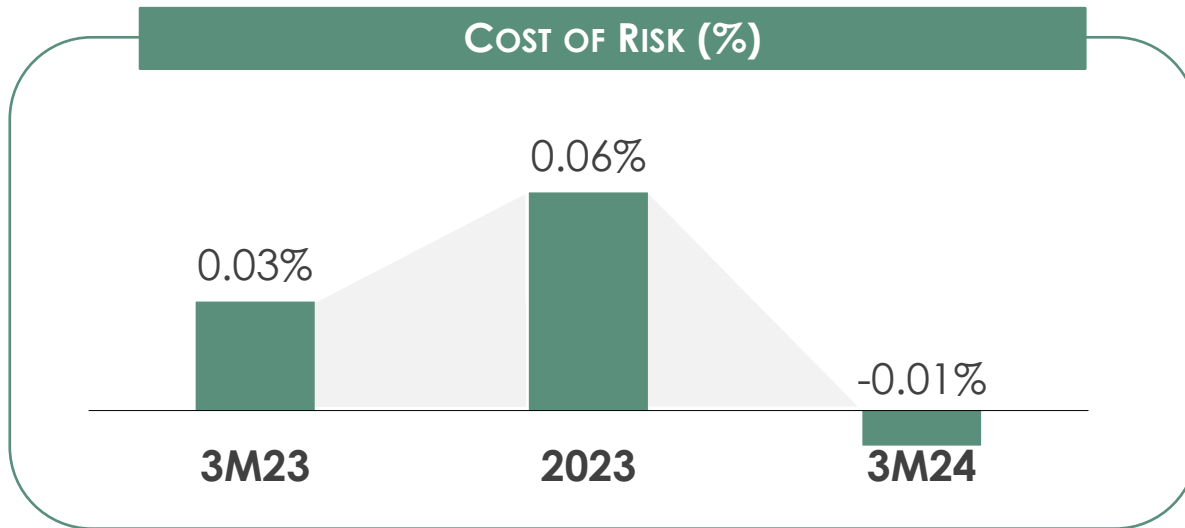


**Profitability level very strong, in line with 2024 Budget**



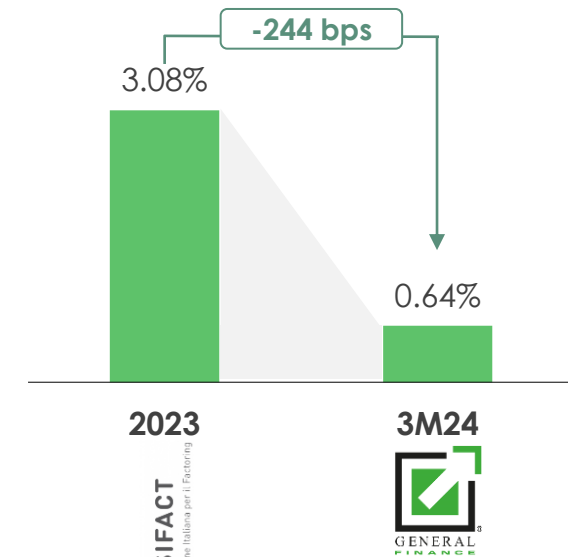
## Focus on Asset Quality and Digital Factoring

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



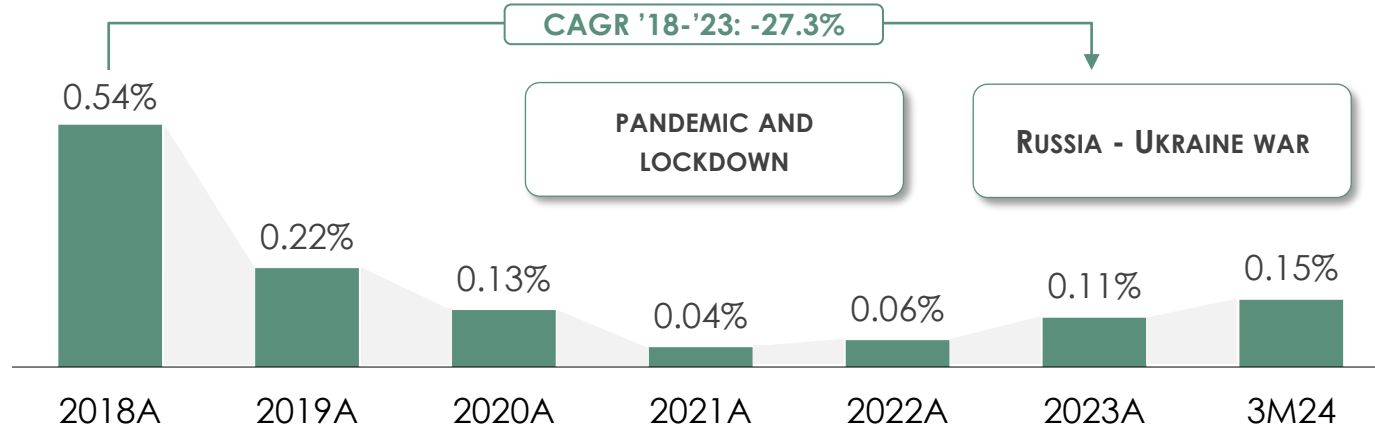
### Gross NPE Ratio Benchmarking

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**

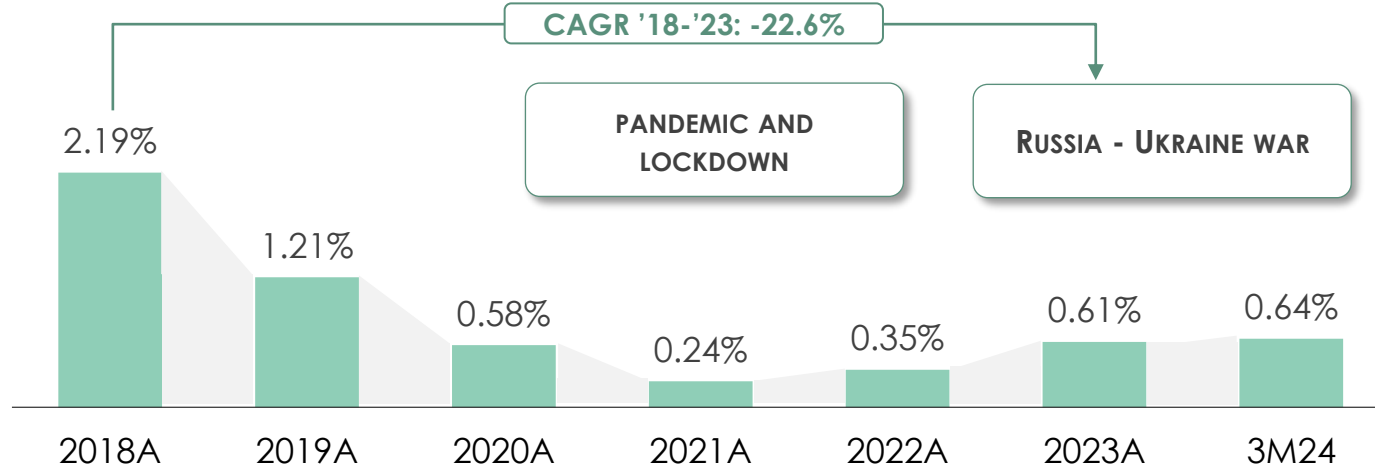


# Default Rate and NPE Ratio constantly improving

## DEFAULT RATE (%)



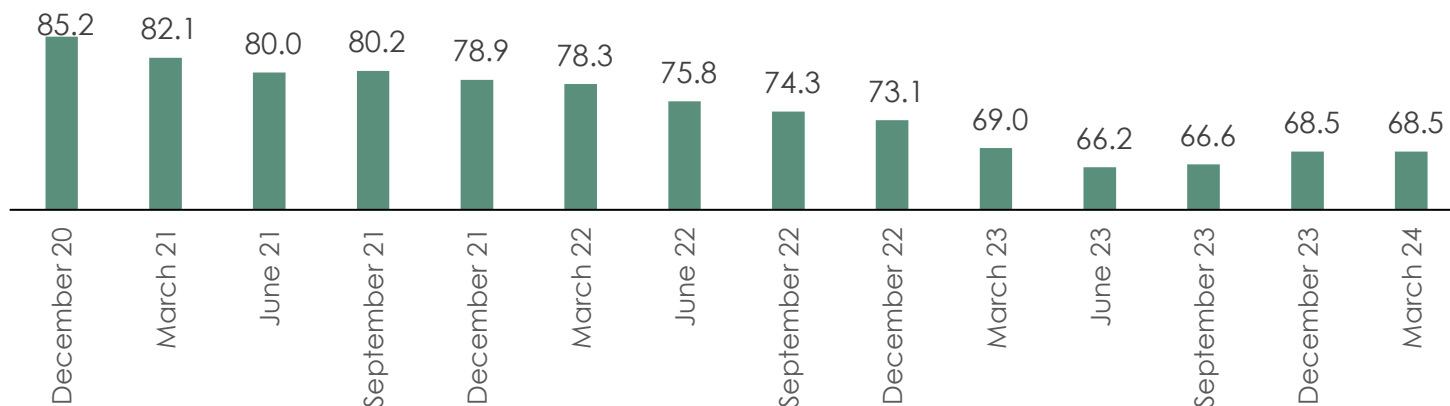
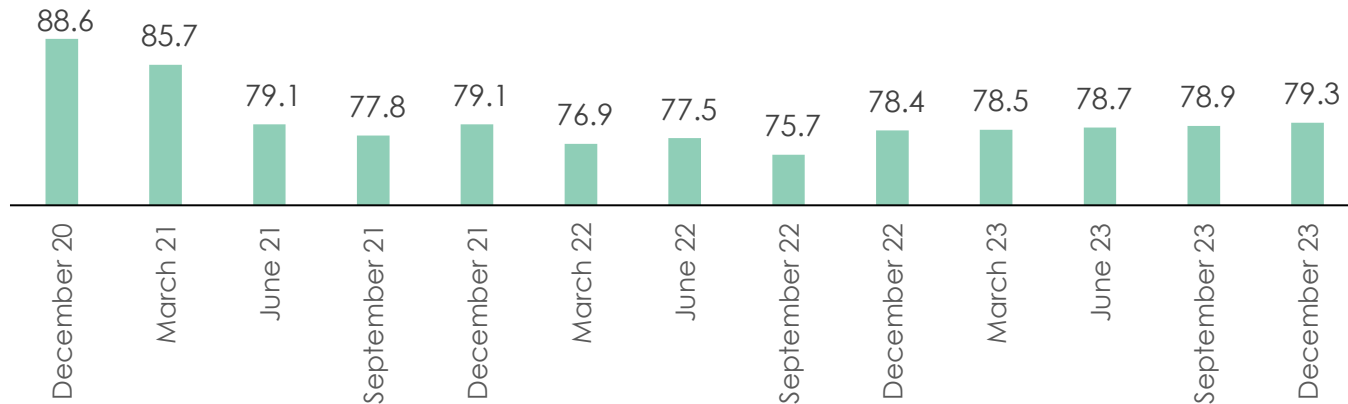
## GROSS NPE RATIO (%)



Default rate: NPE infow of the year / loans disbursement flow of the year  
 Assifact NPE Ratio (%) as at December 31, 2023

# 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

## 1Q 24 Results: Balance Sheet, P&L, Funding and Capital

# Main KPIs behind our business

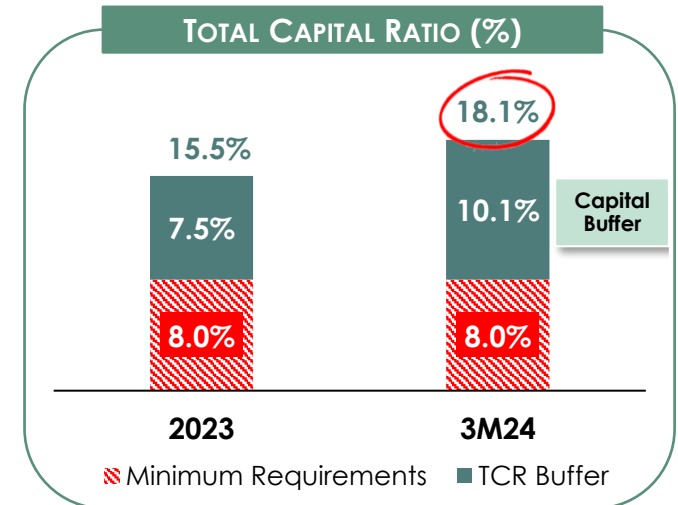
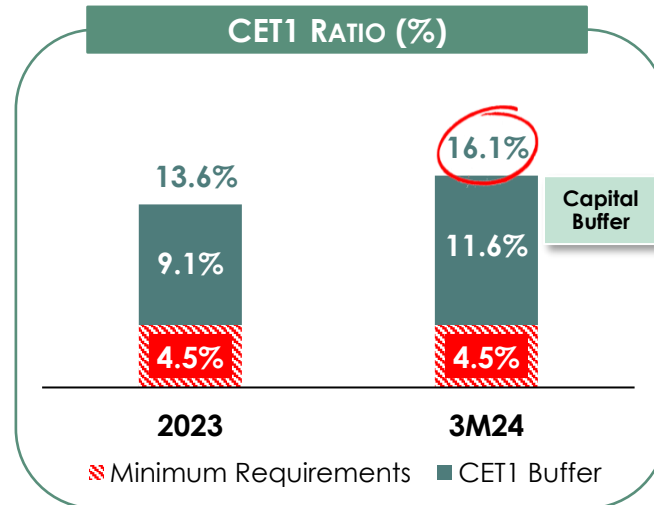
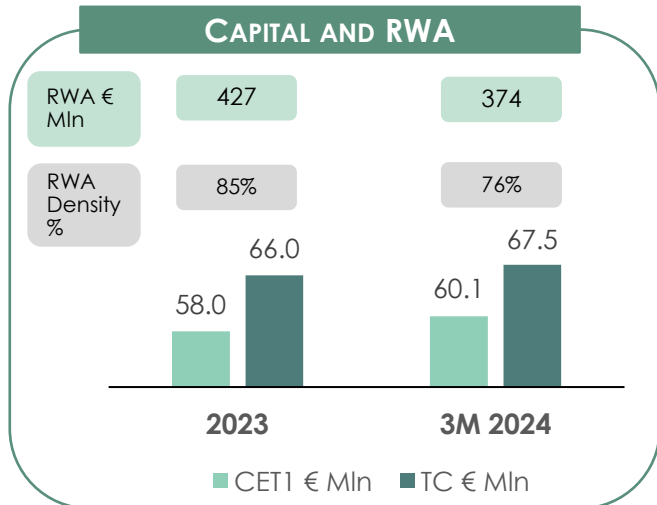
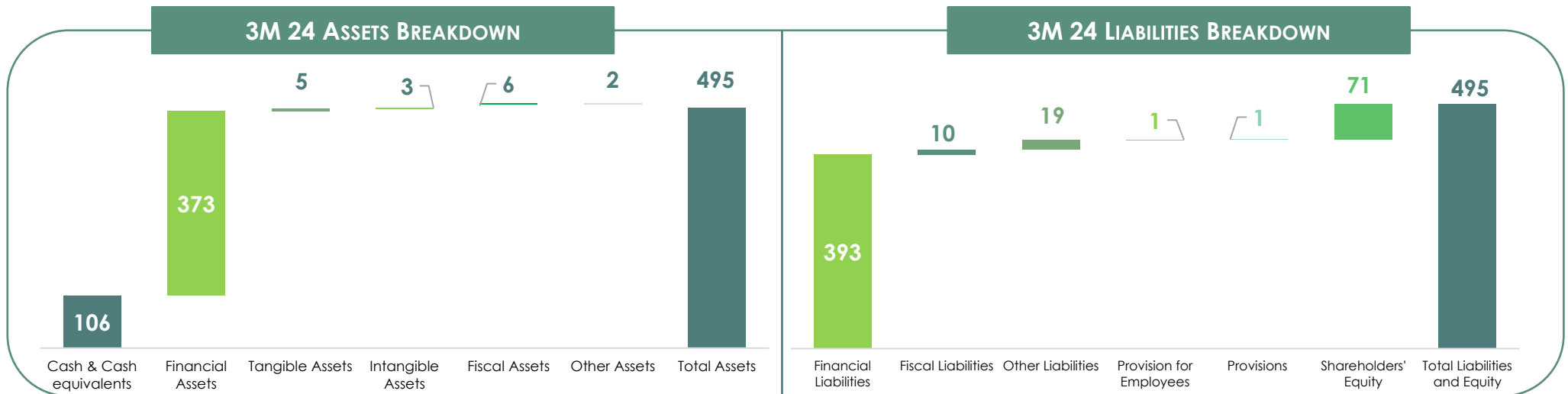
| Income Statement (€m)                               | 2021A       | 2022A       | 2023A       | CAGR '21-'23 | 3M23       | 3M24        | YoY%         |
|---|-------------|-------------|-------------|--------------|------------|-------------|--------------|
| Interest Margin                                     | 6.2         | 7.3         | 9.0         | 20.0%        | 1.8        | 2.6         | 50.0%        |
| Net Commission                                      | 17.7        | 23.6        | 27.2        | 24.0%        | 6.0        | 8.0         | 32.0%        |
| <b>Net Banking Income</b>                           | <b>23.9</b> | <b>30.9</b> | <b>36.2</b> | <b>23.0%</b> | <b>7.8</b> | <b>10.6</b> | <b>36.0%</b> |
| Net value adjustments / write-backs for credit risk | (0.2)       | (1.2)       | (1.3)       | 141.2%       | (0.1)      | 0.0         | (143.5%)     |
| Operating Costs                                     | (9.8)       | (13.2)      | (12.9)      | 15.0%        | (3.2)      | (3.3)       | 3.2%         |
| <b>Net Profit</b>                                   | <b>9.5</b>  | <b>10.9</b> | <b>15.1</b> | <b>26.2%</b> | <b>2.9</b> | <b>4.9</b>  | <b>66.1%</b> |

| (€m)                    | 2021A        | 2022A        | 2023A        | CAGR '21-'23 | 3M23         | 3M24         | YoY%         |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Turnover                | 1,402.9      | 2,009.4      | 2,559.3      | 35.1%        | 506.9        | 621.6        | 22.6%        |
| Disbursed Amount        | 1,118.5      | 1,674.0      | 2,161.4      | 39.0%        | 411.7        | 481.7        | 17.0%        |
| <b>LTV</b>              | <b>79.7%</b> | <b>83.3%</b> | <b>84.5%</b> | <b>2.9%</b>  | <b>81.2%</b> | <b>77.5%</b> | <b>-4.6%</b> |
| <b>LTV Pro-solvendo</b> | <b>78.6%</b> | <b>81.6%</b> | <b>79.7%</b> | <b>0.7%</b>  | <b>79.4%</b> | <b>73.4%</b> | <b>-7.7%</b> |

|  |       |       |       |         |       |       |         |
|--|-------|-------|-------|---------|-------|-------|---------|
| Net Banking Income / Average Loan (%)    | 9.6%  | 8.7%  | 8.5%  | (5.8%)  | 8.5%  | 10.1% | 18.7%   |
| Interest Margin / Net Banking Income (%) | 26.0% | 23.5% | 24.8% | (2.4%)  | 22.5% | 24.8% | 10.3%   |
| Cost Income Ratio                        | 40.9% | 42.7% | 35.7% | (6.5%)  | 41.3% | 31.4% | (24.1%) |
| ROE (%)                                  | 42.0% | 23.7% | 29.3% | (16.4%) | 22.9% | 29.4% | 28.4%   |

| Balance Sheet (€m)          | 2021A        | 2022A        | 2023A        | CAGR '21-'23 | 3M23         | 3M24         | YoY%         |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash & Cash Equivalents     | 33.5         | 43.7         | 21.7         | (19.6%)      | 62.0         | 106.3        | 71.4%        |
| Financial Assets            | 321.0        | 385.4        | 462.4        | 20.0%        | 342.9        | 372.6        | 8.7%         |
| Other Assets                | 10.8         | 14.7         | 15.9         | 21.2%        | 14.6         | 16.2         | 11.1%        |
| <b>Total Assets</b>         | <b>365.3</b> | <b>443.8</b> | <b>500.0</b> | <b>17.0%</b> | <b>419.5</b> | <b>495.1</b> | <b>18.0%</b> |
| Financial Liabilities       | 314.6        | 368.4        | 409.4        | 14.1%        | 335.5        | 393.4        | 17.2%        |
| Other Liabilities           | 18.7         | 18.6         | 24.2         | 13.9%        | 29.7         | 30.4         | 2.2%         |
| <b>Total Liabilities</b>    | <b>333.3</b> | <b>387.0</b> | <b>433.6</b> | <b>14.1%</b> | <b>365.2</b> | <b>423.8</b> | <b>16.0%</b> |
| <b>Shareholder's Equity</b> | <b>32.0</b>  | <b>56.8</b>  | <b>66.4</b>  | <b>44.2%</b> | <b>54.3</b>  | <b>71.3</b>  | <b>31.4%</b> |

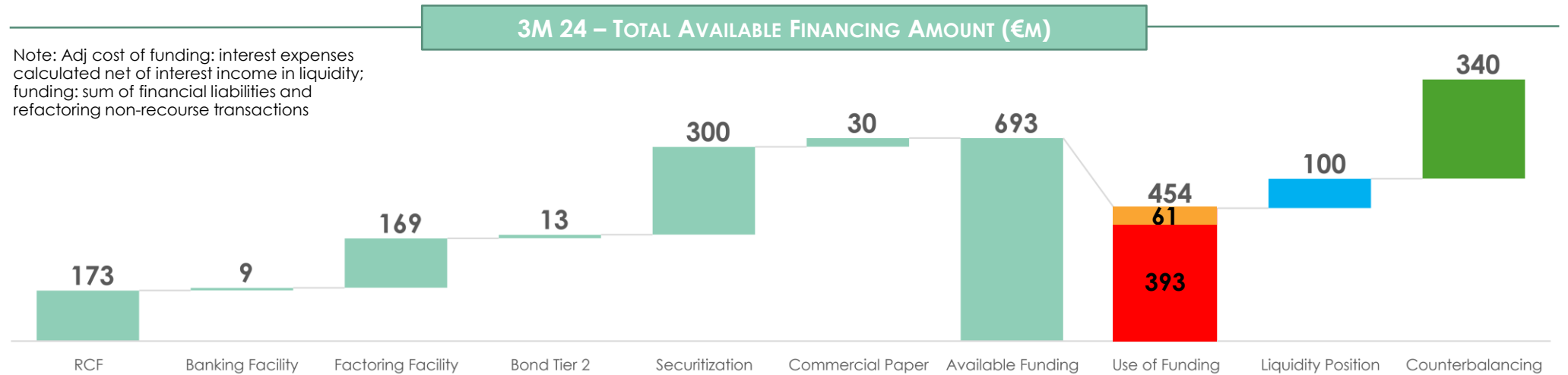
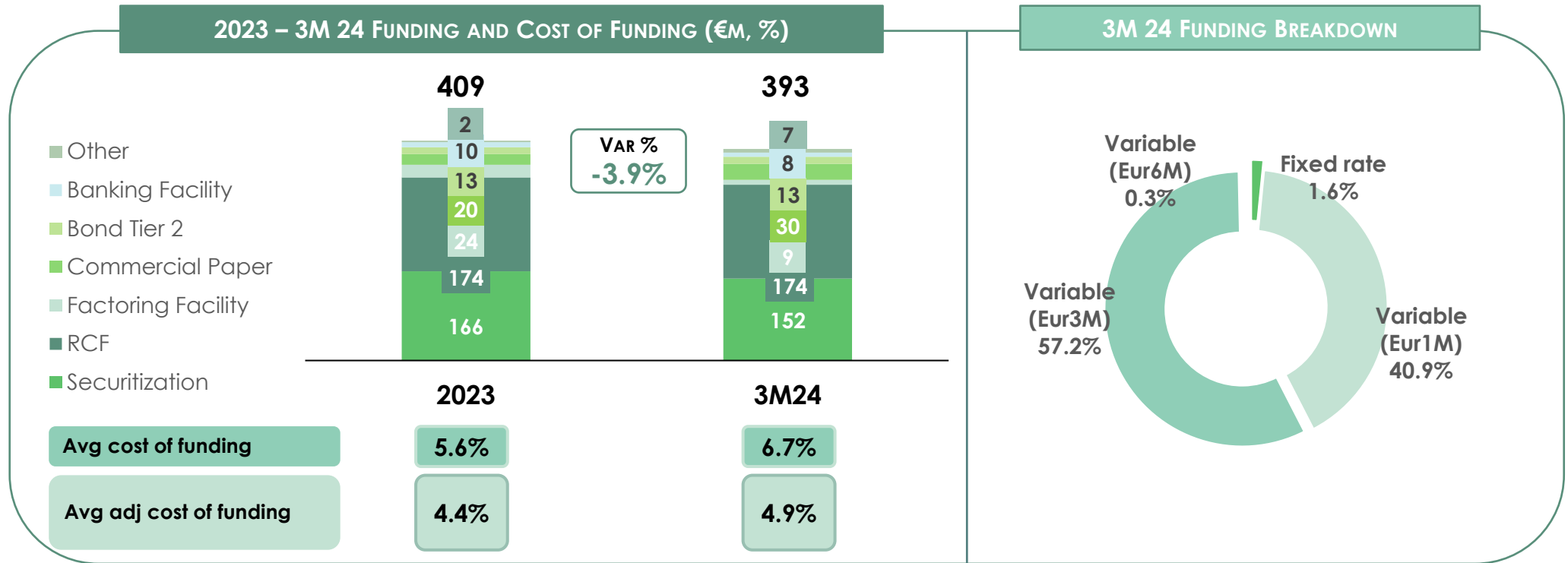
# A very simple balance sheet with a strong capital position...



RWA Density: RWA / Total Asset

Note: CET1 Ratio and Total Capital Ratio calculated taking into account net profit of the Q124, net of total dividends to be distributed (payout 50% of net profit)

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



Note: Adj cost of funding: interest expenses calculated net of interest income in liquidity; funding: sum of financial liabilities and refactoring non-recourse transactions

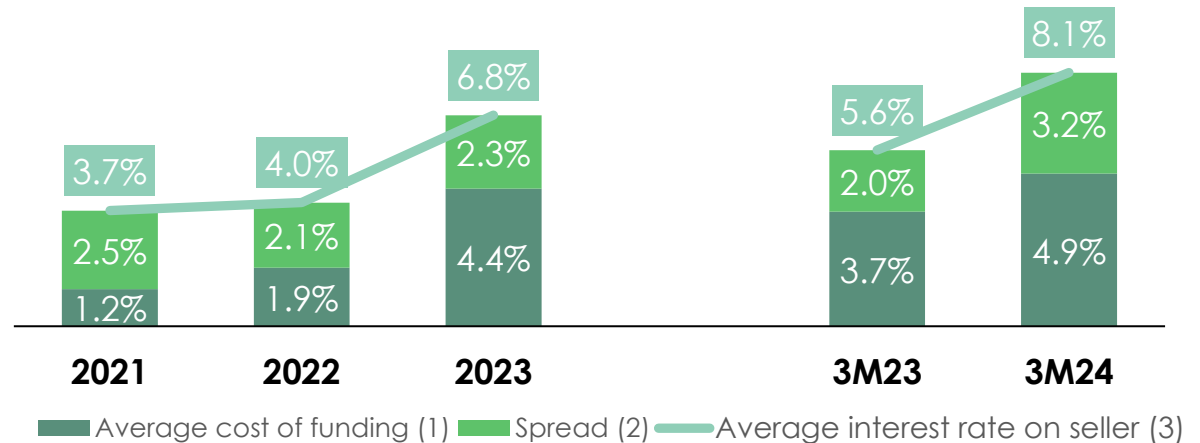
Note: Commercial Papers included in «Fixed Rate»  
 Liquidity Position: excluding pledge accounts amounting to 6.1 €mIn  
 Use of Funding: sum of financial liabilities (red) and refactoring non-recourse transactions (orange)  
 Securitization: included only for an amount equal to the credit lines approved by banks



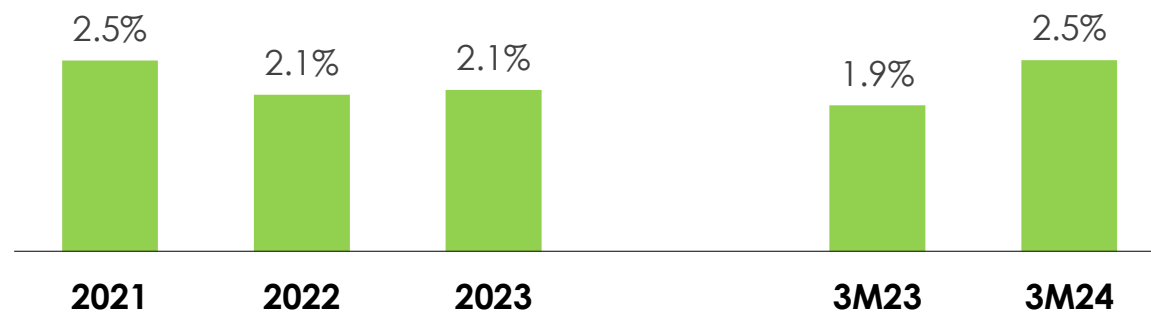
# Net interest Income fully «hedged» against interest rates volatility

- Net Interest Income ~**25%** of the Net Banking Income
- Almost all **funding** available at **variable rates** (Euribor 1M, 3M and 6M)
- All the **factoring contracts** at variable rates (**based on Euribor 3M**)

## Commercial Spread (%)



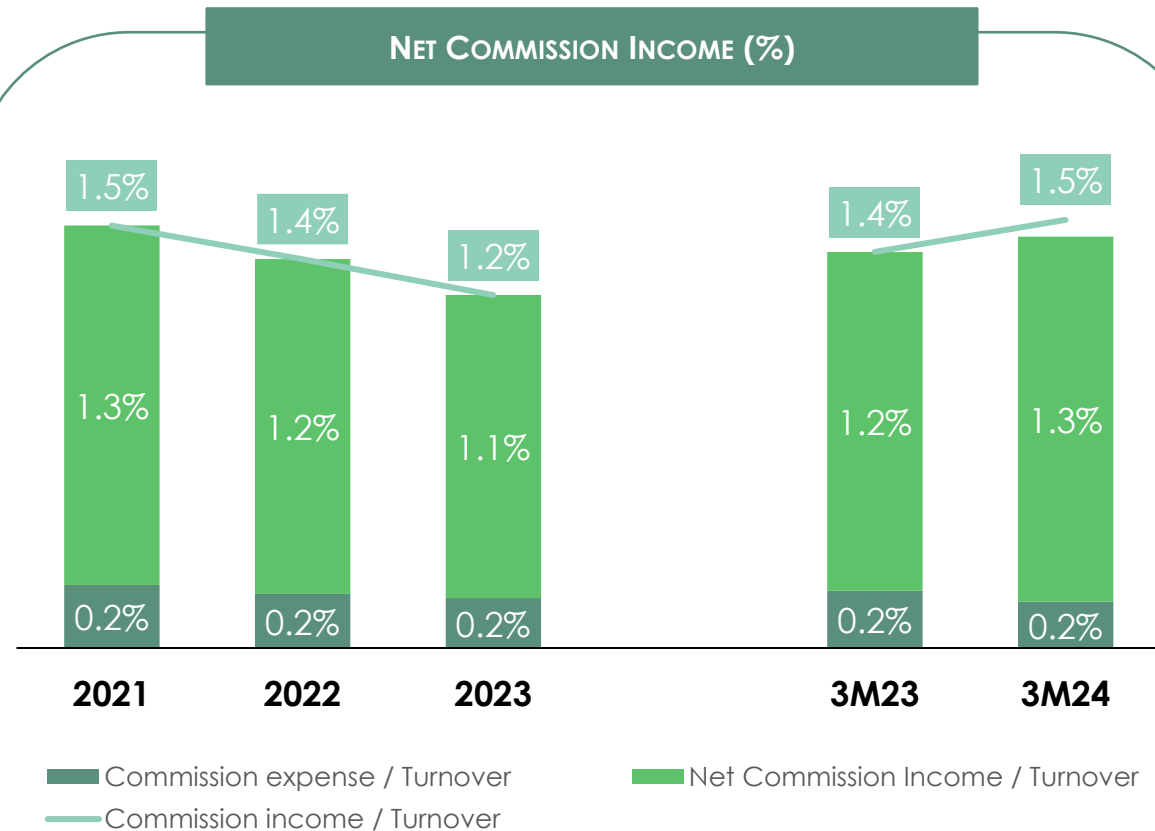
## Net Interest Margin<sup>(4)</sup>(%)



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 + other interest)/ average loans (current and previous year); (4) Calculated as Net Interest income/ average loans (current and previous year)

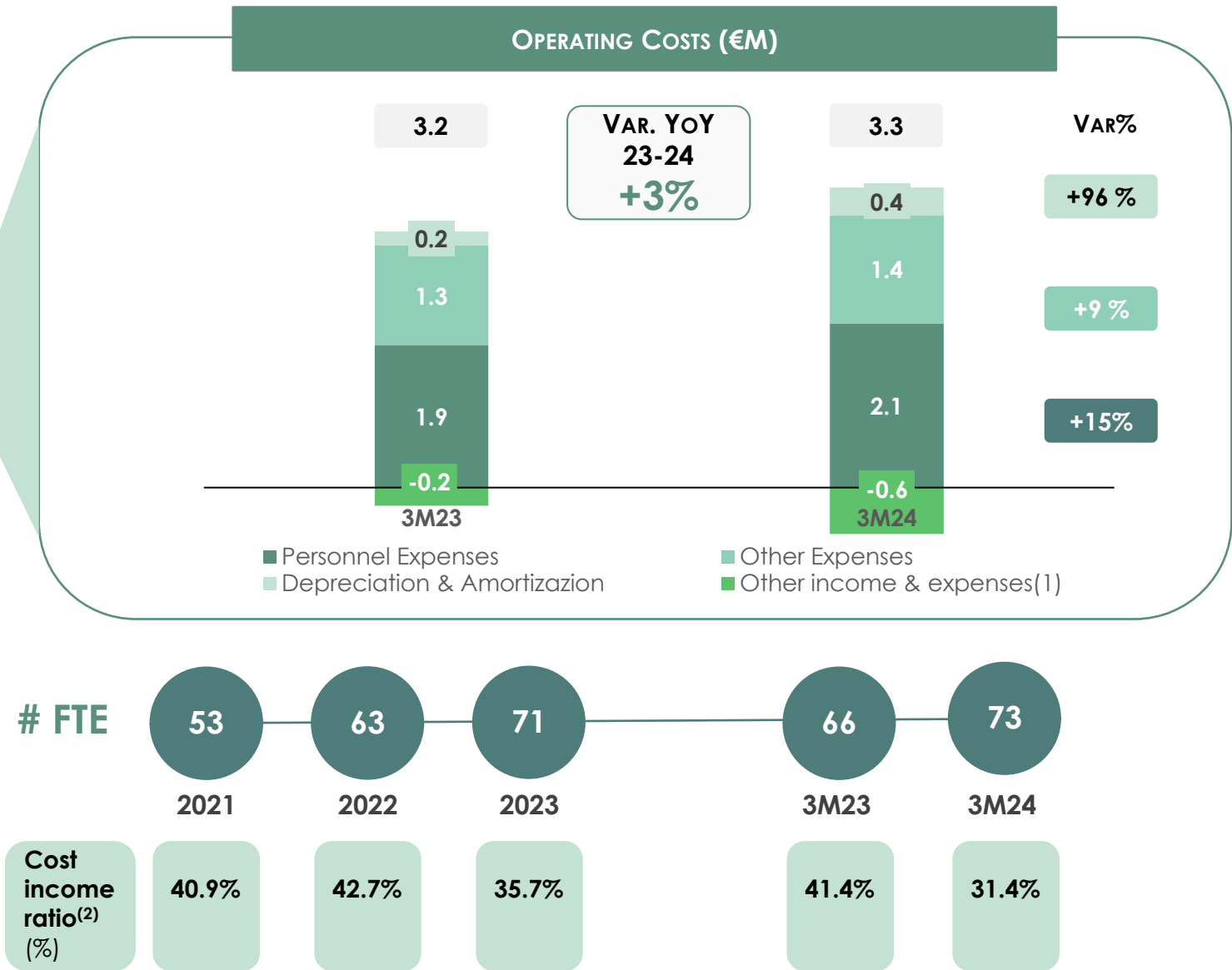
# Net commission income, the primary source of profitability

- Net Commission Income ~**75%** of the Net Banking Income
- Commission Income/Turnover improving YoY, even with the **different mix of the portfolio** (Corporate Sellers vs Retail Sellers)
- **Stable commission expense rate** thank to optimization of insurance costs and banking fees



# Cost / Income reflecting the efficiency of the operating machine

- **#73 FTE** as of 3M 2024
- **#Cost income remaining at excellent levels** due to the high **efficiency** of the operating machine and the **economy of scale (IT proprietary platform)**



## Closing Remarks

# Closing Remarks

## 2024 first 3 months of the year confirms a growing trend, in line with full year budget :

- Profitability level showing significant growth: net profit up +66%
- Excellent asset quality confirms our conservative risk policy
- Further reduction of the cost income ratio, expected to drop again thanks to the very good operating leverage
- An updated organization oriented to risk control and business
- Macroeconomic evolution and more difficult environment for SME lending support our strategy

## New steps ahead to further support our numbers:

- New sellers pipeline set to push a stronger growth ahead
- Robust and diversified funding structure to support future growth
- Strong Capital ratios (TCR > 15%) allowing a sound capital buffer for growth even exceeding strategic plan horizon
- Expanding Generalfinance abroad: further steps towards the conclusion of the analysis over foreign market
- Net Income 2024 guidance confirmed: >20M



1°  
giorno di  
quotazione

BORSA ITALIANA Euronext



# Annexes



# Income Statement

| Income Statement (€m)                                | 3M23         | 3M24         | YoY%         |
|--|--------------|--------------|--------------|
| Interest income and similar income                   | 5.4          | 9.3          | 73.5%        |
| Interest expense and similar charges                 | (3.6)        | (6.7)        | 84.9%        |
| <b>INTEREST MARGIN</b>                               | <b>1.7</b>   | <b>2.6</b>   | <b>50.0%</b> |
| Fee and commission income                            | 7.0          | 9.0          | 27.3%        |
| Fee and commission expense                           | (1.0)        | (1.0)        | (0.3%)       |
| <b>NET FEE AND COMMISSION INCOME</b>                 | <b>6.0</b>   | <b>8.0</b>   | <b>32.0%</b> |
| Net profit (loss) from trading                       | 0.0          | (0.0)        | (100.5%)     |
| Net results of other financial a/l measured at fv    | 0.0          | 0.0          | -            |
| <b>NET INTEREST AND OTHER BANKING INCOME</b>         | <b>7.8</b>   | <b>10.6</b>  | <b>36.0%</b> |
| Net value adjustments / write-backs for credit risk  | (0.1)        | 0.0          | (143.5%)     |
| a) Financial assets measured at amortised cost       | (0.1)        | 0.0          | (143.5%)     |
| <b>NET PROFIT (LOSS) FROM FINANCIAL MANAGEMENT</b>   | <b>7.7</b>   | <b>10.6</b>  | <b>38.5%</b> |
| Administrative expenses                              | (3.2)        | (3.6)        | 12.5%        |
| a) Personnel expenses                                | (1.9)        | (2.1)        | 15.0%        |
| b) Other administrative expenses                     | (1.3)        | (1.4)        | 9.0%         |
| Net provision for risks and charges                  | (0.0)        | 0.2          | (7617.1%)    |
| b) Other net provisions                              | (0.0)        | 0.2          | (7617.1%)    |
| Net value adjustments / write-backs on pppe          | (0.2)        | (0.2)        | 11.8%        |
| Net value adjustments / write-backs on int. Ass.     | (0.1)        | (0.2)        | 53.9%        |
| Other operating income and expenses                  | 0.2          | 0.4          | 52.7%        |
| <b>OPERATING COSTS</b>                               | <b>(3.2)</b> | <b>(3.3)</b> | <b>3.2%</b>  |
| Gains (Losses) from equity investments               | 0.0          | (0.0)        | -            |
| <b>PRE-TAX PROFIT (LOSS) FROM CURRENT OPERATIONS</b> | <b>4.5</b>   | <b>7.3</b>   | <b>63.8%</b> |
| Income tax for the year on current operations        | (1.5)        | (2.4)        | 59.3%        |
| <b>PROFIT (LOSS) FOR THE YEAR</b>                    | <b>2.9</b>   | <b>4.9</b>   | <b>66.1%</b> |

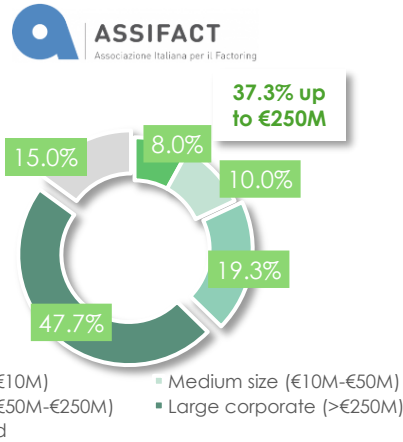
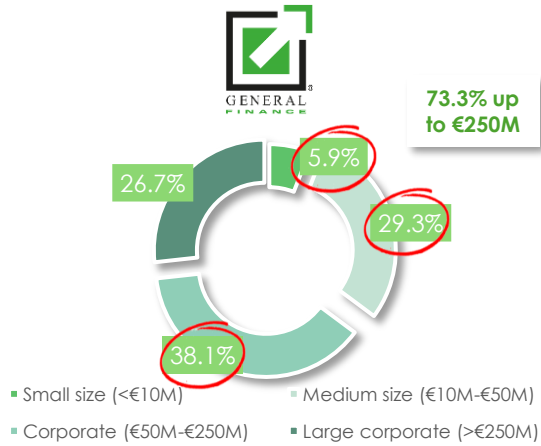
# Balance Sheet

| Balance Sheet (€m)                                  | 2023A        | 3M24         | Var% YTD      |
|---|--------------|--------------|---------------|
| Cash and cash equivalents                           | 21.6         | 106.3        | 391.2%        |
| Financial assets measured at fair value through p/l | 0.0          | 0.0          | 28.9%         |
| Financial assets measured at amortised cost         | 462.4        | 372.6        | (19.4%)       |
| Equity investments                                  | 0.0          | 0.0          | (100.0%)      |
| Property, Plan and Equipment (PPE)                  | 5.0          | 4.8          | (3.3%)        |
| Intangible assets                                   | 2.6          | 2.8          | 7.2%          |
| Tax assets  | 5.7          | 5.7          | 0.1%          |
| a) current  | 5.1          | 5.1          | 0.1%          |
| b) deferred   | 0.7          | 0.6          | 0.0%          |
| Other assets  | 2.8          | 2.9          | 5.8%          |
| <b>TOTAL ASSETS</b>                                 | <b>500.0</b> | <b>495.1</b> | <b>(1.0%)</b> |
| Financial liabilities measured at amortised cost    | 409.4        | 393.4        | (3.9%)        |
| a) payables   | 376.8        | 350.6        | (6.9%)        |
| b) outstanding securities                           | 32.6         | 42.8         | 31.1%         |
| Tax liabilities                                     | 7.1          | 9.5          | 33.9%         |
| Other liabilities                                   | 14.0         | 18.1         | 28.1%         |
| Severance pay                                       | 1.5          | 1.4          | (4.8%)        |
| Provision for risk and charges                      | 1.6          | 1.4          | (10.0%)       |
| Share capital                                       | 4.2          | 4.2          | 0.0%          |
| Share premium reserve                               | 25.4         | 25.4         | 0.0%          |
| Reserves  | 21.6         | 36.7         | 69.7%         |
| Valuation reserves                                  | 0.1          | 0.1          | 14.2%         |
| Profit (loss) for the year                          | 15.1         | 4.9          | (67.6%)       |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY</b>  | <b>500.0</b> | <b>495.1</b> | <b>(1.0%)</b> |

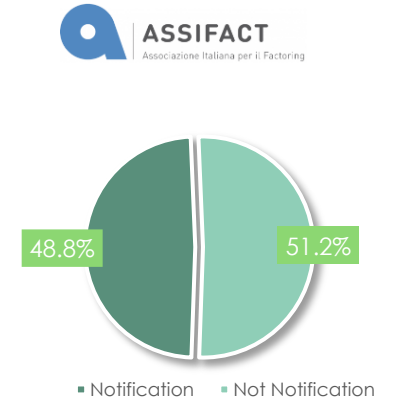
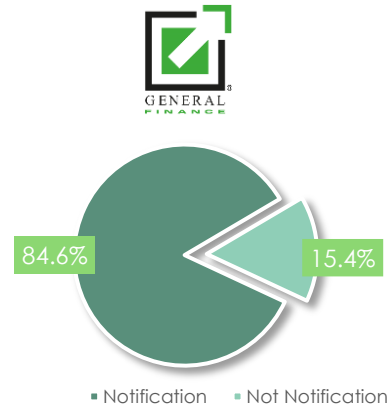


# Turnover breakdown vs system average 1/2

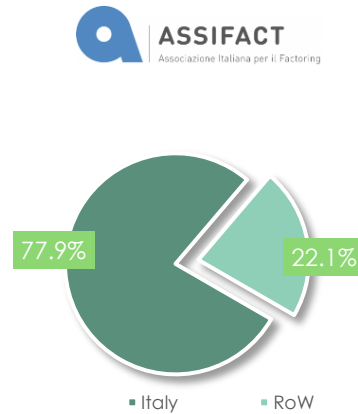
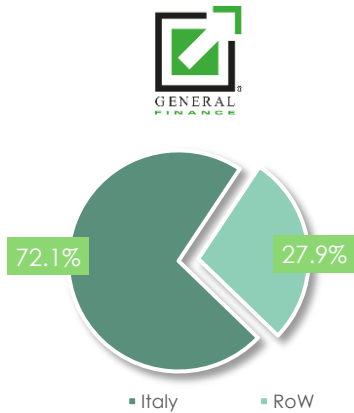
## SELLERS' DIVERSIFICATION BY DIMENSION



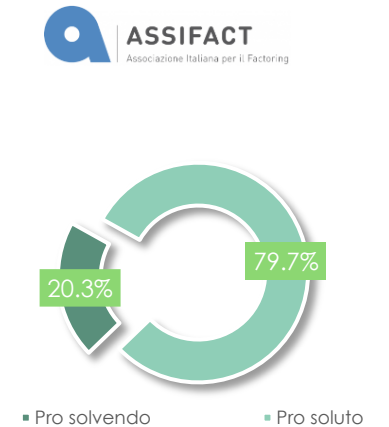
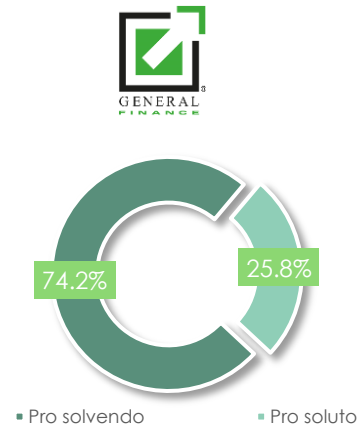
## FACTORING BY NOTIFICATION STATUS



## NATIONAL VS INTERNATIONAL TURNOVER

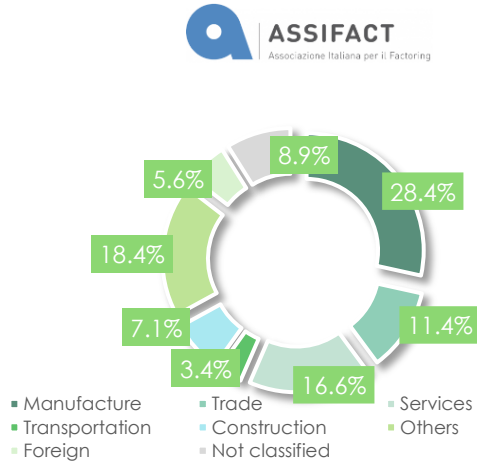
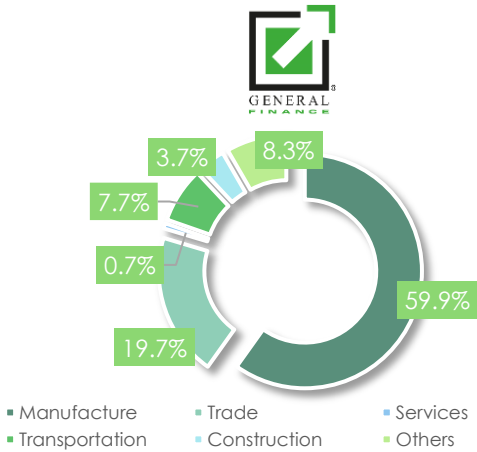


## TURNOVER BY PRODUCT

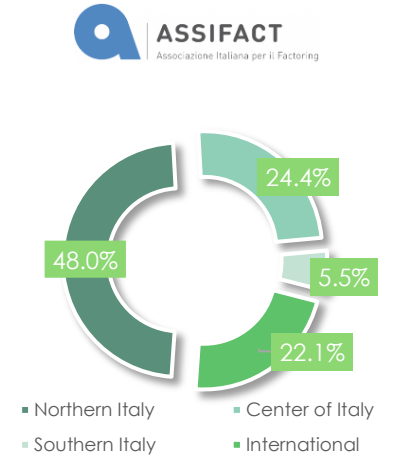
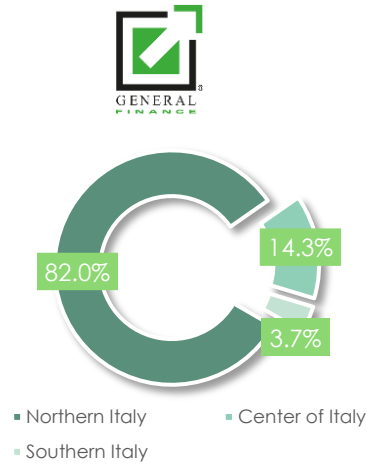


# Turnover breakdown vs system average 2/2

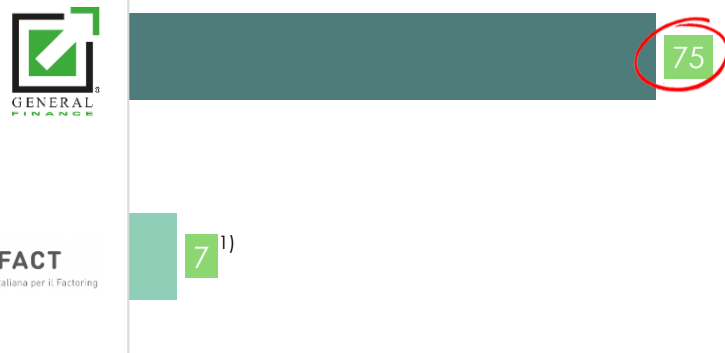
## SELLERS' DIVERSIFICATION BY SECTOR



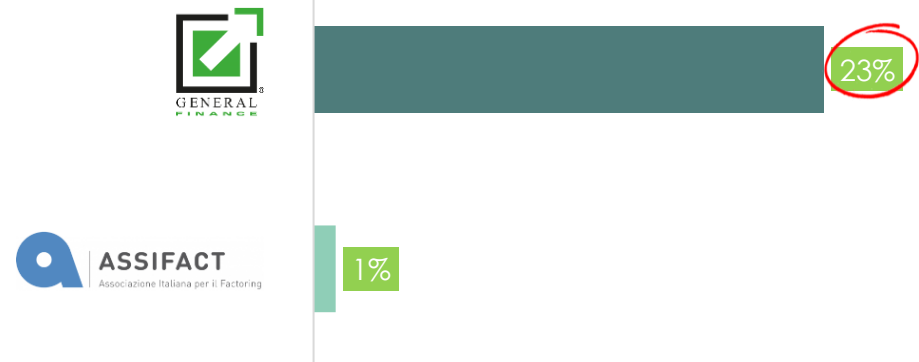
## SELLERS' DIVERSIFICATION BY GEOGRAPHY



## HIGHER NUMBER OF DEBTORS PER SELLER



## TURNOVER - % CHANGE FROM PREVIOUS YEAR



# Top line components

SINCE 2016, GENERALFINANCE HAS ADOPTED IAS/IFRS ACCOUNTING STANDARDS

## PRO SOLVENDO FACTORING

Factoring Commissions

+

Other Commissions

+

Interest Income

+

Interests and commissions derived  
from delay in payments

- Deducting from allocated amount
- Accounted in financial statements through accrued income or by cash (other commissions)

- Accounted by cash at the payment time
- Settled within the DPP (Deferred Purchase Price) framework

## PRO SOLUTO FACTORING<sup>1</sup>

Factoring Commissions

+

Other Commissions

+

Interest Income

SIMPLE AND TRANSPARENT P&L PAIRED WITH ALMOST NO VOLATILITY OF FAIR VALUE / CREDIT ADJUSTMENT

# Revenues' generation – example

| PRO SOLVENDO TRANSACTION                    |                  | Formula   | P&L Accounting |
|---|------------------|---|----------------|
| Invoice's nominal value                     | 100,000.00       | <b>a</b>  |                |
| Advance rate                                | 80.00%           | <b>b</b>  |                |
| <b>Gross disbursed amount</b>               | <b>80,000.00</b> | <b><math>c = a \times b</math></b>                      |                |
| Maturity of disbursed amount (days)         | 69               | <b>e</b>  |                |
| Contractual interest rate (floating)        | 7.50%            | <b>f</b>  |                |
| <b>Interest revenues</b>                    | <b>1,167.12</b>  | <b><math>g = (c \times f \times (e+2)) / 365</math></b> | Prepayment     |
| DSO   | 70               | <b>h</b>  |                |
| Monthly commission rate                     | 0.40%            | <b>i</b>  |                |
| <b>Commission revenues</b>                  | <b>933.33</b>    | <b><math>l = a \times i \times (h/30)</math></b>        | Prepayment     |
| <b>Total revenues</b>                       | <b>2,100.46</b>  | <b><math>m = g + l</math></b>                           | Prepayment     |
| <b>Net disbursed amount</b>                 | <b>77,899.54</b> | <b><math>n = c - m</math></b>                           |                |
| Delay in payment (days)                     | 8                | <b>o</b>  |                |
| Delay in payment interest rate              | 7.00%            | <b>p</b>  |                |
| Delay in payment commission rate            | 0.50%            | <b>q</b>  |                |
| <b>Delay in payment interest revenues</b>   | <b>122.74</b>    | <b><math>r = (c \times p \times o) / 365</math></b>     | Cash basis     |
| <b>Delay in payment commission revenues</b> | <b>133.33</b>    | <b><math>s = a \times q \times (o/30)</math></b>        | Cash basis     |
| <b>Delay in payment total revenues</b>      | <b>256.07</b>    | <b><math>t = r + s</math></b>                           | Cash basis     |
| Non-advance amount                          | 20,000.00        | <b><math>u = a - c</math></b>                           |                |
| <b>Net settlement</b>                       | <b>19,743.93</b> | <b><math>v = u - t</math></b>                           |                |

# Benefits of pro-solvendo lending contract

The offsetting mechanism is a specific technicality of the Factoring Agreement, which is elaborated consistently with the Assifact standard

## ARTICLE 28 OF GENERALFINANCE FACTORING AGREEMENT

*"The Factor will be entitled to retain sums and set off the debts (of every kind) due by the Factor to the Seller against the Receivables (of every kind) due from the Seller to the Factor, including the Receivables due from the Seller to third parties and assigned to/guaranteed by the Factor.*

*Should the Seller default on any of its payment obligations, the Factor will be able to treat its Receivables as liquid and payable, even if not already fallen due. Offsets by the Seller require the prior written consent of the Factor".*

### A PRACTICAL EXAMPLE:

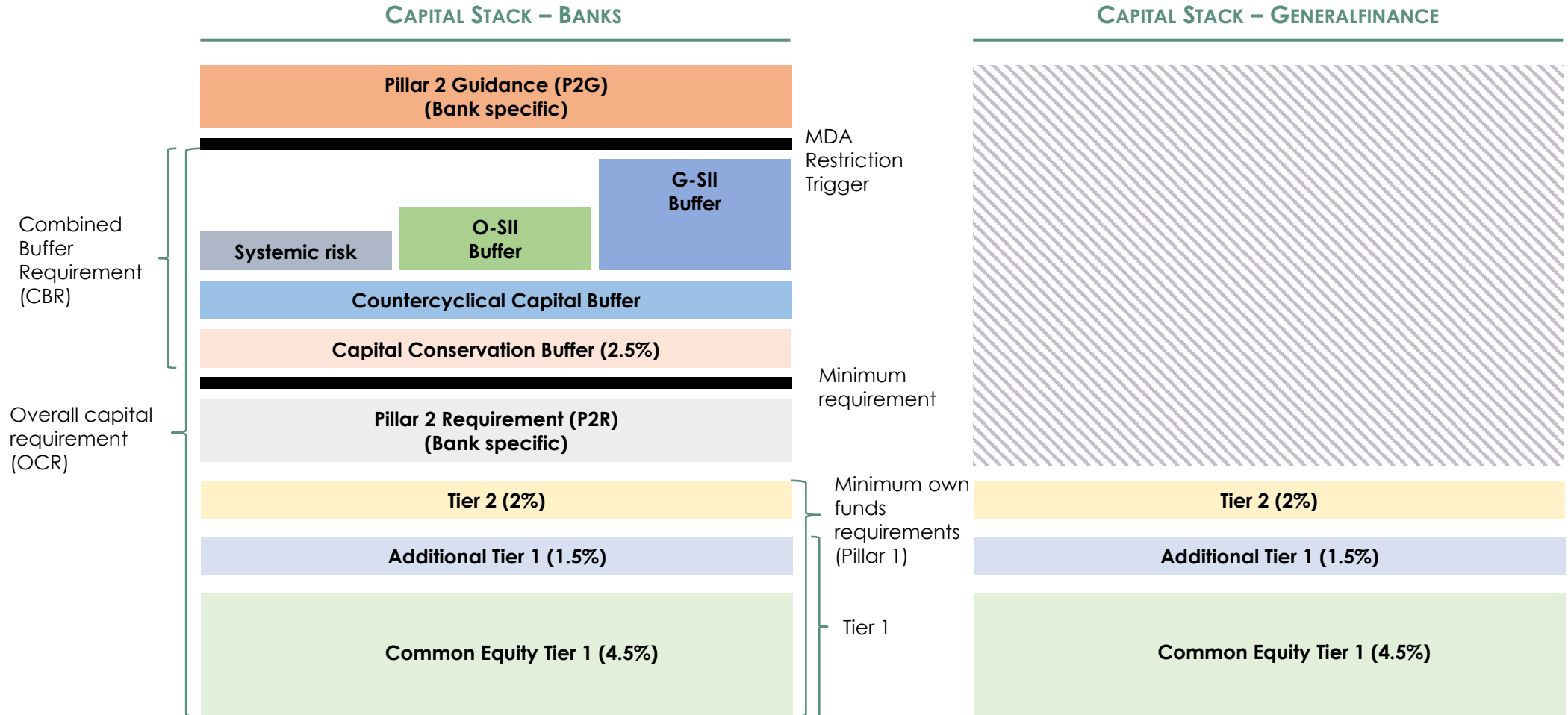
#### Seller A

| ID Borrower | Nominal Value (A)   | LTV (B) | Disbursement (C) = (A x B)      | Unpaid | Amount Collected (D) | Amounts not advanced to be settled (D - C) |
|-------------|---------------------|---------|---------------------------------|--------|----------------------|--|
| 1           | 100.000,00          | 80%     | 80.000,00                       | Yes    | -                    | -  |
| 2           | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
| 3           | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
| 4           | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
| 5           | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
| 6           | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
| 7           | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
| 8           | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
| 9           | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
| 10          | 100.000,00          | 80%     | 80.000,00                       | No     | 100.000,00           | 20.000,00                                  |
|             | <b>1.000.000,00</b> |         | <b>800.000,00</b>               |        | <b>900.000,00</b>    | <b>180.000,00</b>                          |
|             |                     |         | Debts of the Factor             |        |                      | 180.000,00                                 |
|             |                     |         | Unpaid debts compensated        |        |                      | 80.000,00                                  |
|             |                     |         | <b>Netting to be liquidated</b> |        |                      | <b>100.000,00</b>                          |

In FY 2021, Generalfinance paid an average advance equal to **80%** of Turnover. With regard to the pro-solvendo factoring, Generalfinance is entitled to set off amounts owed by the Sellers to it against amounts owed by Generalfinance to the Sellers based on specific clauses included in the factoring agreement.

The Company has a high Debtor/Seller ratio equal to **58**, growing steadily over the last 3 financial years, against an average of the Italian factoring market - calculated excluding private assigned Debtors - equal to 10<sup>1</sup>, which expands the possibilities of **offsetting between receivables and debit items against the Sellers as part of pro-solvendo transactions.**

# Capital Stack – A capital light lending business



Source: Management



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# GENERALFINANCE



May 29, 2024