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# GENERALFINANCE

## 9M24 Results



November 11, 2024

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# Agenda

- **Main results 9M 2024**
- **Focus on Asset Quality and Digital Factoring**
- **9M 2024 Results: Balance Sheet, P&L, Funding and Capital**
- **Closing Remarks**
- **Annexes**

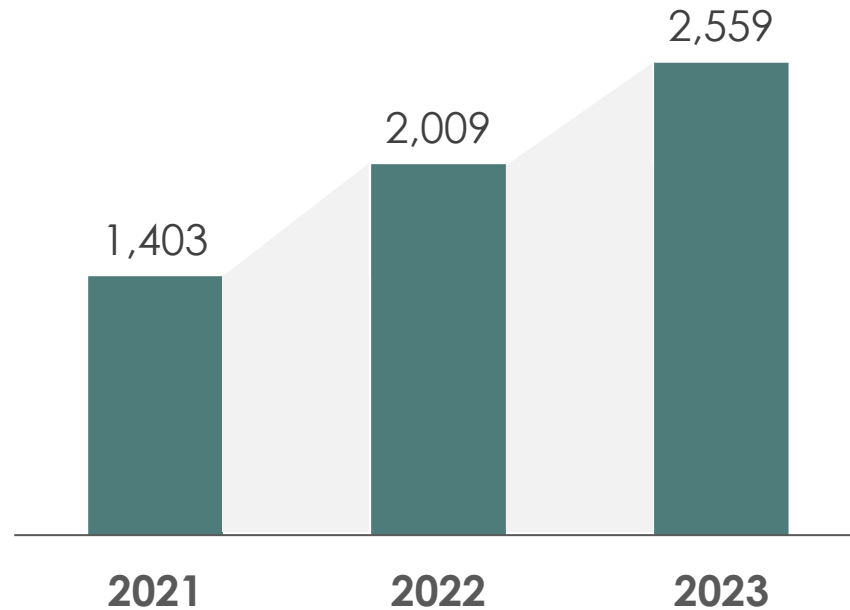
## Main results 9M 2024

# Turnover witnessing a strong growth story

## Growth in Turnover Volume (€M)

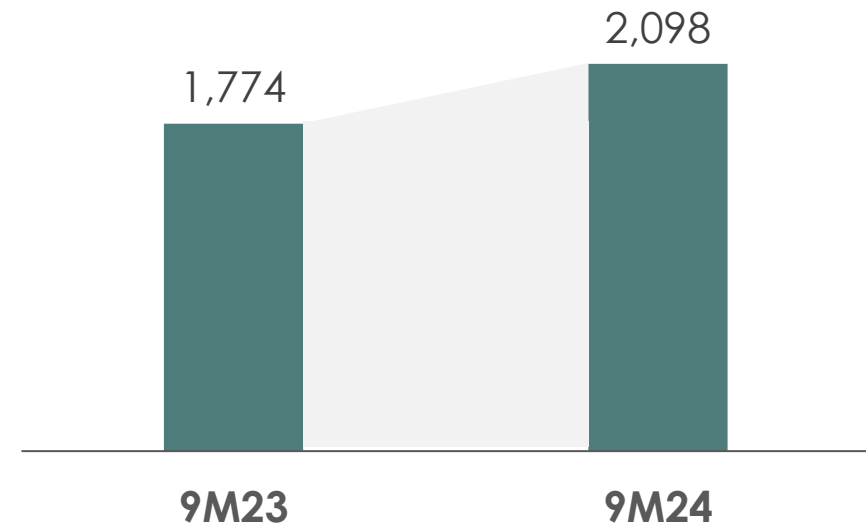
Data in €mln

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



Data in €mln

**VAR. YOY**  
**23-24**  
**+18%**



**2024 annual growth rate (18%) well above the market average (+1%)**

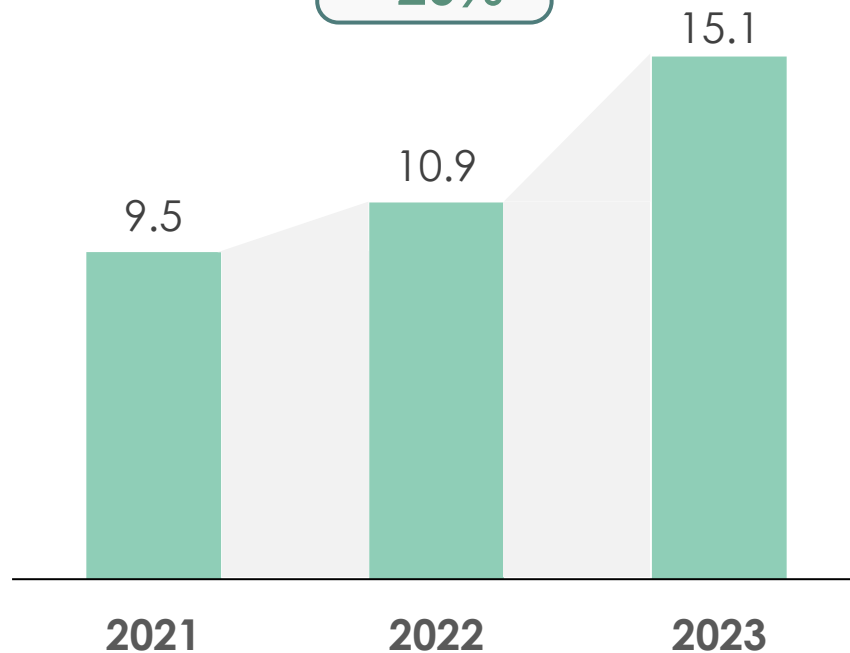


# Net Income: high profitability from the operations

## Growth in net income (€M)

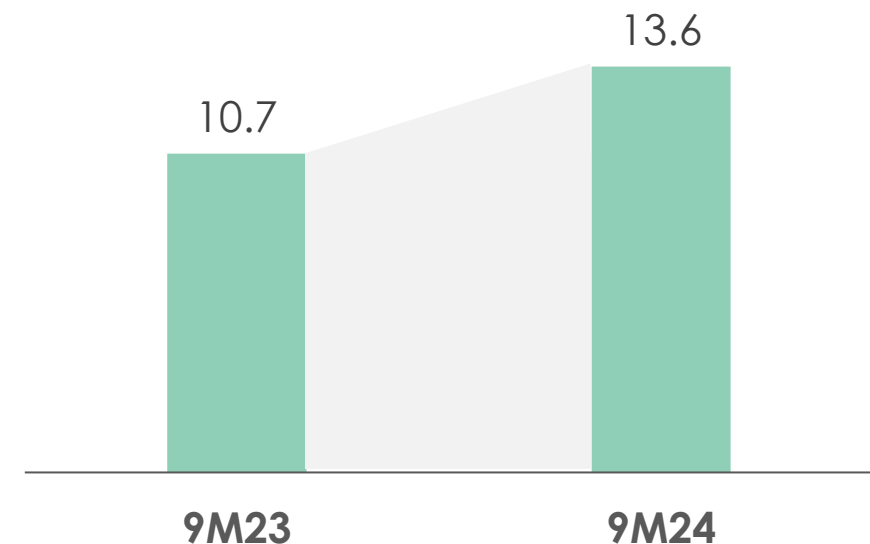
Data in €mln

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



Data in €mln

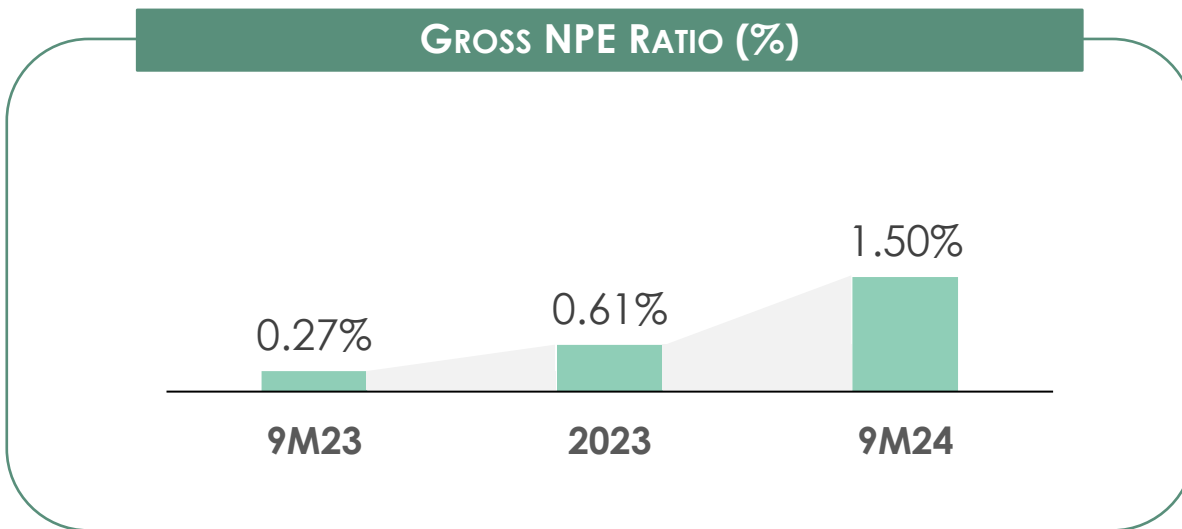
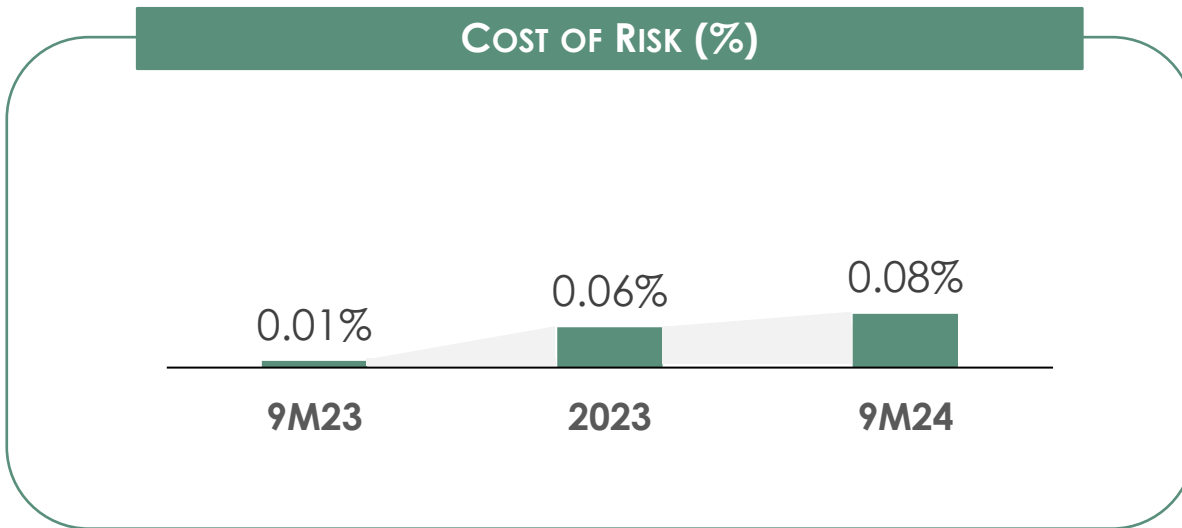
**VAR. YOY**  
**23-24**  
**+27%**



Profitability level very strong, substantially in line with 2024 Budget

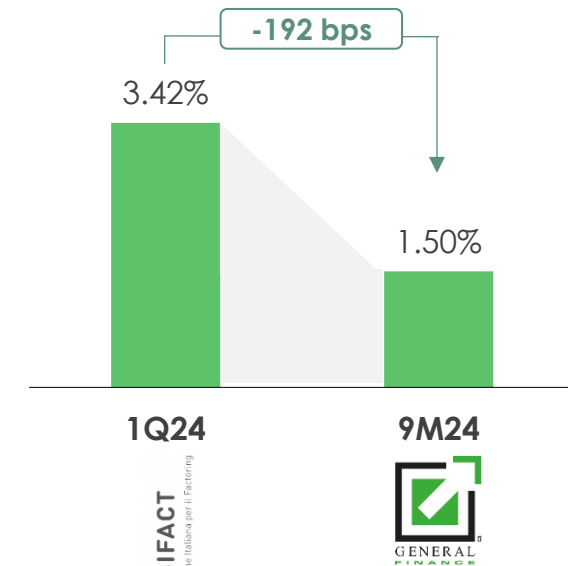
## Focus on Asset Quality and Digital Factoring

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



### Gross NPE Ratio Benchmarking

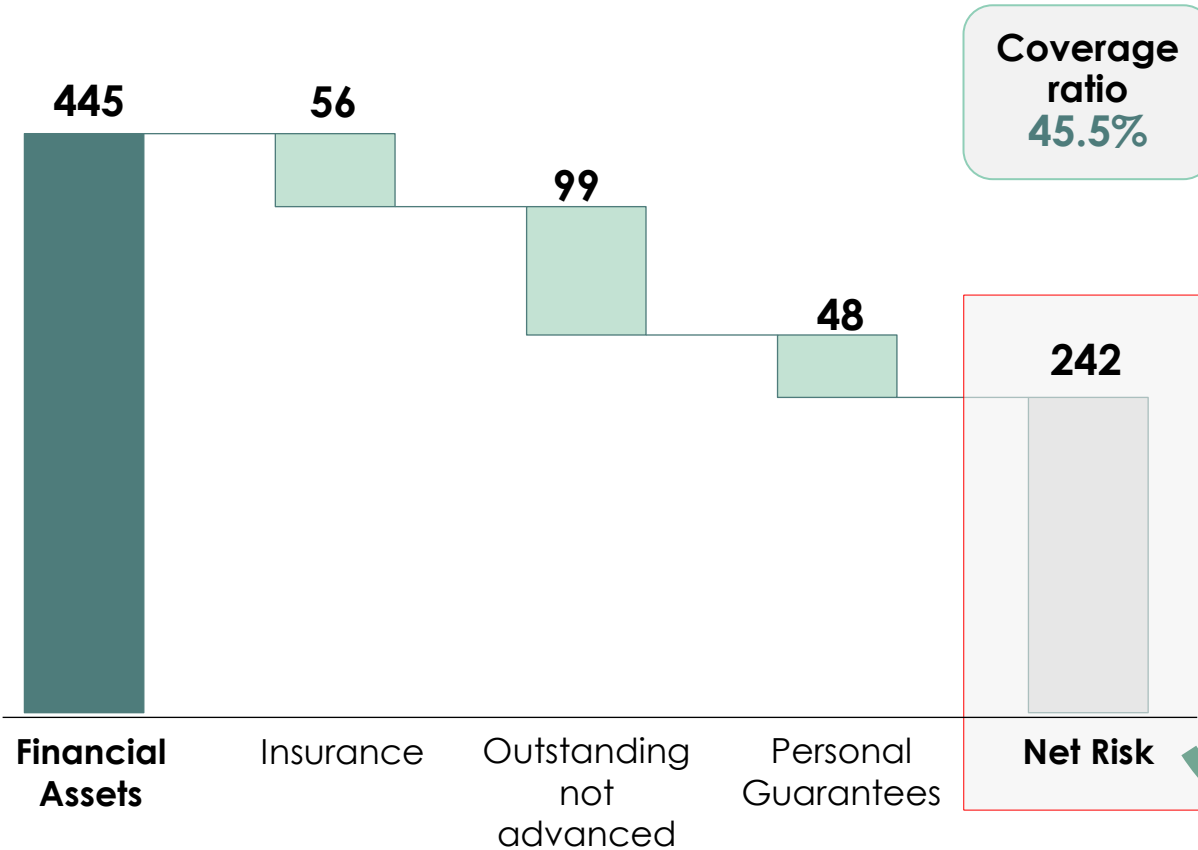
Generalfinance has **lower cost of risk and non-performing exposure compared to the market** thanks to its unique and effective business model enabling a constant **mitigation of credit risk**





# Net Risk on Financial Assets – 9M2024

## Breakdown Net Risk on Financial Assets € mln

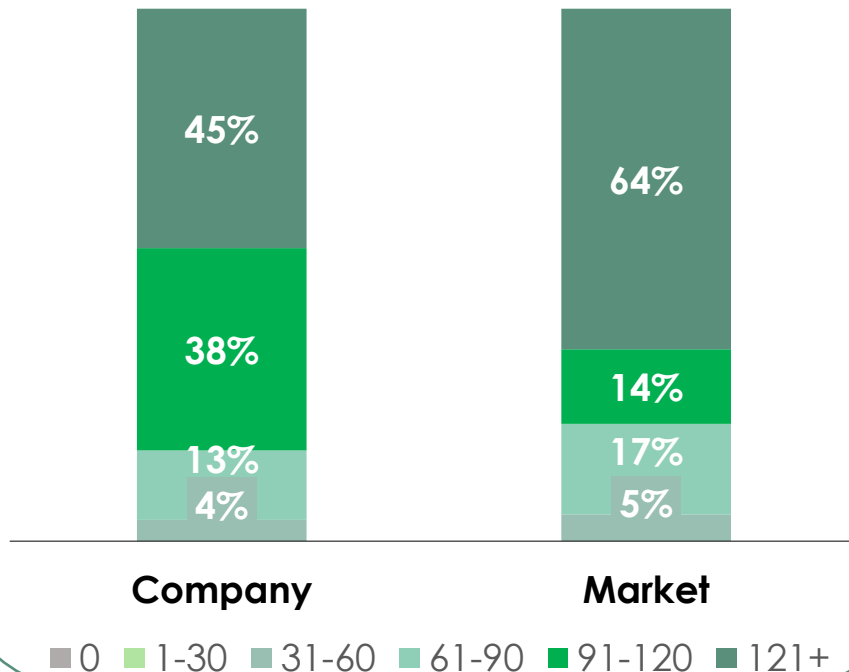


The **Net Risk** borne by Generalfinance on total financial assets as at September 30, 2024 was **€242 mln.**

# Collection performance: a strategic delivery to our Customers

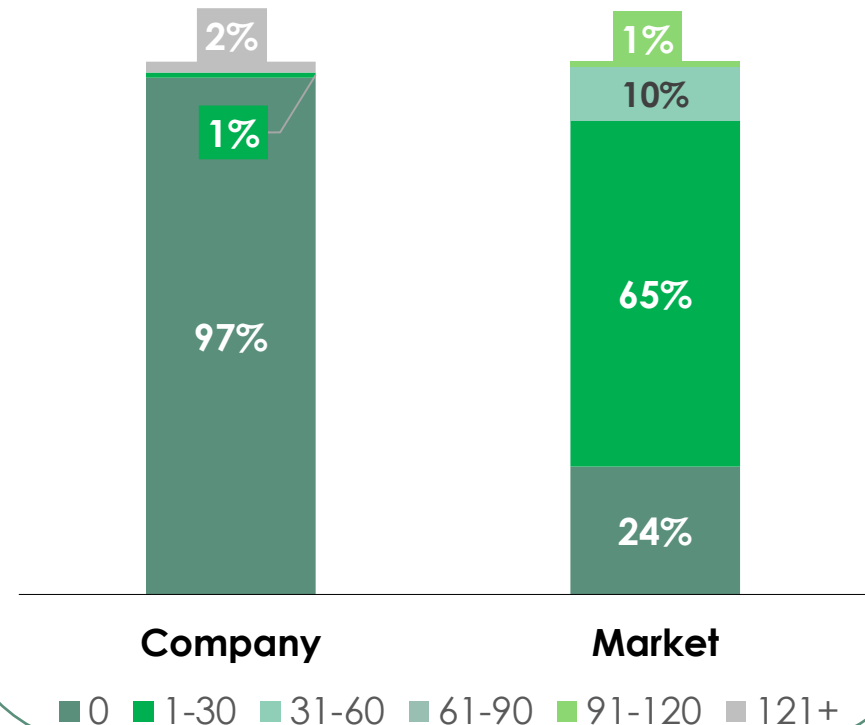
## Payment Conditions (DSO)

Only **45%** of Generalfinance's portfolio has payment conditions exceeding 120 days (vs **64%** of the market)



## Payment Delays (days)

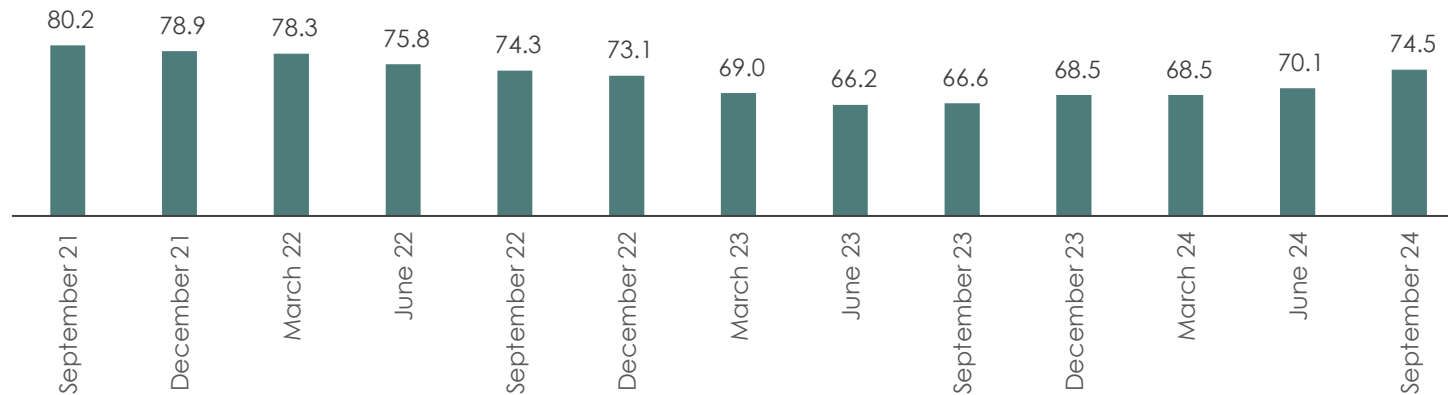
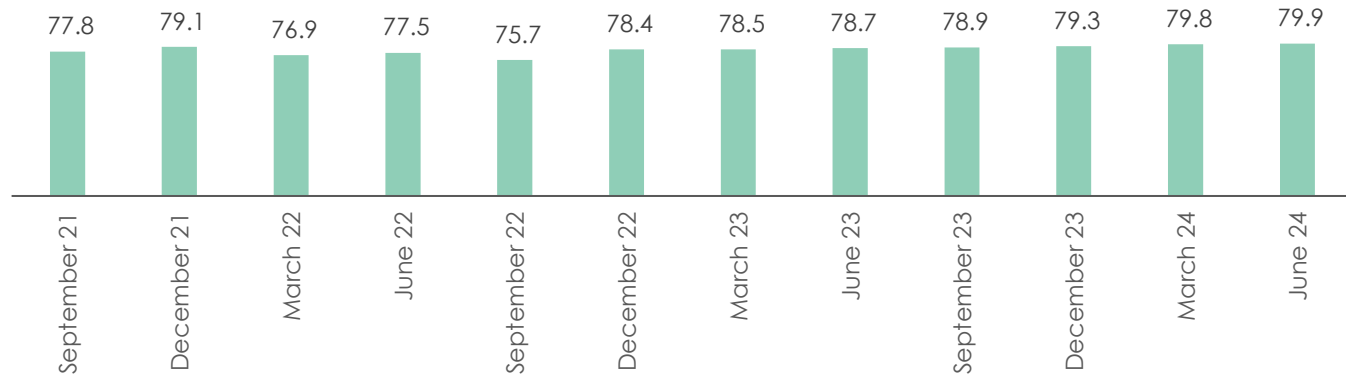
**97%** of Generalfinance's portfolio has **no payment delays** (vs **24%** of the market)



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

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

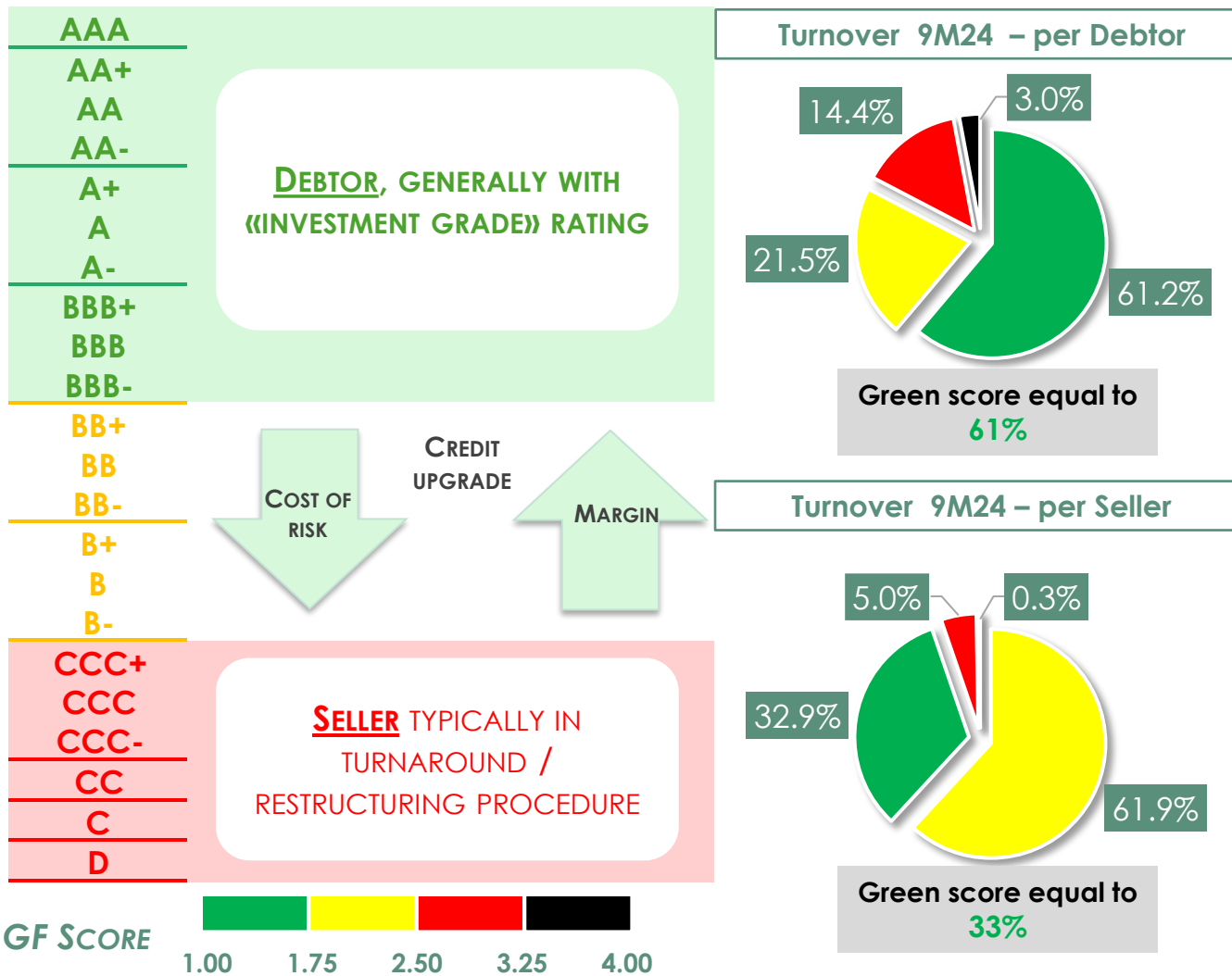
Days Sales Outstanding (DSO) – Receivables from private companies



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** (normally investment grade)



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

**PRODUCTS**

- ✓ Pro-solvendo factoring (c. **75%** of turnover; vs 19% Assifact average)
- ✓ Pro-soluto factoring (c. **25%** of turnover; vs 81% Assifact)
- ✓ Reverse factoring
- ✓ C. **79%** of turnover covered by insurance with Allianz Trade
- ✓ **75%** LTV Pro solvendo in 9M 2024, adjustable according to credit risk

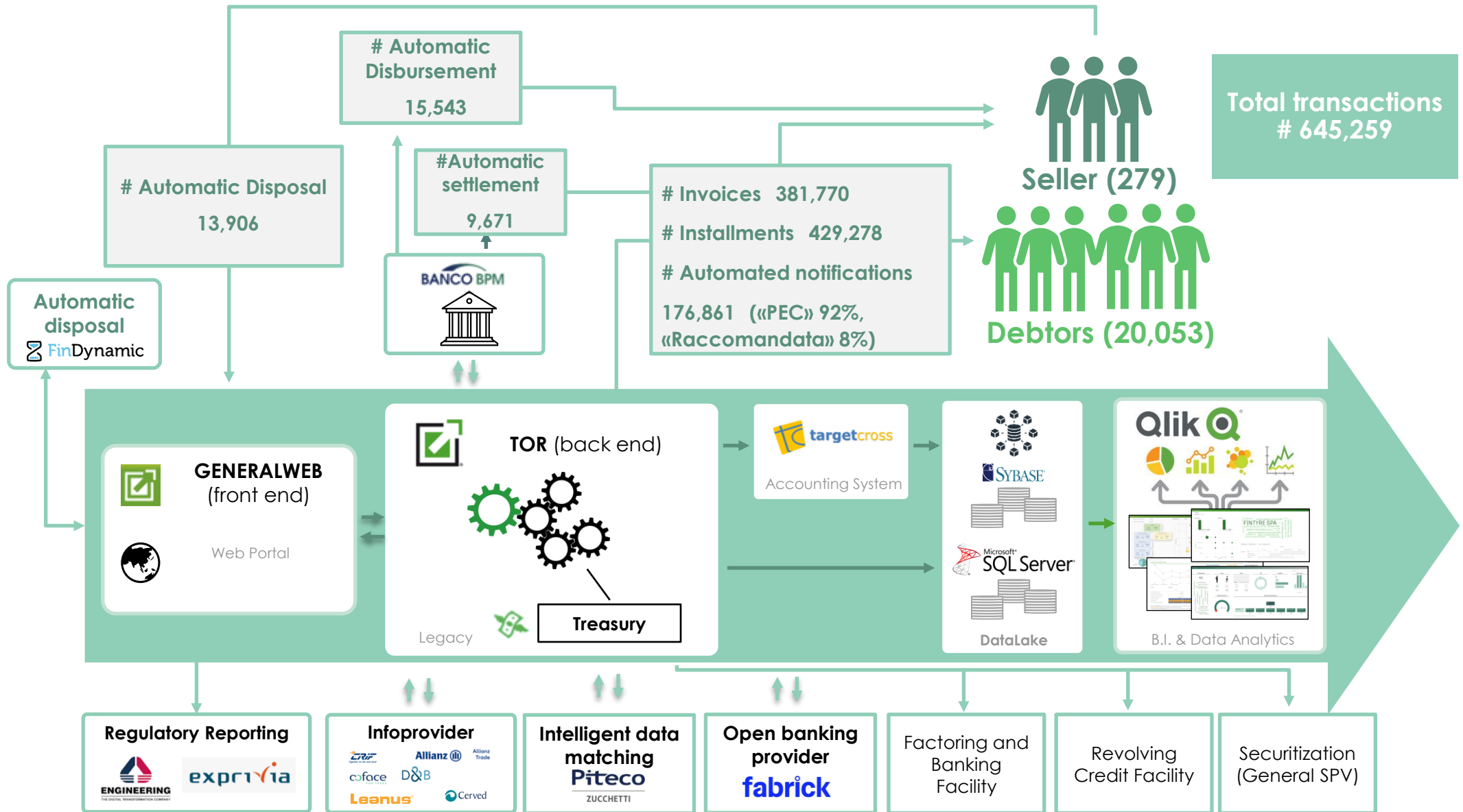
**CUSTOMERS**

- ✓ High ratio Debtor/Seller (~**72 vs 7** of Assifact average<sup>2</sup>)
- ✓ Average Seller **retention about 6.6 years**

■ Distressed ■ Bonis ■ NewCo

Notes: 1) Generalfinance data refers to September 30, 2024 (LTM); Assifact data refers to June 30, 2024; 2) Assifact data net of household debtors; 3) NewCo: New Company after the definition of the turnaround plan

# A strategic asset: the proprietary digital platform



Data LTM, as of September 2024

Total transactions: sum of Automatic Disposal, Automatic Disbursement, Automatic settlement, Installments and Automated notifications

## 9M 24 Results: Balance Sheet, P&L, Funding and Capital

# Main KPIs behind our business

Income Statement (€m)	2021A	2022A	2023A	CAGR '21-'23	9M23	9M24	YoY%
Interest Margin	6,2	7,3	9,0	20,0%	5,9	8,0	35,5%
Net Commission	17,7	23,6	27,2	24,0%	19,6	24,9	27,3%
<b>Net Banking Income</b>	<b>23,9</b>	<b>30,9</b>	<b>36,2</b>	<b>23,0%</b>	<b>25,5</b>	<b>32,9</b>	<b>29,1%</b>
Net value adjustments / write-backs for credit risk	(0,2)	(1,2)	(1,3)	141,2%	(0,1)	(1,3)	810,6%
Operating Costs	(9,8)	(13,2)	(12,9)	15,0%	(9,7)	(11,1)	14,5%
<b>Net Profit</b>	<b>9,5</b>	<b>10,9</b>	<b>15,1</b>	<b>26,2%</b>	<b>10,7</b>	<b>13,6</b>	<b>27,3%</b>

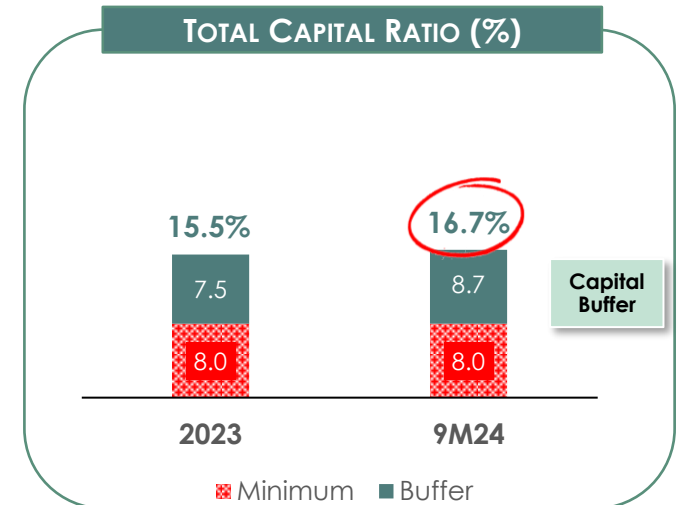
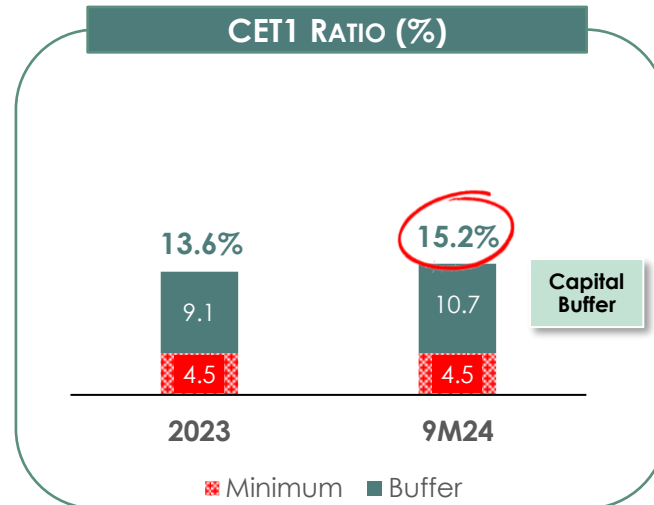
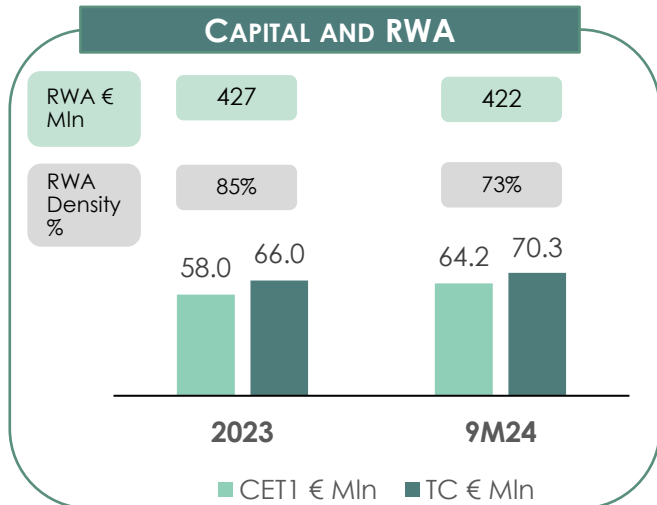
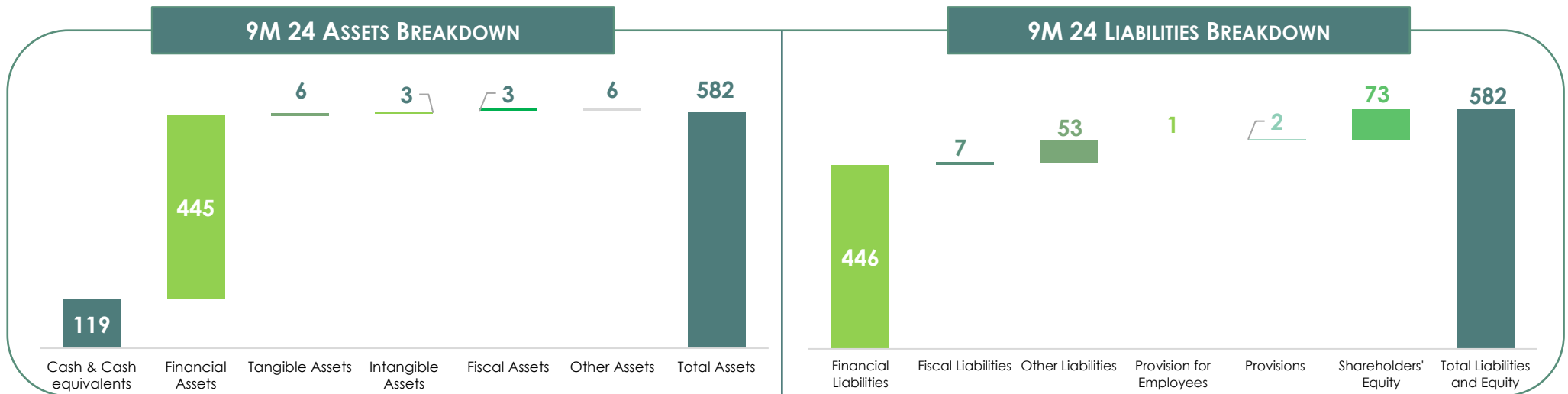
(€m)	2021A	2022A	2023A	CAGR '21-'23	9M23	9M24	YoY%
Turnover	1.402,9	2.009,4	2.559,3	35,1%	1.773,8	2.097,6	18,3%
Disbursed Amount	1.118,5	1.674,0	2.161,4	39,0%	1.482,1	1.628,0	9,8%
<b>LTV</b>	<b>79,7%</b>	<b>83,3%</b>	<b>84,5%</b>	<b>2,9%</b>	<b>83,6%</b>	<b>77,6%</b>	<b>-7,1%</b>
<b>LTV Pro-solvendo</b>	<b>78,6%</b>	<b>81,6%</b>	<b>79,7%</b>	<b>0,7%</b>	<b>79,6%</b>	<b>75,2%</b>	<b>-5,5%</b>

Net Banking Income / Average Loan (%)	9,6%	8,7%	8,5%	(5,8%)	8,8%	9,7%	9,3%
Interest Margin / Net Banking Income (%)	26,0%	23,5%	24,8%	(2,4%)	23,1%	24,2%	5,0%
Cost Income Ratio	40,9%	42,7%	35,7%	(6,5%)	37,9%	33,6%	(11,3%)
ROE (%)	42,0%	23,7%	29,3%	(16,4%)	27,7%	30,7%	10,9%

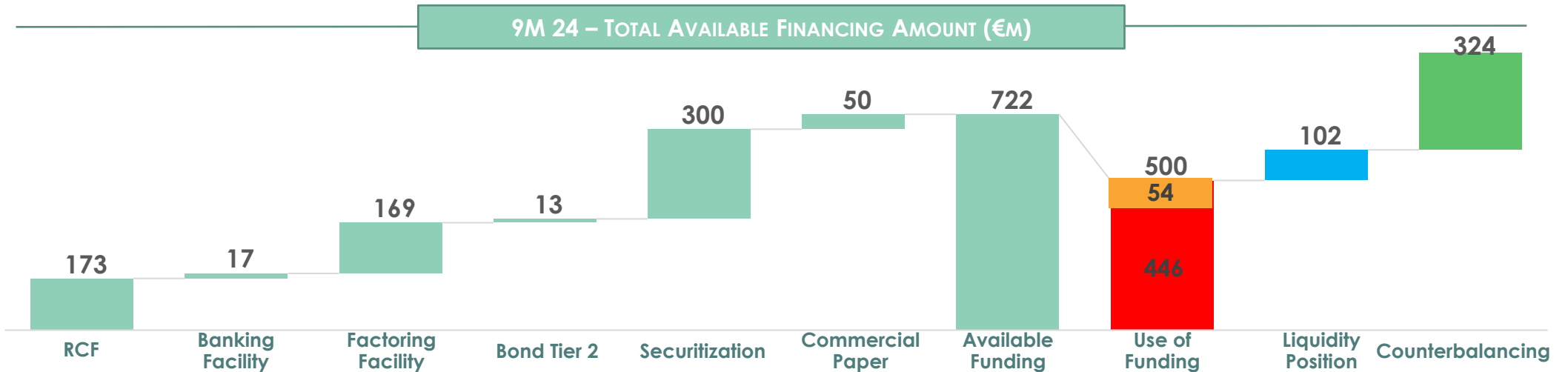
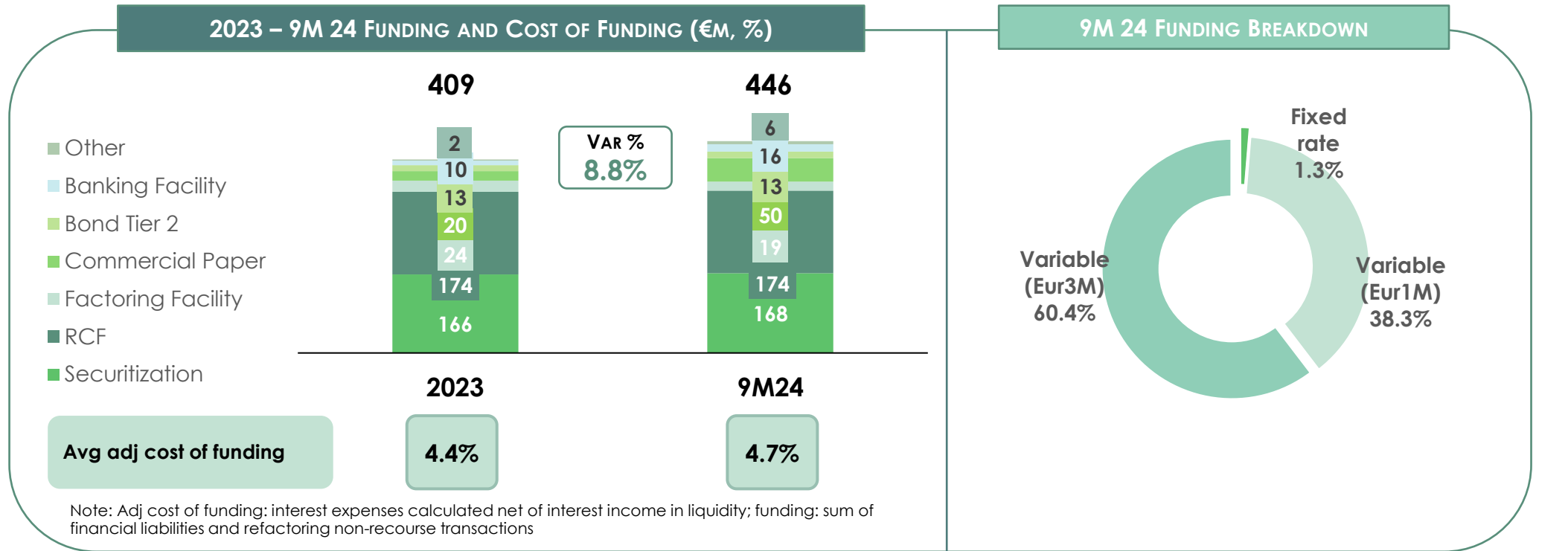
Balance Sheet (€m)	2021A	2022A	2023A	CAGR '21-'23	9M23	9M24	YoY%
Cash & Cash Equivalents	33,5	43,7	21,7	(19,6%)	80,3	118,9	48,1%
Financial Assets	321,0	385,4	462,4	20,0%	383,2	445,4	16,2%
Other Assets	10,8	14,7	15,9	21,2%	13,2	17,5	32,4%
<b>Total Assets</b>	<b>365,3</b>	<b>443,8</b>	<b>500,0</b>	<b>17,0%</b>	<b>476,7</b>	<b>581,8</b>	<b>22,0%</b>
Financial Liabilities	314,6	368,4	409,4	14,1%	394,3	445,5	13,0%
Other Liabilities	18,7	18,6	24,2	13,9%	20,4	63,7	212,2%
<b>Total Liabilities</b>	<b>333,3</b>	<b>387,0</b>	<b>433,6</b>	<b>14,1%</b>	<b>414,7</b>	<b>509,2</b>	<b>22,8%</b>
<b>Shareholder's Equity</b>	<b>32,0</b>	<b>56,8</b>	<b>66,4</b>	<b>44,2%</b>	<b>62,0</b>	<b>72,6</b>	<b>17,0%</b>



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



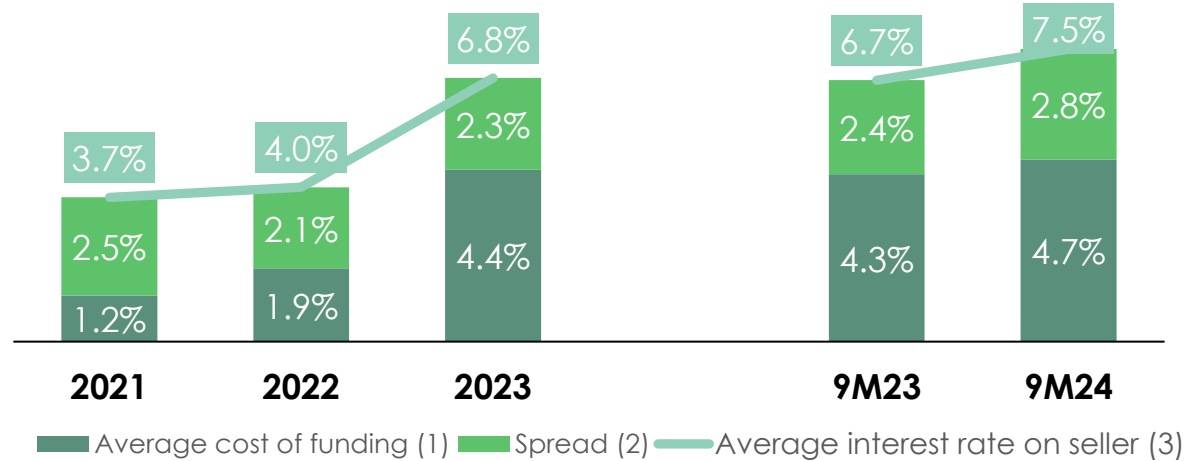
# ...coupled with a robust funding and liquidity position



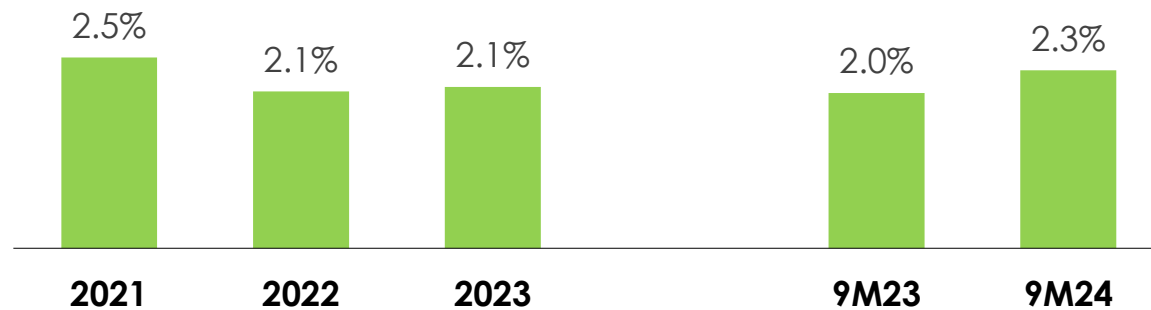
# Net interest Income fully «hedged» against interest rates volatility

- Net Interest Income **~24%** 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 (%)



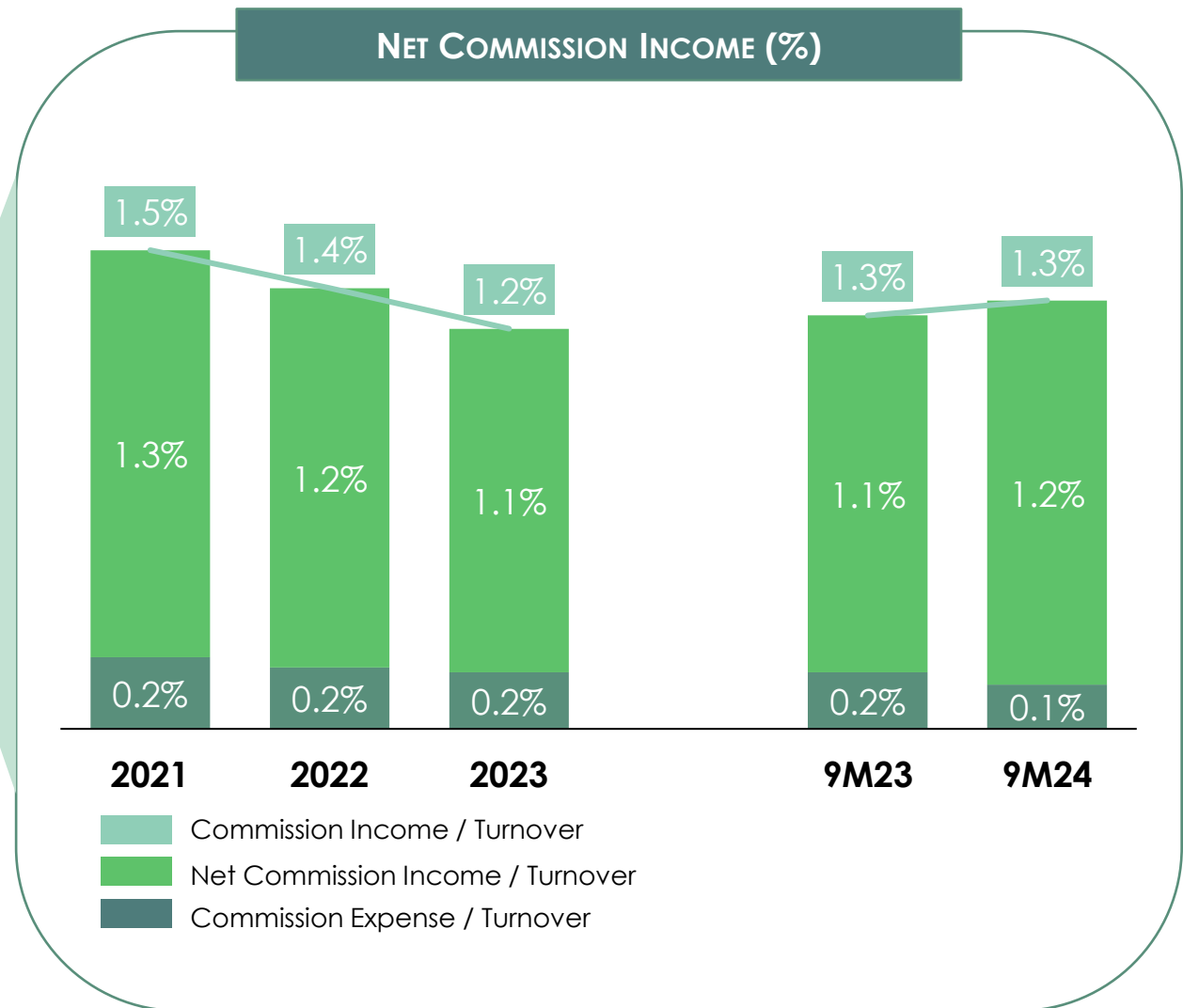
## Net Interest Margin<sup>(4)</sup>(%)



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)

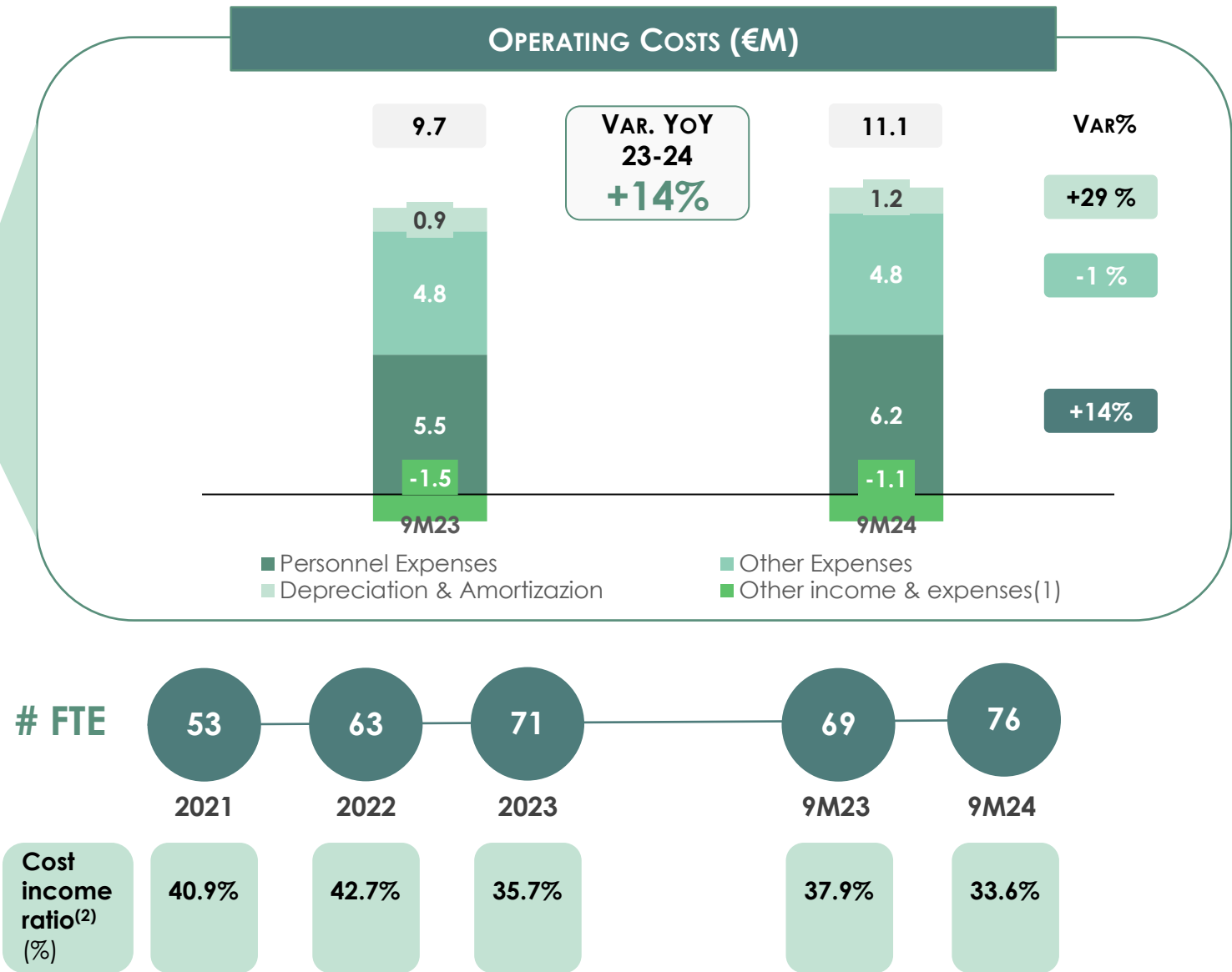
# Net commission income, the primary source of profitability

- Net Commission Income **~76%** of the Net Banking Income
- Commission Income/Turnover improving YoY, even with the **different mix of the portfolio** (Corporate Sellers vs Retail Sellers) and a **shorter DSO vis-à-vis the past years**
- **Stable commission expense rate** thank to optimization of insurance costs and banking fees



# Cost / Income reflecting the efficiency of the operating machine

- **#76 FTE** as of 9M 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 9 months of the year confirm a growing trend, in line with full year budget:

- Profitability level showing significant growth: net profit up +27%
- Very good asset quality confirmed
- Further reduction of the cost income ratio, expected to drop further thanks to the very good operating leverage
- An updated organization oriented to risk control and business development
- 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: establishment of Spanish branch expected by year end, subject to Bol approval
- **Net Income 2024 guidance confirmed: >20M**



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# Annexes



# Income Statement

Income Statement (€m)	9M23	9M24	YoY%
Interest income and similar income	20.5	28.1	37%
Interest expense and similar charges	(14.6)	(20.1)	37%
<b>INTEREST MARGIN</b>	<b>5.9</b>	<b>8.0</b>	<b>35%</b>
Fee and commission income	22.7	27.9	23%
Fee and commission expense	(3.1)	(2.9)	-8%
<b>NET FEE AND COMMISSION INCOME</b>	<b>19.6</b>	<b>25.0</b>	<b>27%</b>
Dividends and similar income	0.0	0.0	-
Net profit (loss) from trading	0.0	(0.1)	-108%
Net results of other financial a/l measured at fv	0.0	(0.1)	-
<b>NET INTEREST AND OTHER BANKING INCOME</b>	<b>25.5</b>	<b>32.9</b>	<b>29%</b>
Net value adjustments / write-backs for credit risk	(0.2)	(1.3)	811%
a) Financial assets measured at amortised cost	(0.2)	(1.3)	811%
<b>NET PROFIT (LOSS) FROM FINANCIAL MANAGEMENT</b>	<b>25.3</b>	<b>31.6</b>	<b>25%</b>
Administrative expenses	(10.3)	(11.0)	7%
a) Personnel expenses	(5.5)	(6.2)	14%
b) Other administrative expenses	(4.8)	(4.8)	-1%
Net provision for risks and charges	(0.0)	0.2	-1409%
b) Other net provisions	(0.0)	0.2	-1409%
Net value adjustments / write-backs on pppe	(0.5)	(0.7)	16%
Net value adjustments / write-backs on int. Ass.	(0.4)	(0.5)	54%
Other operating income and expenses	1.5	0.9	-42%
<b>OPERATING COSTS</b>	<b>(9.7)</b>	<b>(11.1)</b>	<b>14%</b>
Gains (Losses) from equity investments	0.0	(0.0)	-
<b>PRE-TAX PROFIT (LOSS) FROM CURRENT OPERATIONS</b>	<b>15.7</b>	<b>20.5</b>	<b>31%</b>
Income tax for the year on current operations	(5.0)	(6.9)	39%
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>10.7</b>	<b>13.6</b>	<b>27%</b>

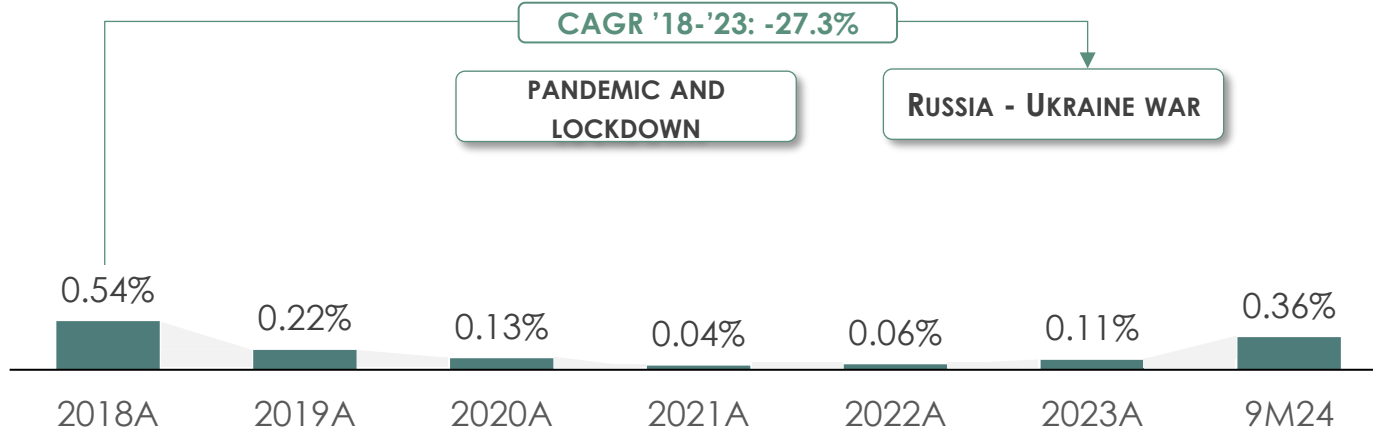
# Balance Sheet

Balance Sheet (€m)	2023A	9M24	Var% YTD
Cash and cash equivalents	21.6	118.9	449.4%
Financial assets measured at fair value through p/l	0.0	0.0	0.0%
Financial assets measured at amortised cost	462.4	445.4	(3.7%)
Equity investments	0.0	0.0	120.0%
Property, Plant and Equipment (PPE)	5.0	6.2	24.4%
Intangible assets	2.6	3.1	18.1%
Tax assets	5.7	3.5	(38.4%)
a) current	5.1	2.9	(42.7%)
b) deferred	0.6	0.6	1.6%
Other assets	2.7	4.7	73.0%
<b>TOTAL ASSETS</b>	<b>500.0</b>	<b>581.8</b>	<b>16.4%</b>
Financial liabilities measured at amortised cost	409.4	445.5	8.8%
a) payables	376.8	383.2	1.7%
b) outstanding securities	32.6	62.3	90.9%
Tax liabilities	7.1	7.0	(1.7%)
Other liabilities	14.0	53.6	281.9%
Severance pay	1.5	1.5	1.9%
Provision for risk and charges	1.6	1.7	8.8%
Share capital	4.2	4.2	0.0%
Share premium reserve	25.4	25.4	0.0%
Reserves	21.6	29.2	35.2%
Valuation reserves	0.1	0.1	6.9%
Profit (loss) for the year	15.1	13.6	(9.9%)
<b>TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY</b>	<b>500.0</b>	<b>581.8</b>	<b>16.4%</b>



# Gross NPE Ratio expected to drop in 2H

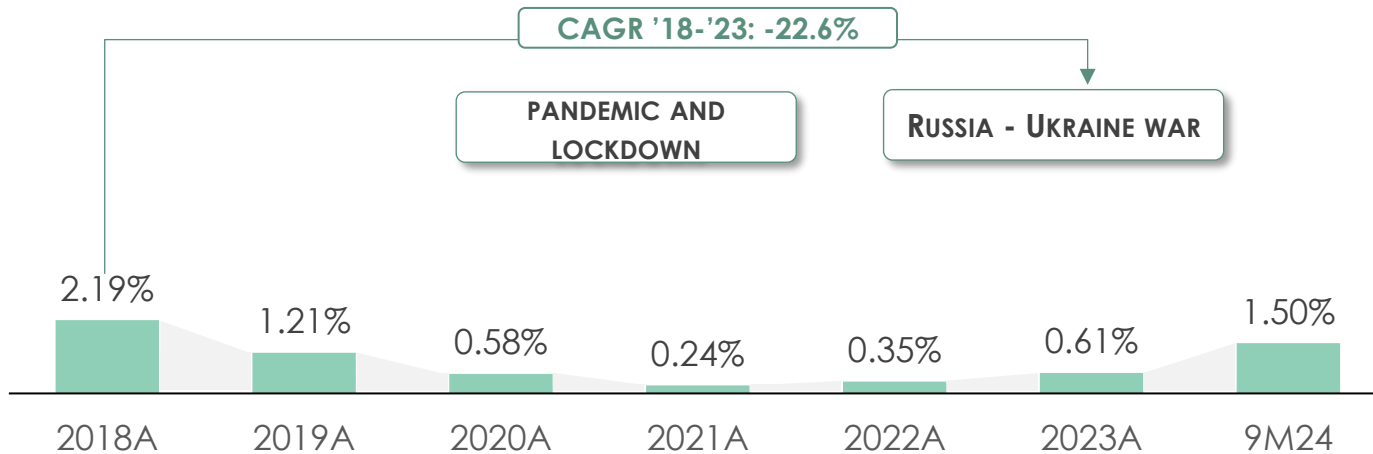
## DEFAULT RATE (%)



The increased in the NPE Ratio in Q3 was mainly related to **two single stage 3 classifications** one for policy criteria related to the Seller and the second for underperformance and legal actions on the portfolio of Debtors. **2024E NPE Ratio <1%**.

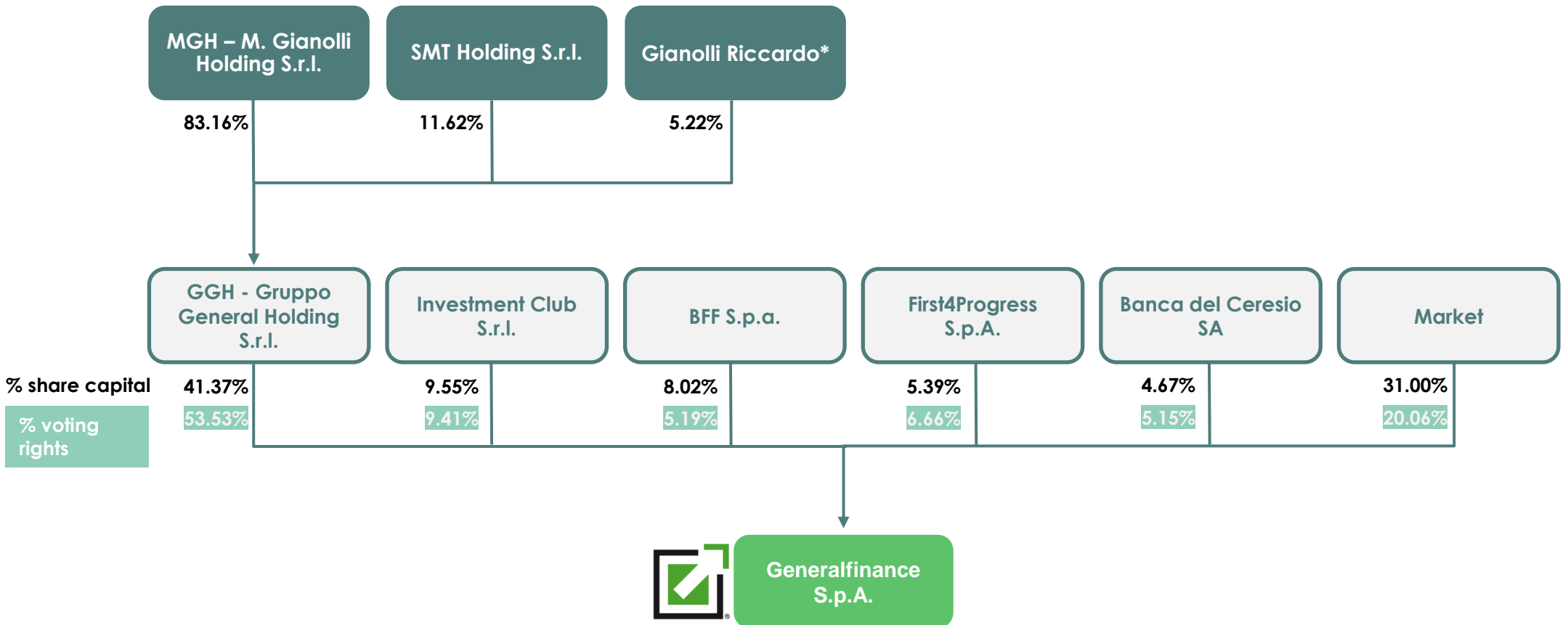
**Stricter and enhanced classification and provisioning policy was introduced during 2023.**

## GROSS NPE RATIO (%)

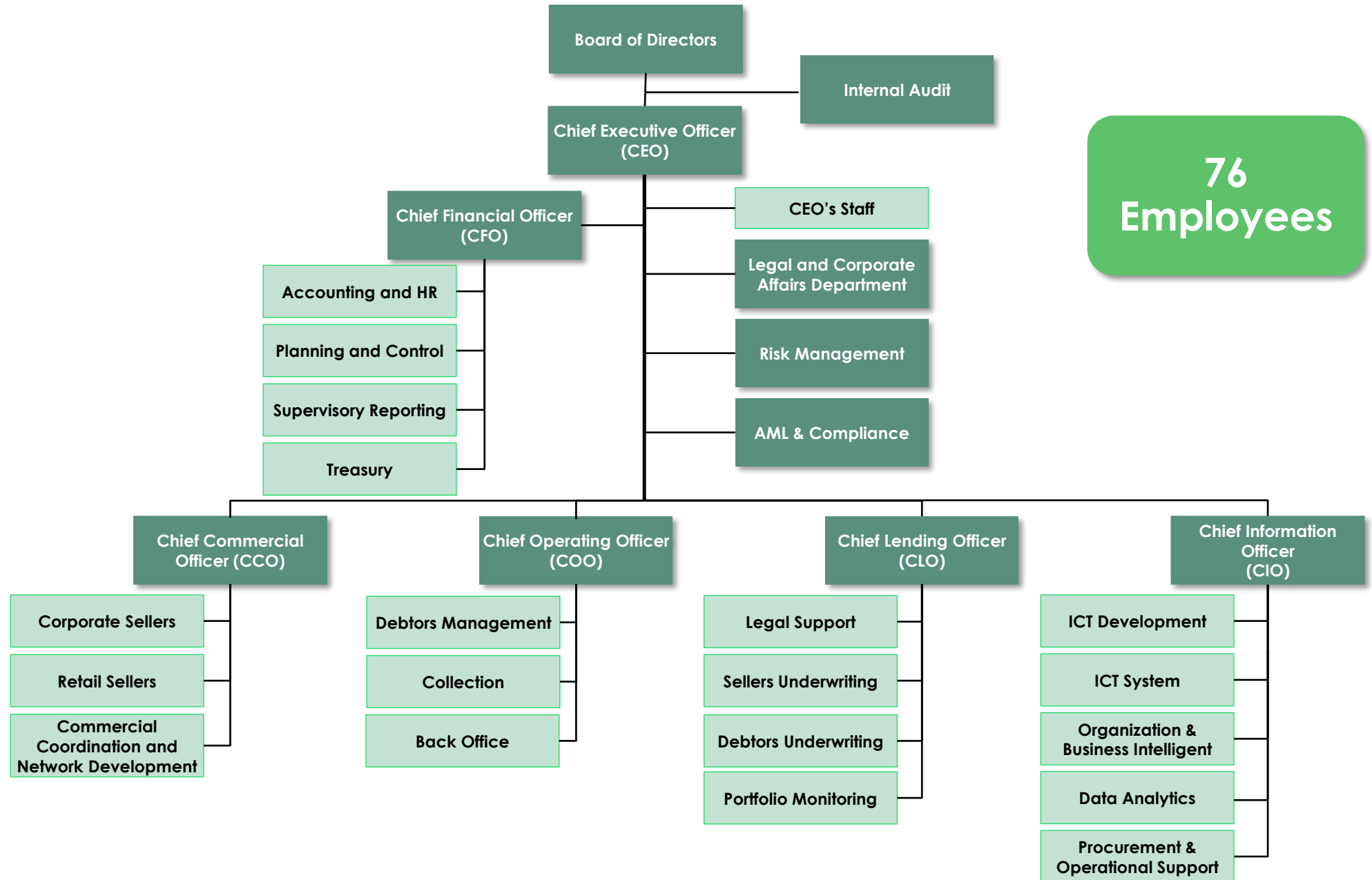


# Strong and long term oriented shareholder base

## Shareholders' structure



# An organization oriented to risk control and business

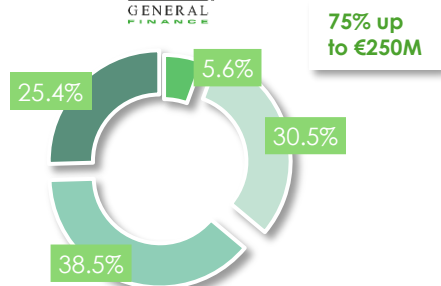


**76  
Employees**

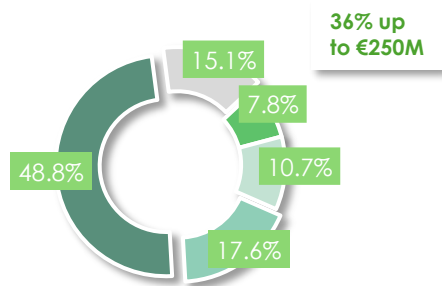
Organizational chart as of September 30, 2024

# Turnover breakdown vs system average 1/2

## SELLERS' DIVERSIFICATION BY DIMENSION

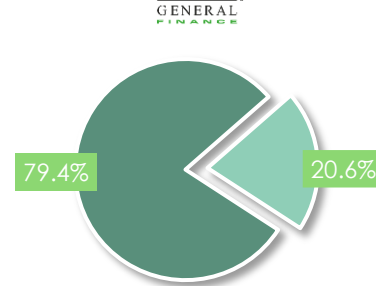


- Small size (<€10M)
- Medium size (€10M-€50M)
- Corporate (€50M-€250M)
- Large corporate (>€250M)
- Not classified

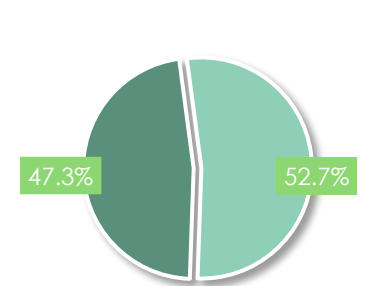


- Small size (<€10M)
- Medium size (€10M-€50M)
- Corporate (€50M-€250M)
- Large corporate (>€250M)
- Not classified

## FACTORING BY NOTIFICATION STATUS

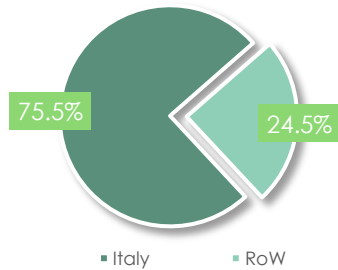


- Notification
- Not Notification

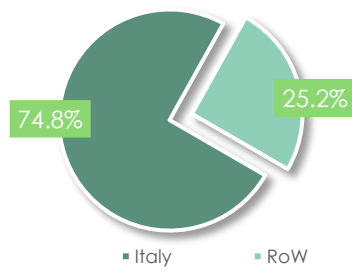


- Notification
- Not Notification

## NATIONAL VS INTERNATIONAL TURNOVER

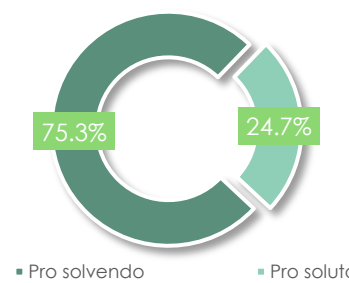


- Italy
- RoW

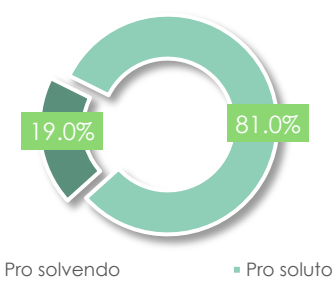


- Italy
- RoW

## TURNOVER BY PRODUCT



- Pro solvendo
- Pro soluto



- Pro solvendo
- Pro soluto

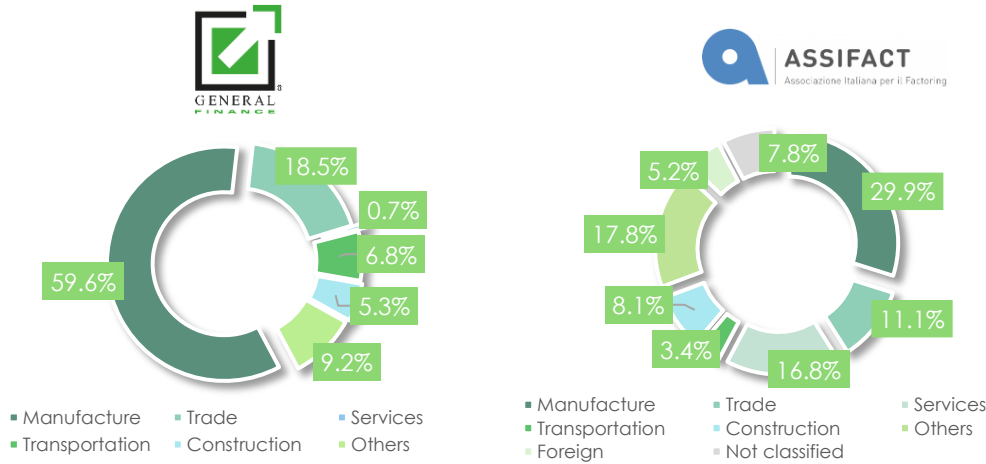


Generalfinance's Turnover data refers to September 30, 2024  
Assifact's Turnover data refers to June 30, 2024

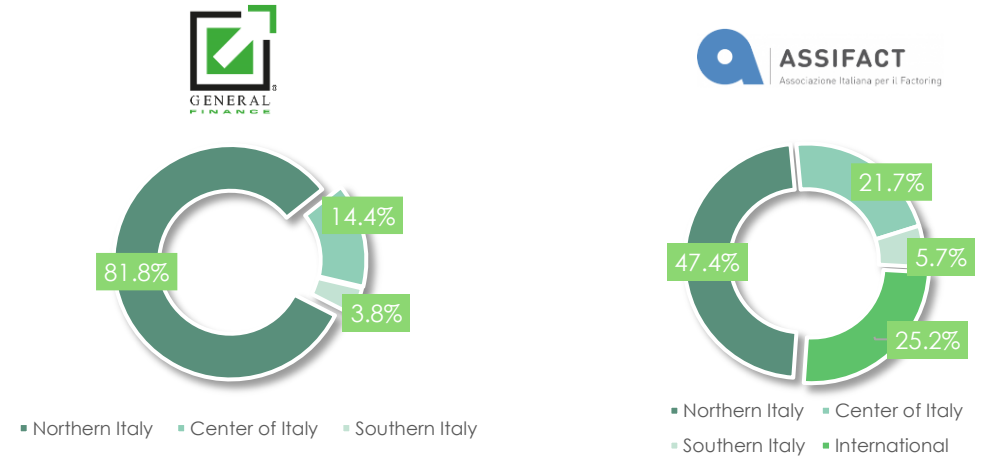


# Turnover breakdown vs system average 2/2

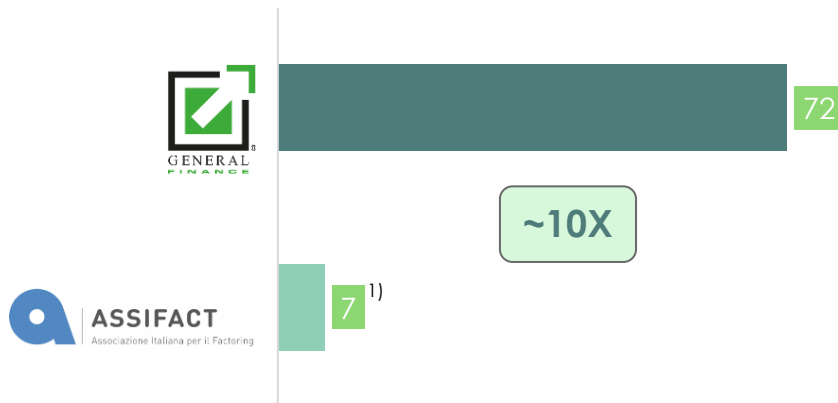
## SELLERS' DIVERSIFICATION BY SECTOR



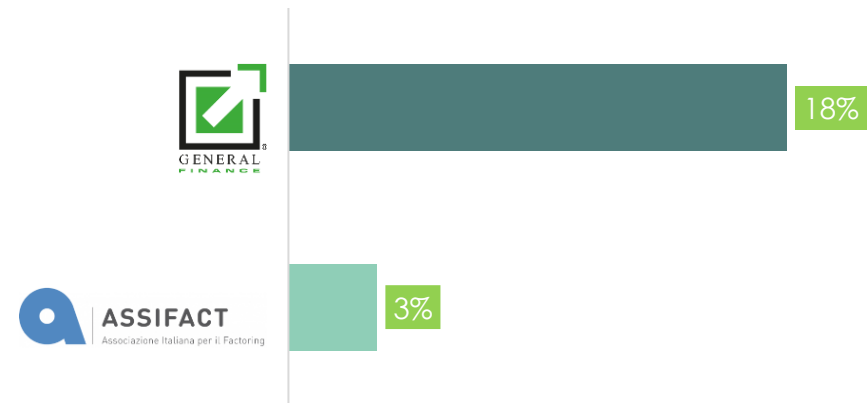
## SELLERS' DIVERSIFICATION BY GEOGRAPHY



## HIGHER NUMBER OF DEBTORS PER SELLER



## TURNOVER - % CHANGE FROM PREVIOUS YEAR



1°  
giorno di  
quotazione  
BORSA ITALIANA Euronext



# GENERALFINANCE

## 9M24 Results



November 11, 2024