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GENERALFINANCE

Roadshow Lugano



November 19, 2024

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Agenda

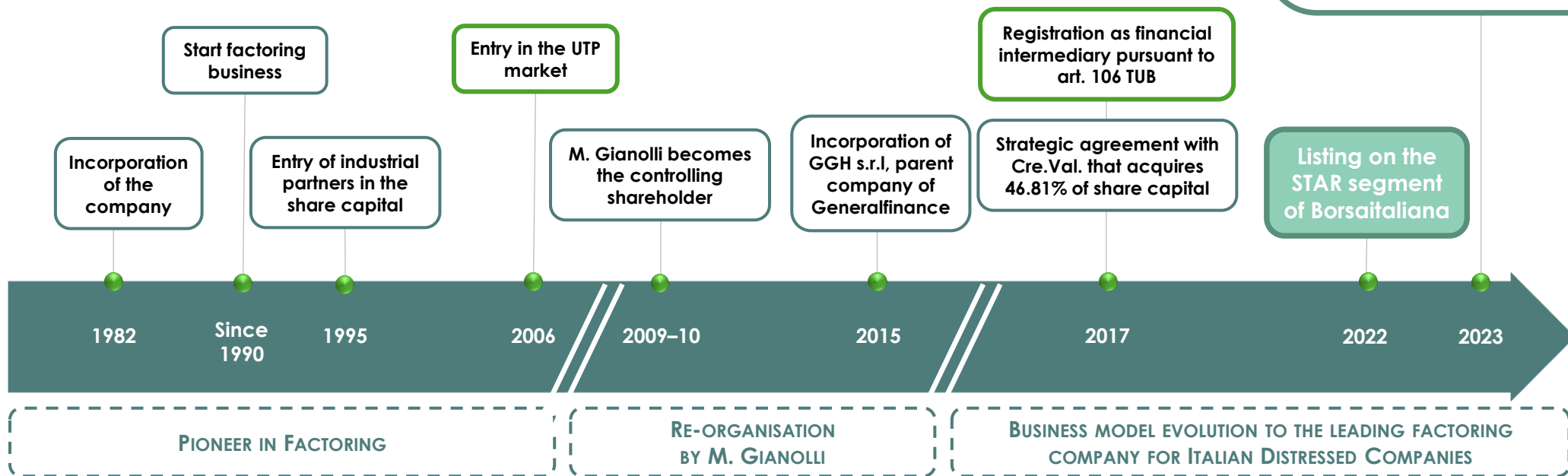
- **Generalfinance: Overview**
- **Factoring Market and Distressed Financing**
- **Digital, Low Risk Player**
- **Main 9M24 Results**
- **Focus on Asset Quality and Digital Factoring**
- **9M24 Results: Balance Sheet, P&L, Funding and Capital**
- **Closing Remarks**
- **Annex**

Generalfinance: Overview



Generalfinance: a long and successful history

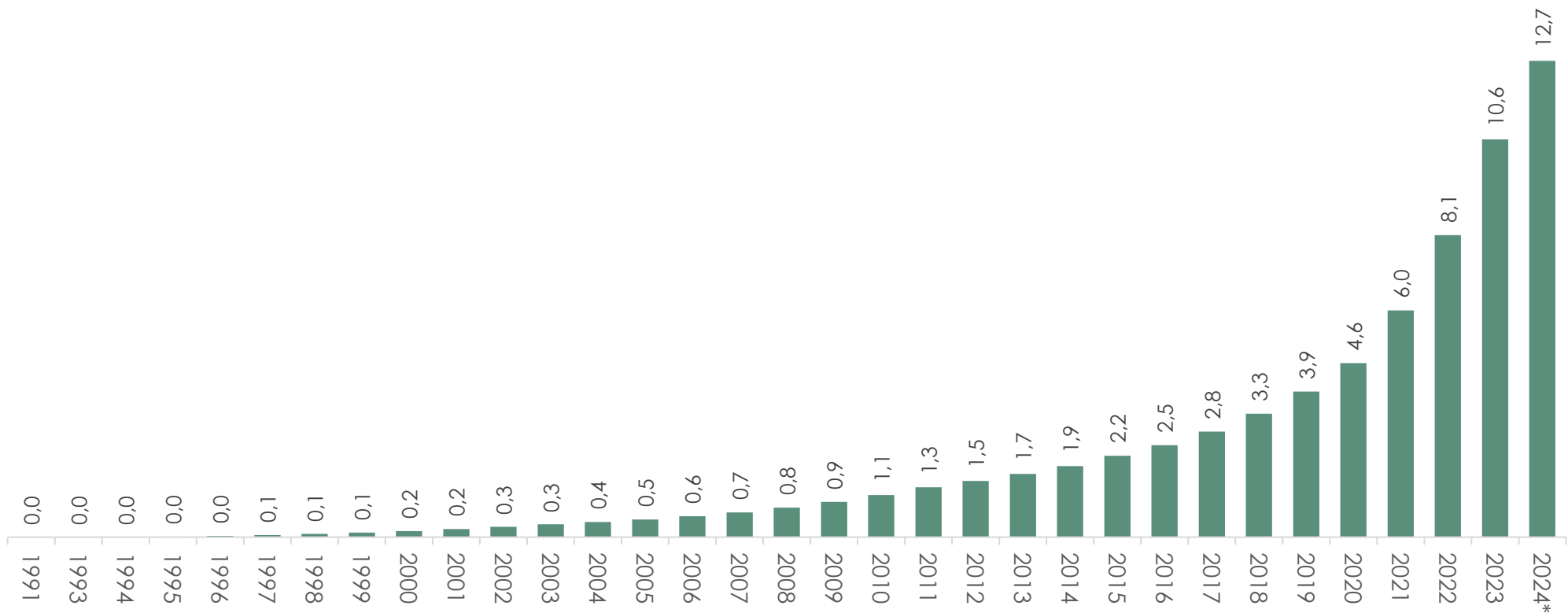
- ❑ C. €2,6bn Turnover in 2023A
- ❑ C. €10,6bn Cumulated Turnover from the start of the factoring business
- ❑ Served Italian corporates mainly distressed (c. 62% in 2023A)



Long Standing Experience, Specialisation and Unique Positioning

Company Milestones - Turnover

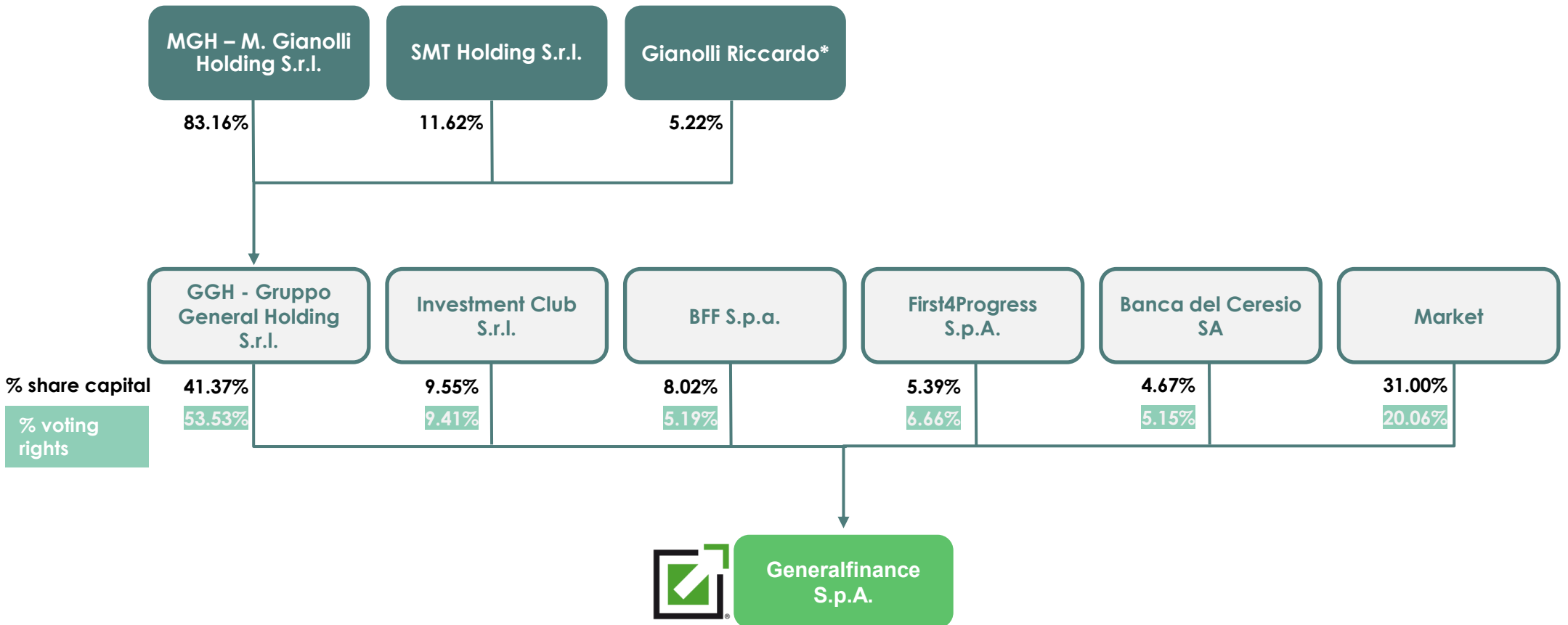
Cumulative Turnover € bn



With the **2,1 bn turnover** in **9M2024**, total factored receivables since the start of the factoring operation (1991) amounts to approximately **12,7 bn**

Strong and long term oriented shareholder base

Shareholders' structure



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 9M24

Turnover € 2,098M

+18%
vs 9M23

Net Income € 13.6M

+27%
vs 9M23

Gross NPE ratio
1.50%
(vs 3.42% Avg market)

CET1 ratio
15.2%
(vs 4.5% Regulatory req.)

ROE
30.7%

Cost Income Ratio
33.6%

Workinvoice - Acquisition of 96% of the share capital

Key Highlights 2023 - Workinvoice

Turnover

€107
mln

EBITDA

€0.5
mln

Revenues

€1.9
mln

Net Profit

€0.2
mln

**10 YEARS OF
ACTIVITY**

FIRST MOVER IN THE
INVOICE TRADING
MARKET

**MORE THAN 700
MLN**

RECEIVABLES TRADED
ON THE MARKETPLACE
SINCE 2013

- ✓ **Workinvoice**, a fintech company founded at the end of 2013, among the pioneer in the invoice trading (www.workinvoice.it).
- ✓ **More than 700 million** receivables have been traded on the marketplace since the start of operations (2013).
- ✓ **Generalfinance** aims to further specialise its factoring framework, particularly focusing on distressed corporate: gradually, retail customers will be directed to the Workinvoice platform.
- ✓ **WI will be merged by incorporation into Generalfinance.** Following the merger, a new Generalfinance “**Fintech & Digital Lending**” Department will be established.

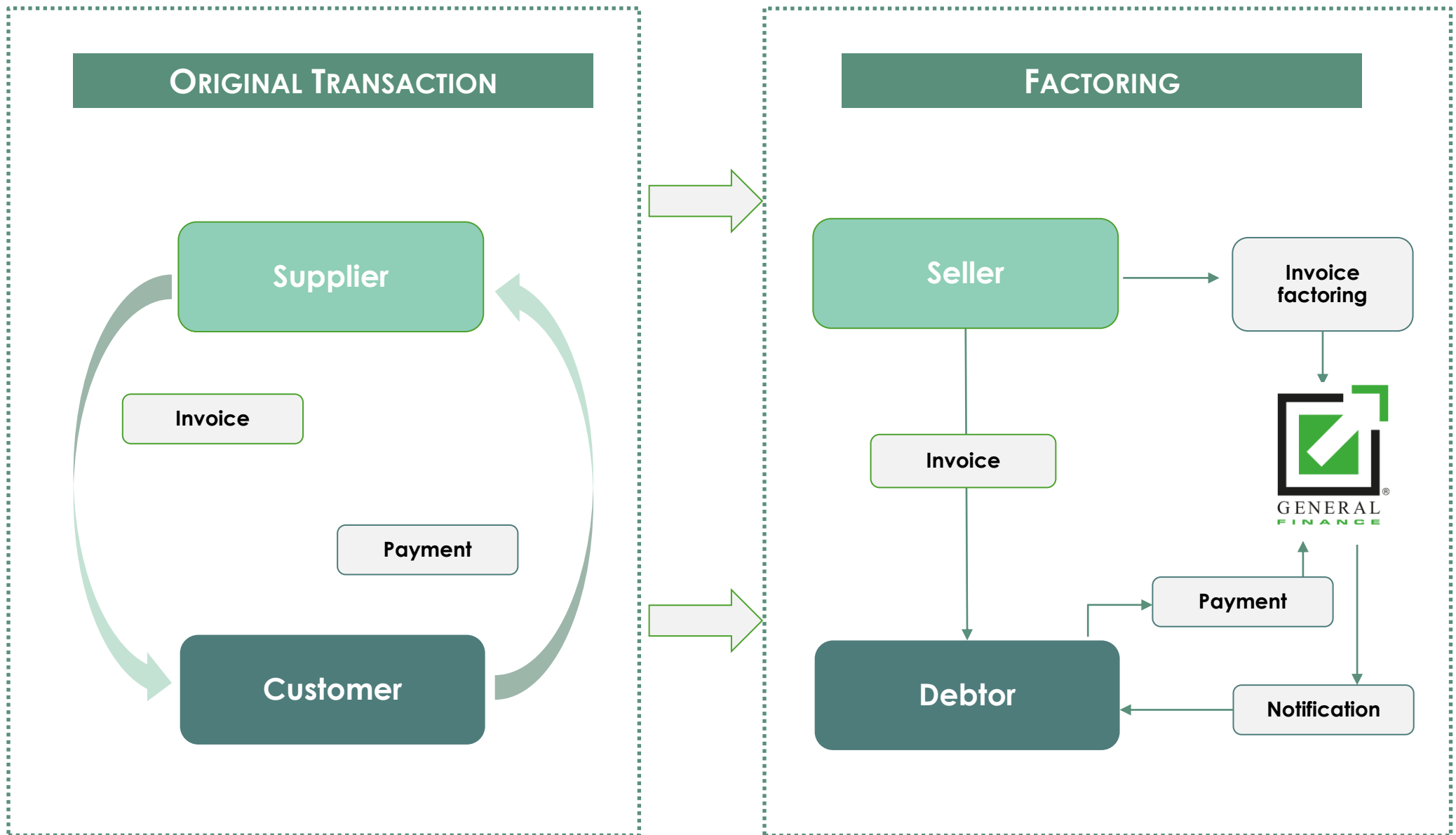
Milan, 17 June 2024 - Generalfinance S.p.A., announces that has signed a contract for the **acquisition of 96% of the share capital of Workinvoice S.r.l.**, a leading operator and pioneer in the invoice trading market in Italy.

The Transaction provides for an initial consideration of **EUR 6.4 million**. Of this amount, **EUR 1.8 million will be paid in cash and EUR 4.6 million will be settled in newly issued Generalfinance shares**, valued at a unit price of **EUR 10,96**.

Expected closing by year and with the **full integration of WI in Generalfinance**.

Factoring Market and Distressed Financing

What is Factoring? (1/2)

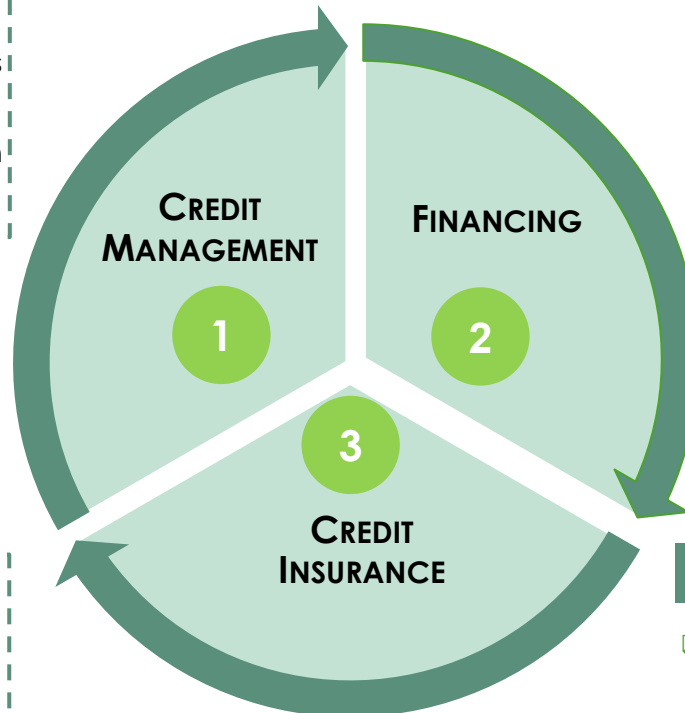


What is Factoring? (2/2)

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

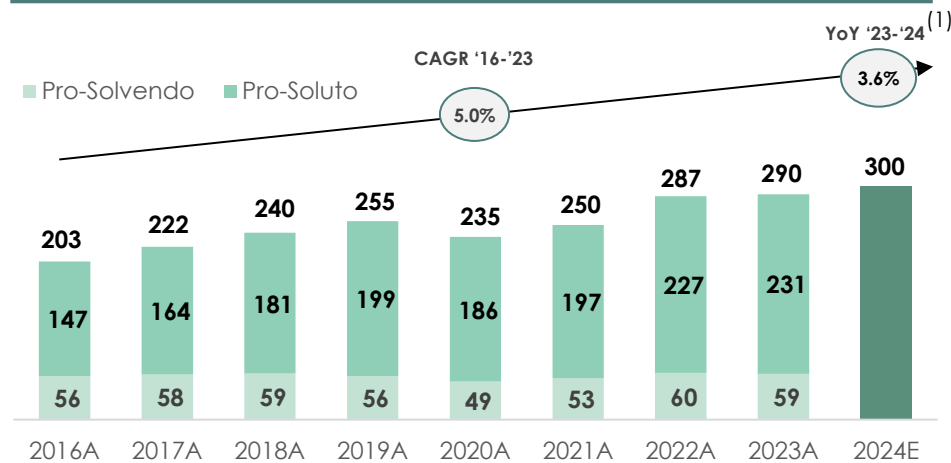
- ❑ Factoring is a **flexible tool** for the **management of working capital**, offering a wide range of services to release, manage and successfully deliver trade receivables;
- ❑ The **legal instrument underpinning factoring** is the **assignment of receivables in accordance with Law no. 52 of 21 February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

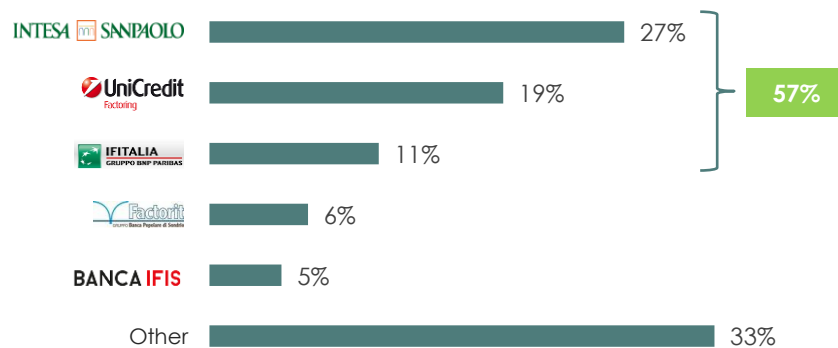
Evolution of Turnover in Italy (€bn)



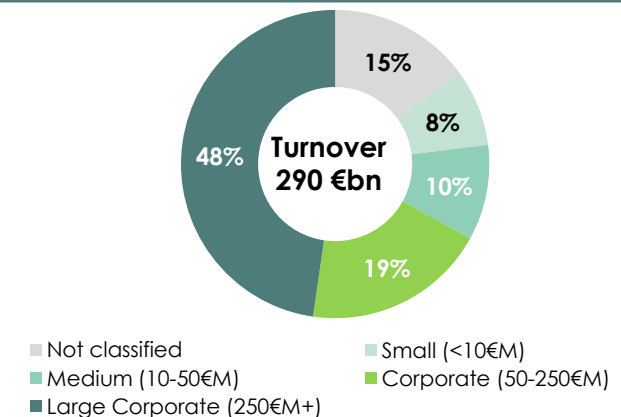
Generalfinance's Market Key Drivers

- 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 (%)



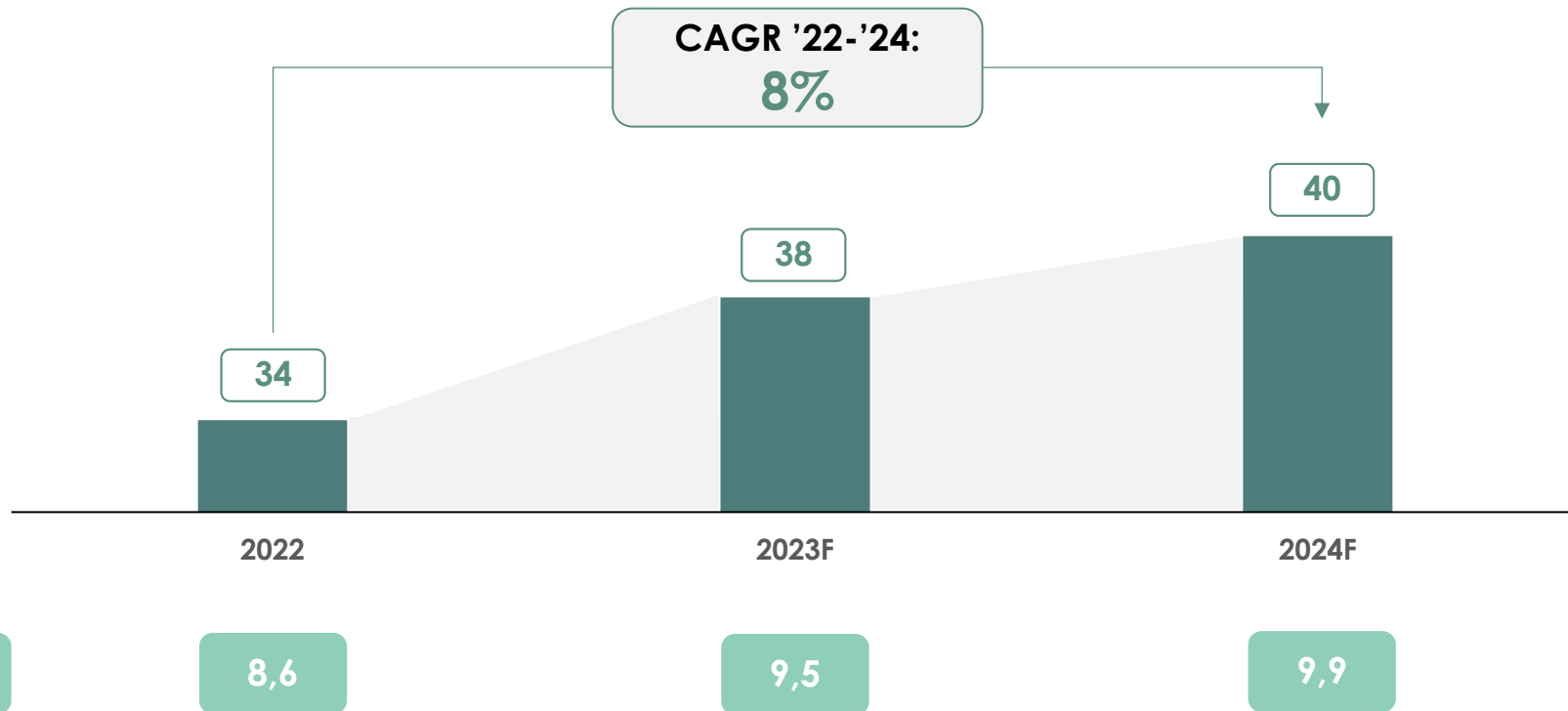
Sellers by Size – 2023



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

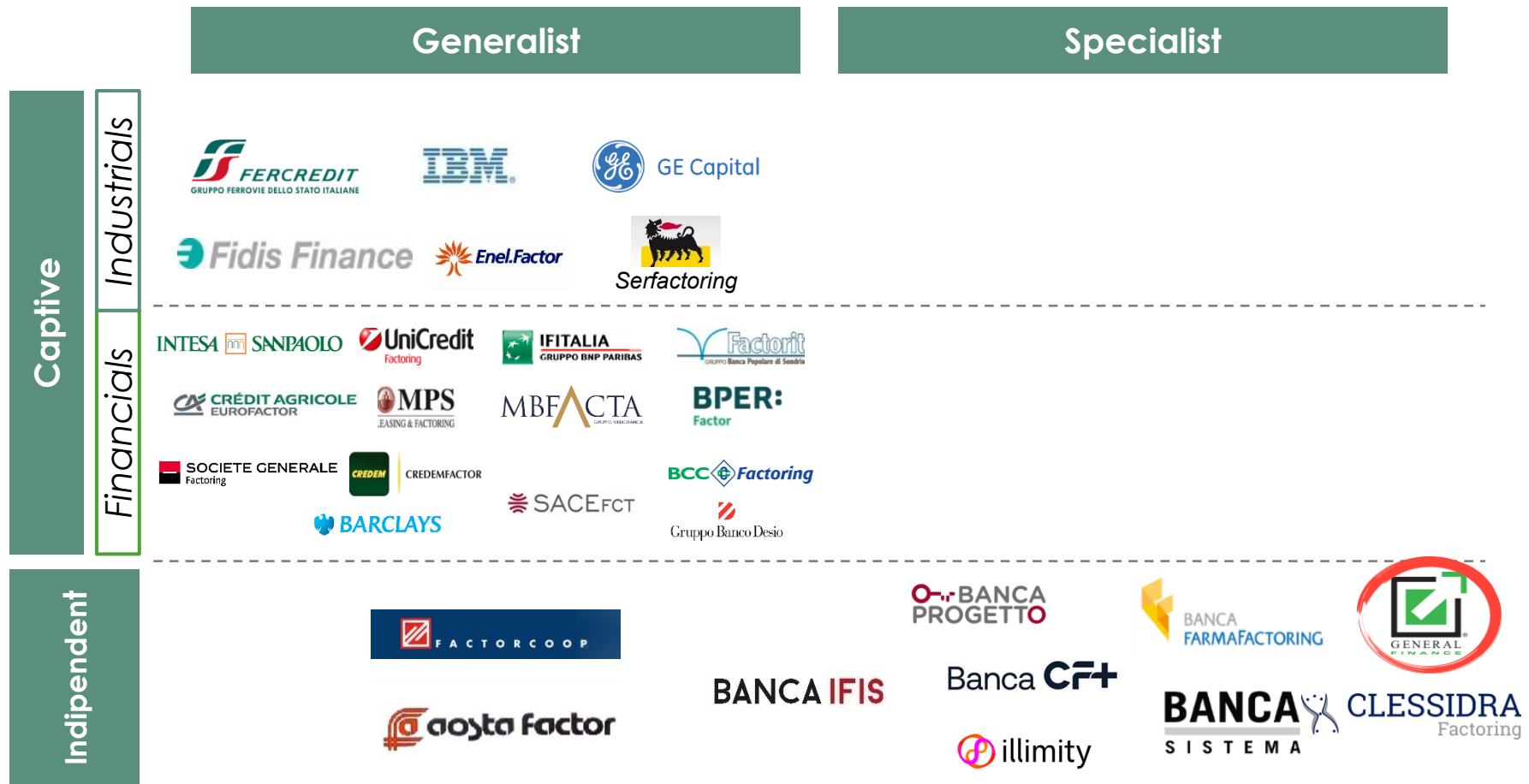
Addressable market

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

Competitive Positioning



Generalfinance is an independent player focusing on distressed debt financing

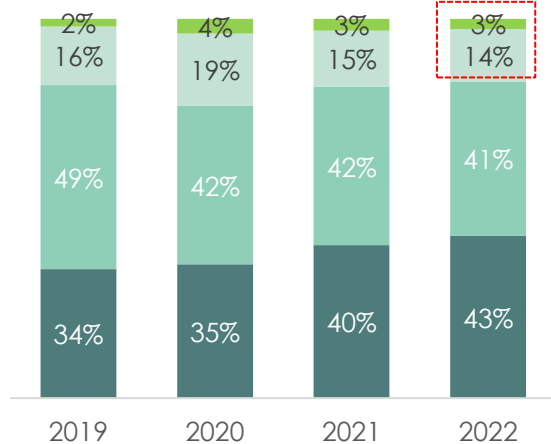
Source: Generalfinance

Vulnerable companies and new procedures

Cerved Group Score (CGS)

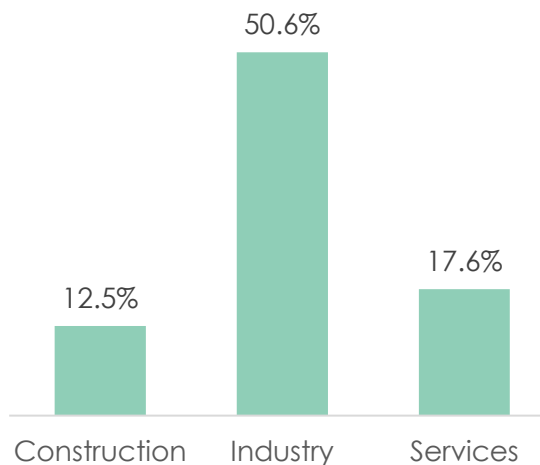
More than 17% of SMEs are in vulnerability or risk condition

■ Solidity ■ Solvency ■ Vulnerability ■ Risk



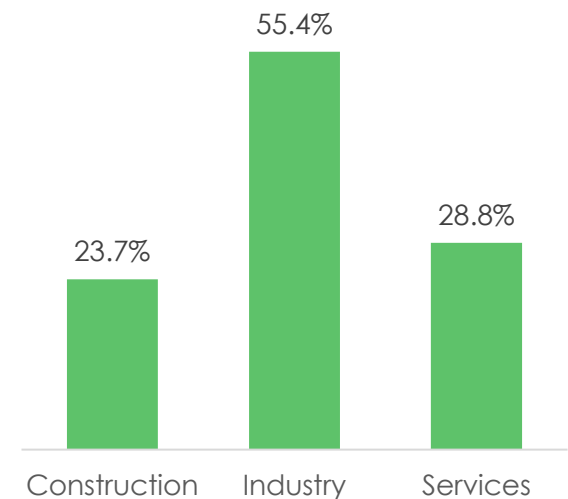
Bankruptcy

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



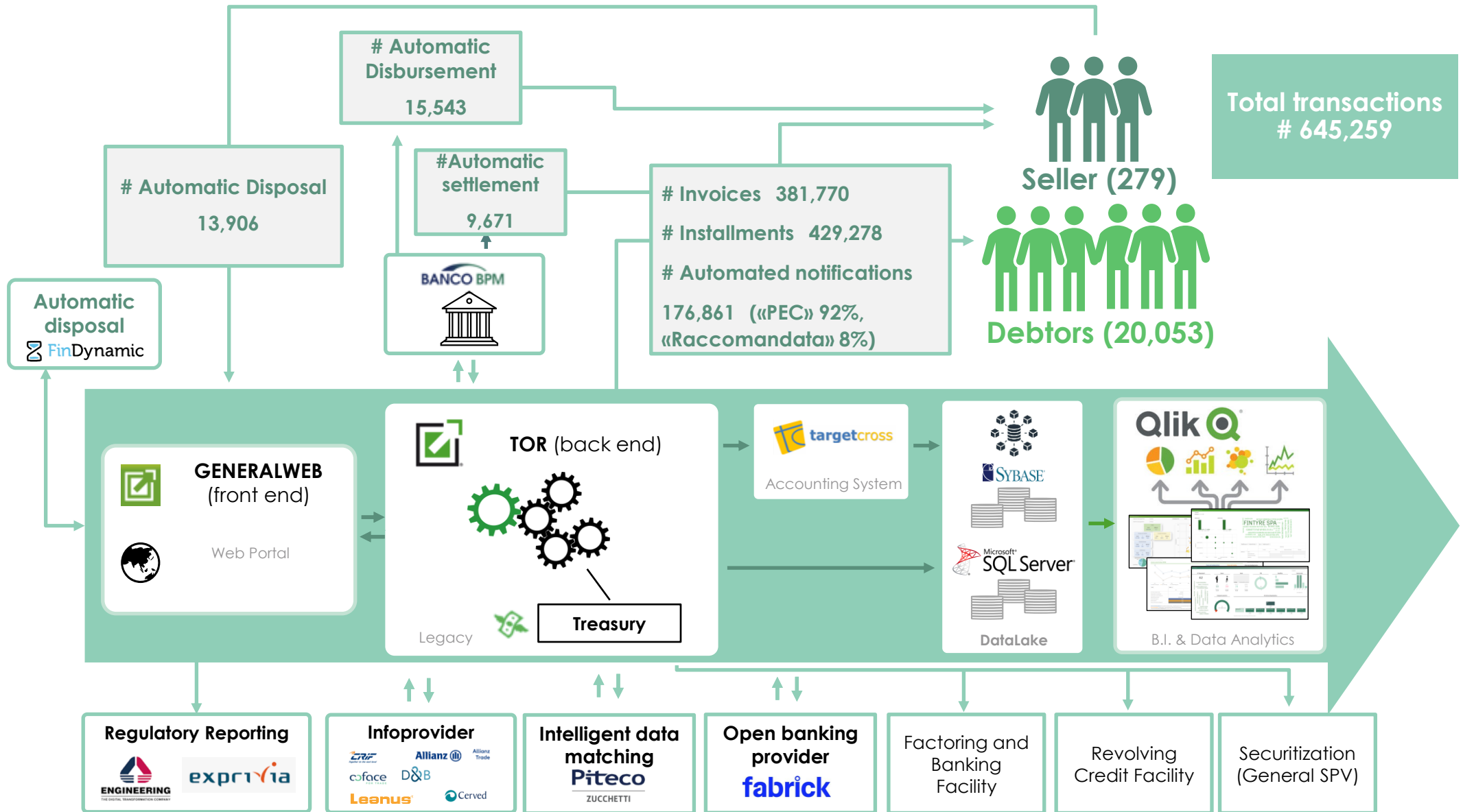
Voluntary Liquidation

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



Digital, Low Risk Player

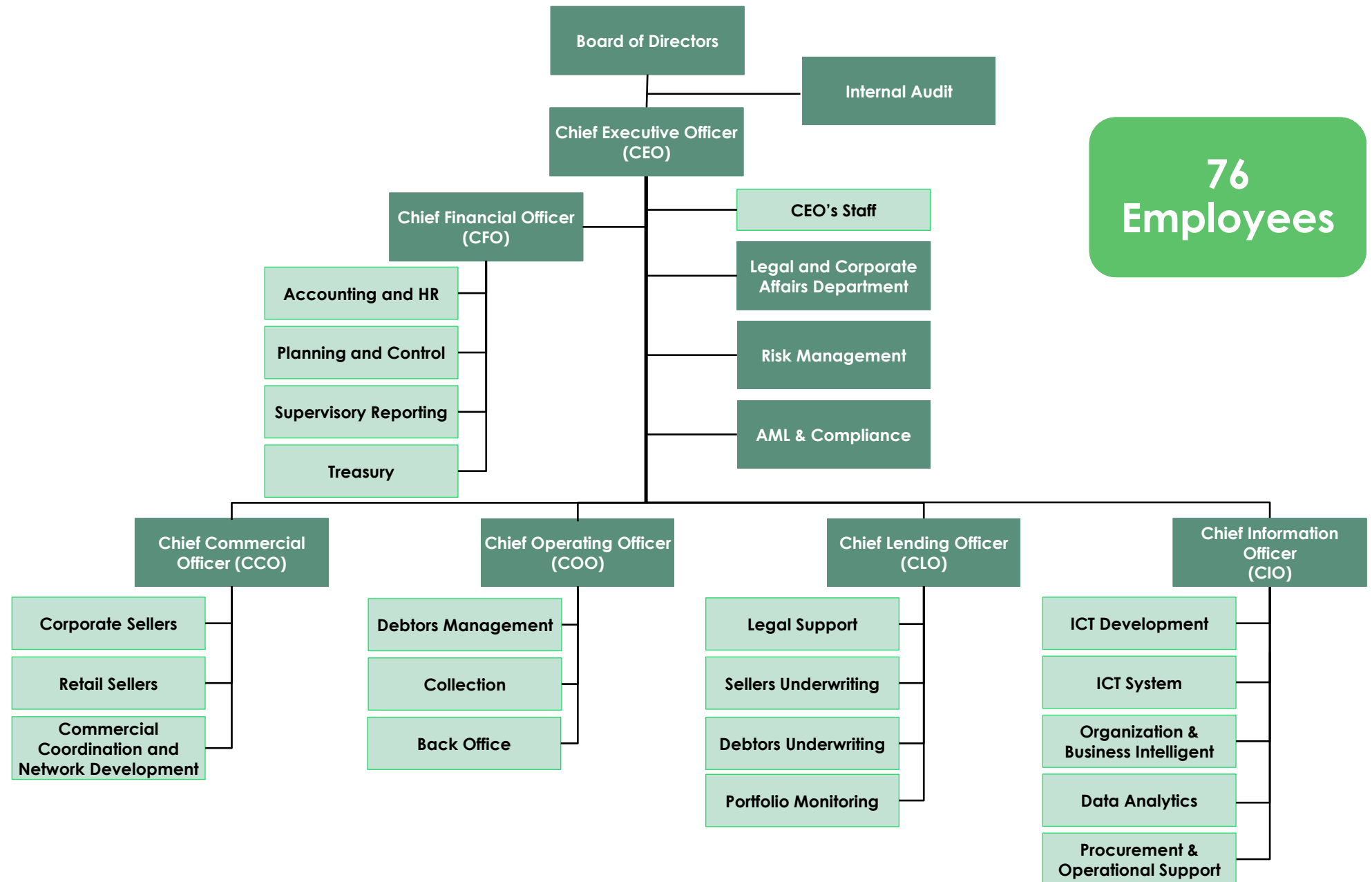
A strategic asset: the proprietary digital platform



Data LTM, as of September 2024

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

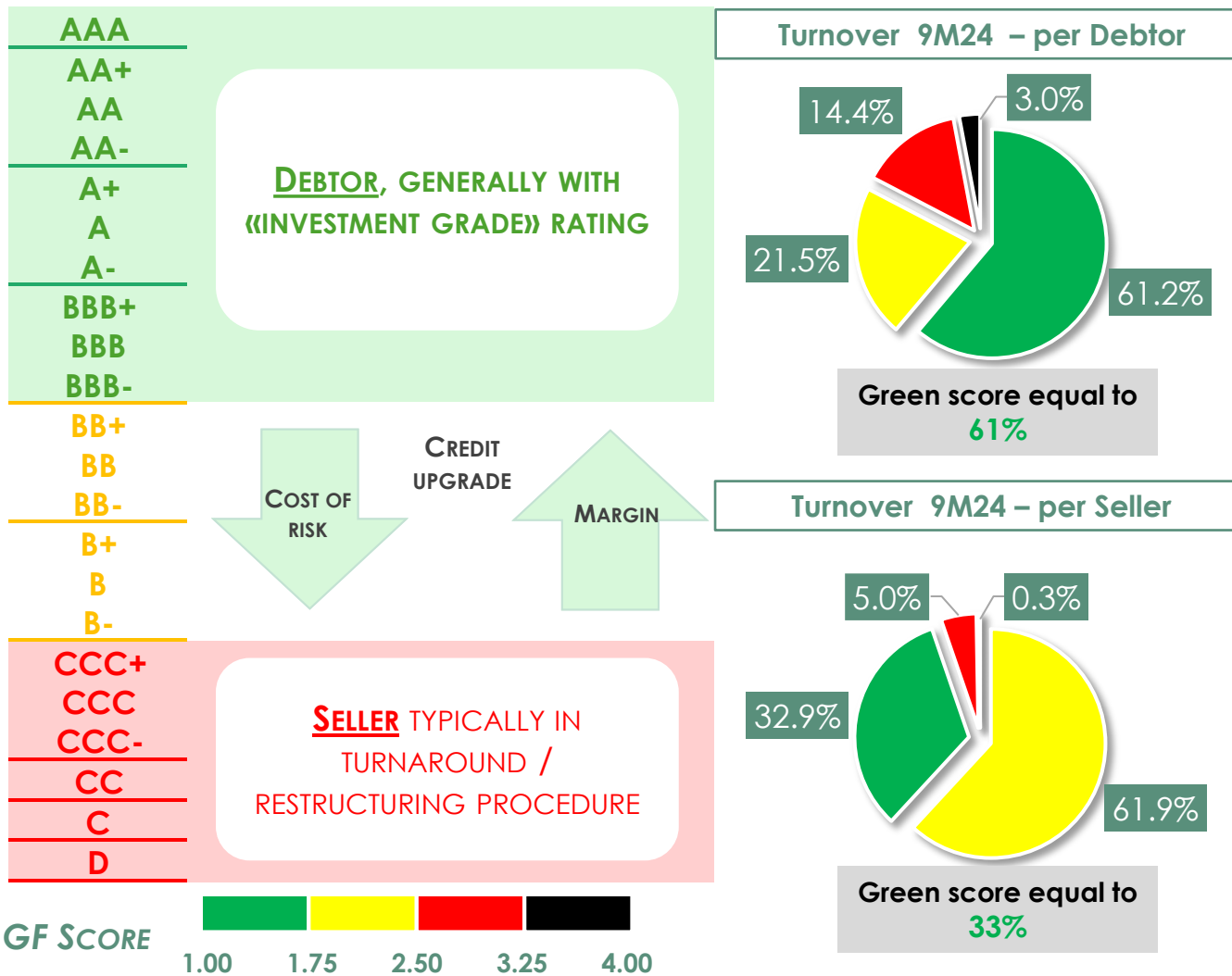
An organization oriented to risk control and business



**76
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 GENERALFINANCE¹

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 average²)
- ✓ Average Seller **retention about 6.6 years**

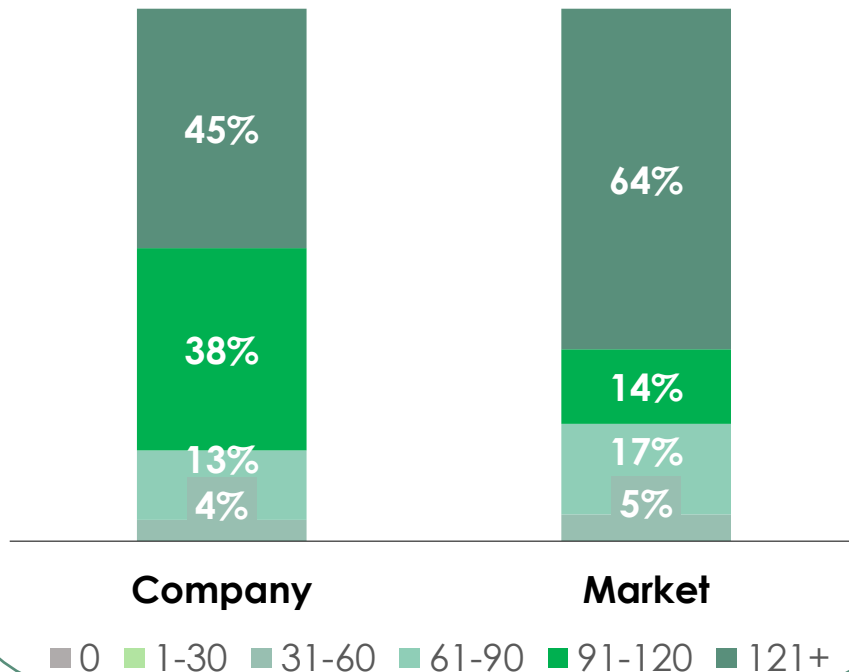
■ Distressed ■ Bonis ■ NewCo

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

Collection performance: a strategic delivery to our Customers

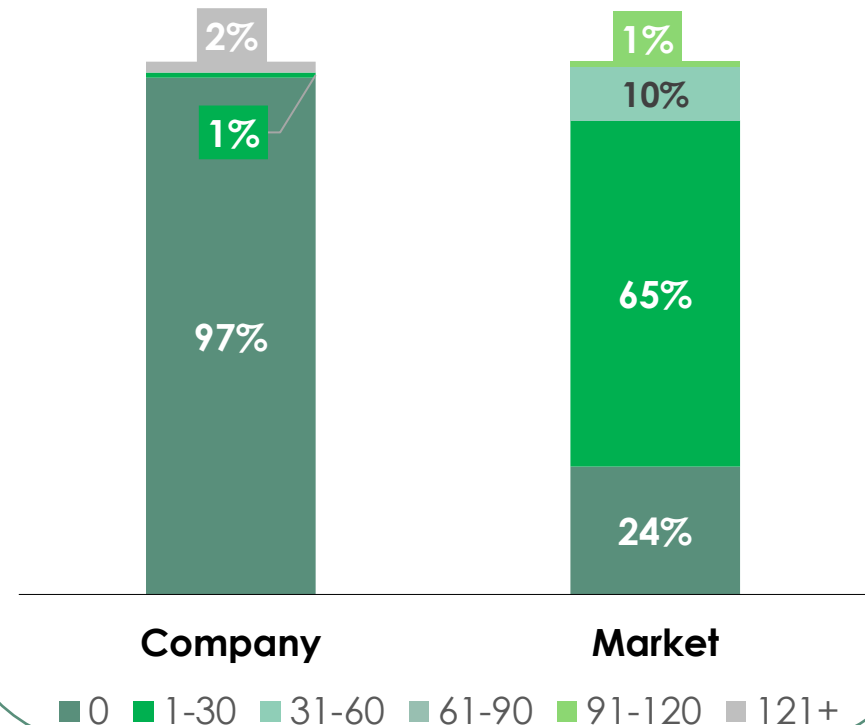
Payment Conditions (DSO)

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



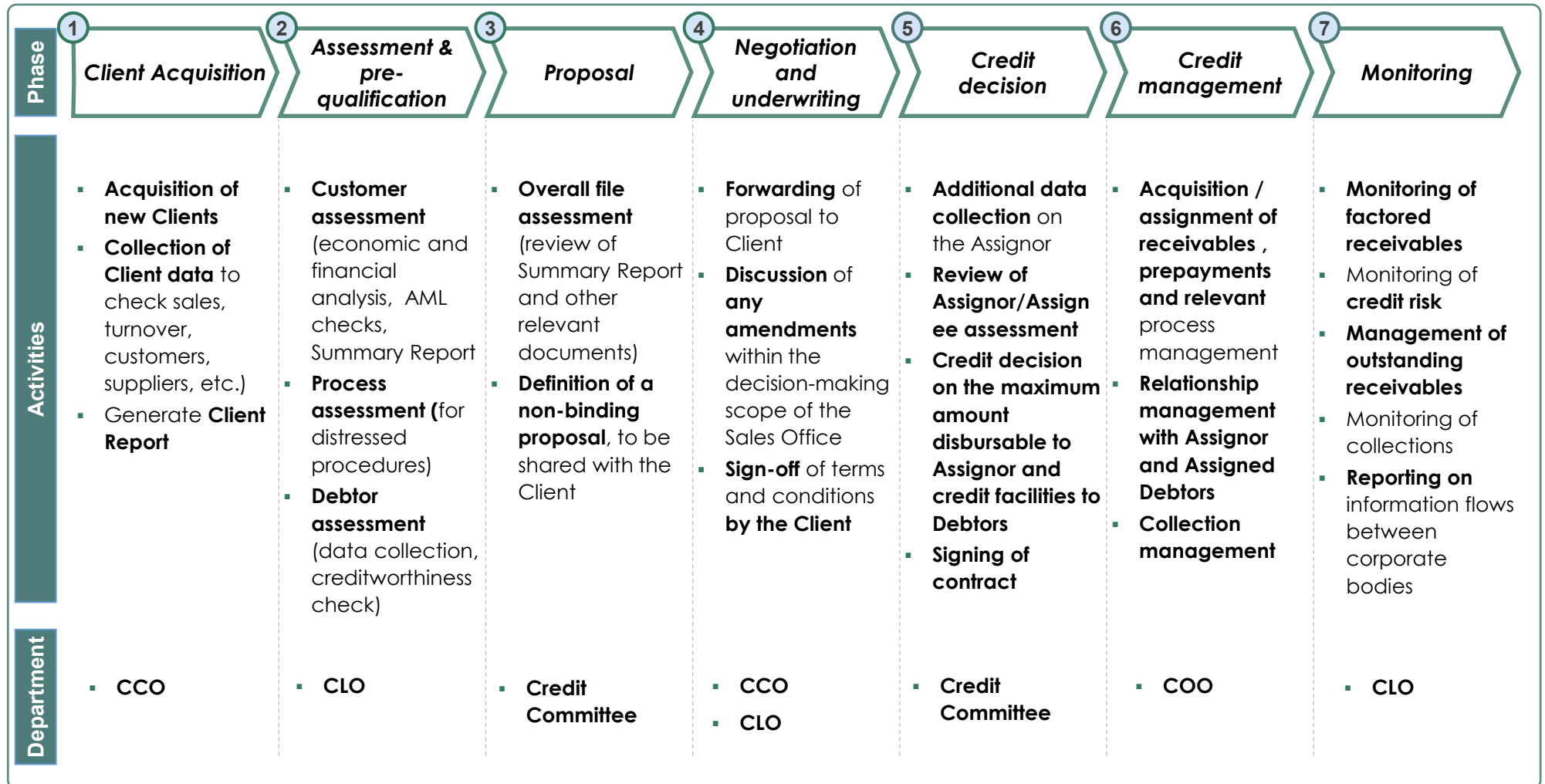
Payment Delays (days)

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

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

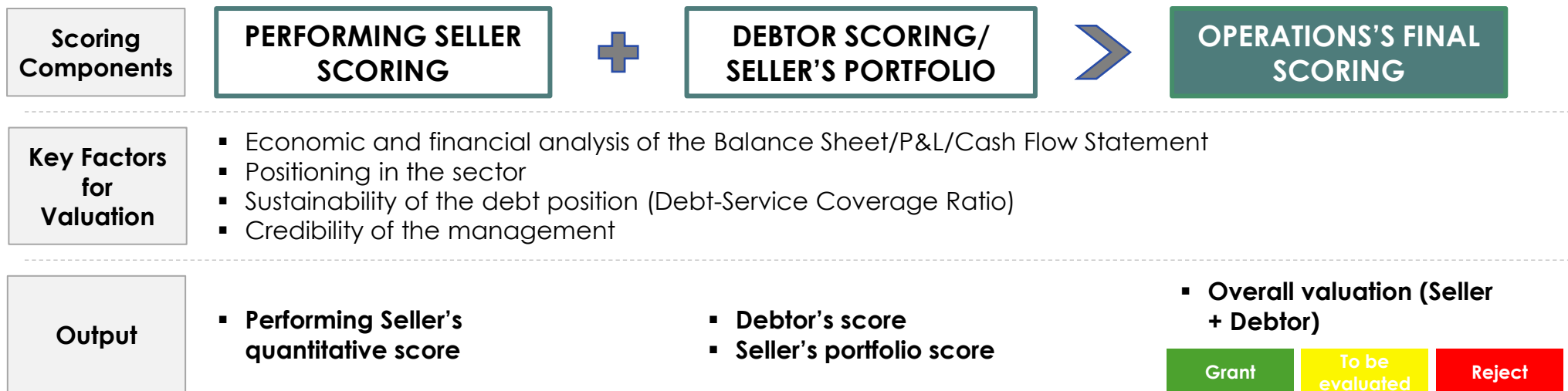


Valuation Framework

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

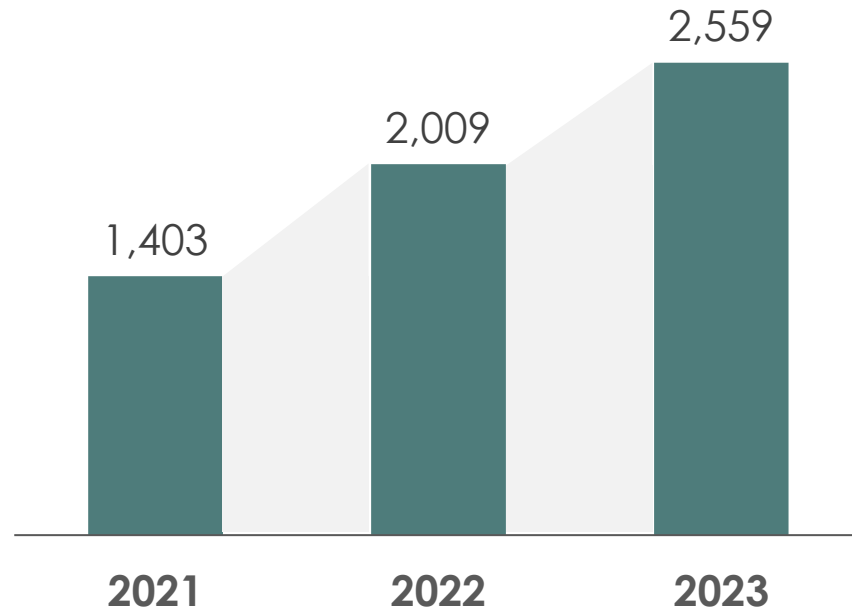
Main 9M24 Results

Turnover witnessing a strong growth story

Growth in Turnover Volume (€M)

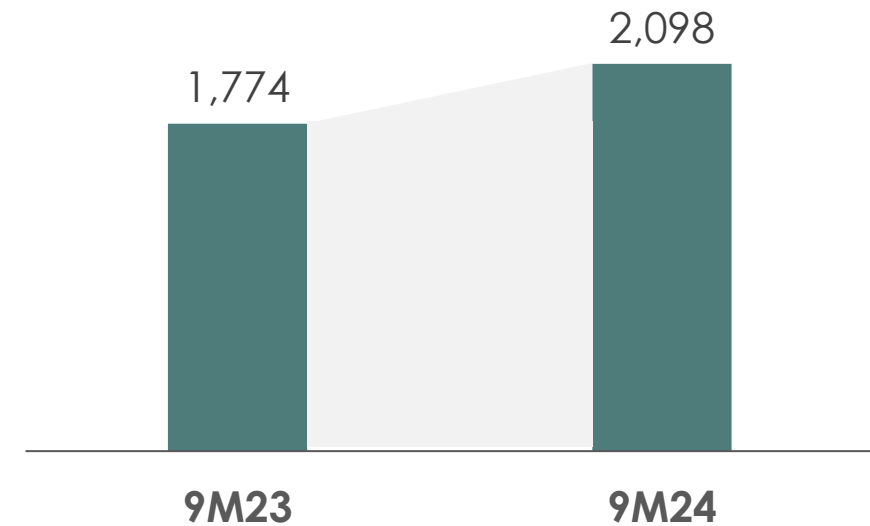
Data in €mln

CAGR
'21-'23
+35%



Data in €mln

VAR. YOY
23-24
+18%



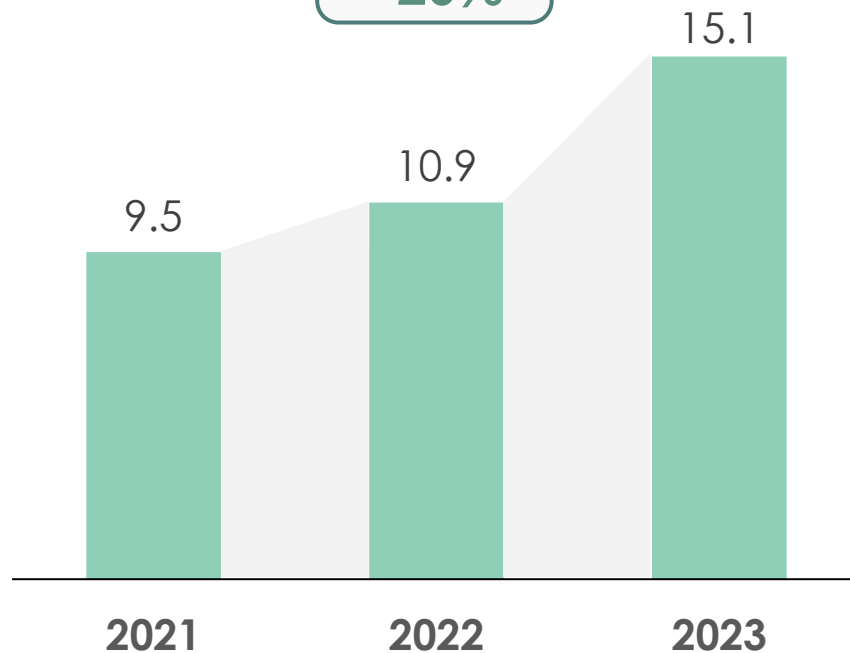
2024 annual growth rate (18%) well above the market average (+1%)

Net Income: high profitability from the operations

Growth in net income (€M)

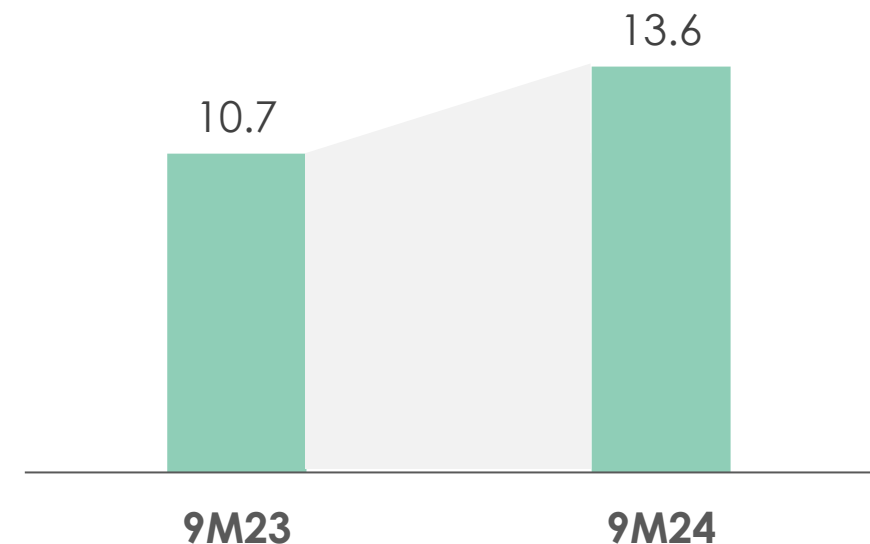
Data in €mln

CAGR
'21-'23
+26%



Data in €mln

VAR. YOY
23-24
+27%

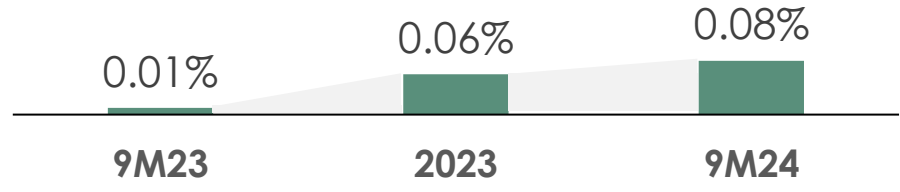


Profitability level very strong, substantially in line with 2024 Budget

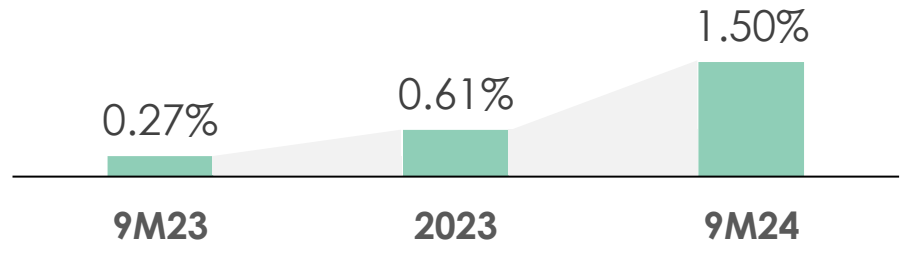
Focus on Asset Quality and Digital Factoring

A low risk model with a best in class asset quality

COST OF RISK (%)

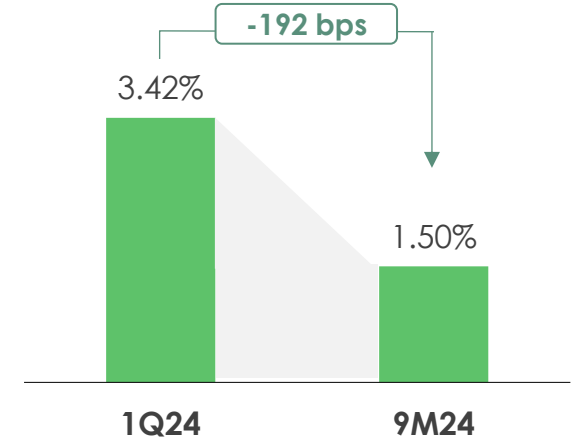


GROSS NPE RATIO (%)



Gross NPE Ratio Benchmarking

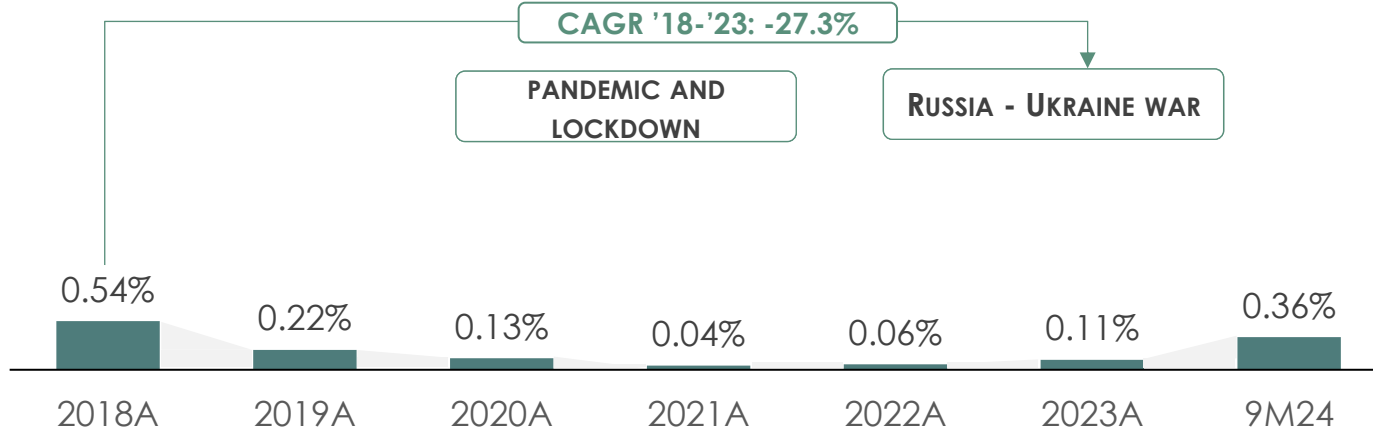
Generalfinance has **lower cost of risk and non-performing exposure compared to the market** thanks to its unique and effective business model enabling a constant **mitigation of credit risk**



Cost of Risk has been computed as Credit Risk Adjustments / Annual Disbursed Loans;
 Gross NPE («Non-Performing Exposure») Ratio has been computed as Gross NPE / Gross Loans to Customers

Gross NPE Ratio expected to drop in 2H

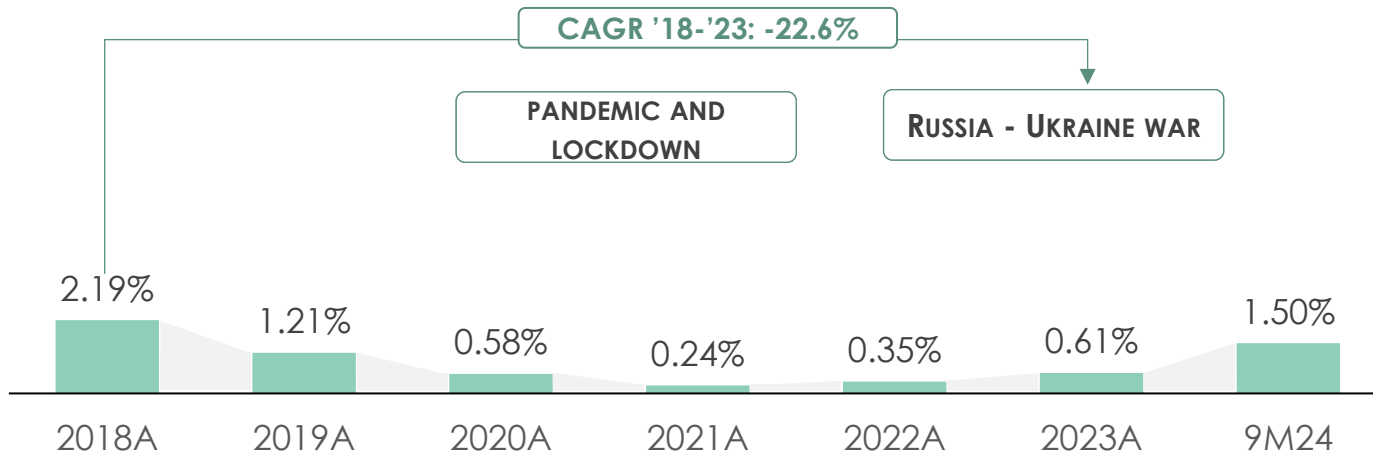
DEFAULT RATE (%)



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%**.

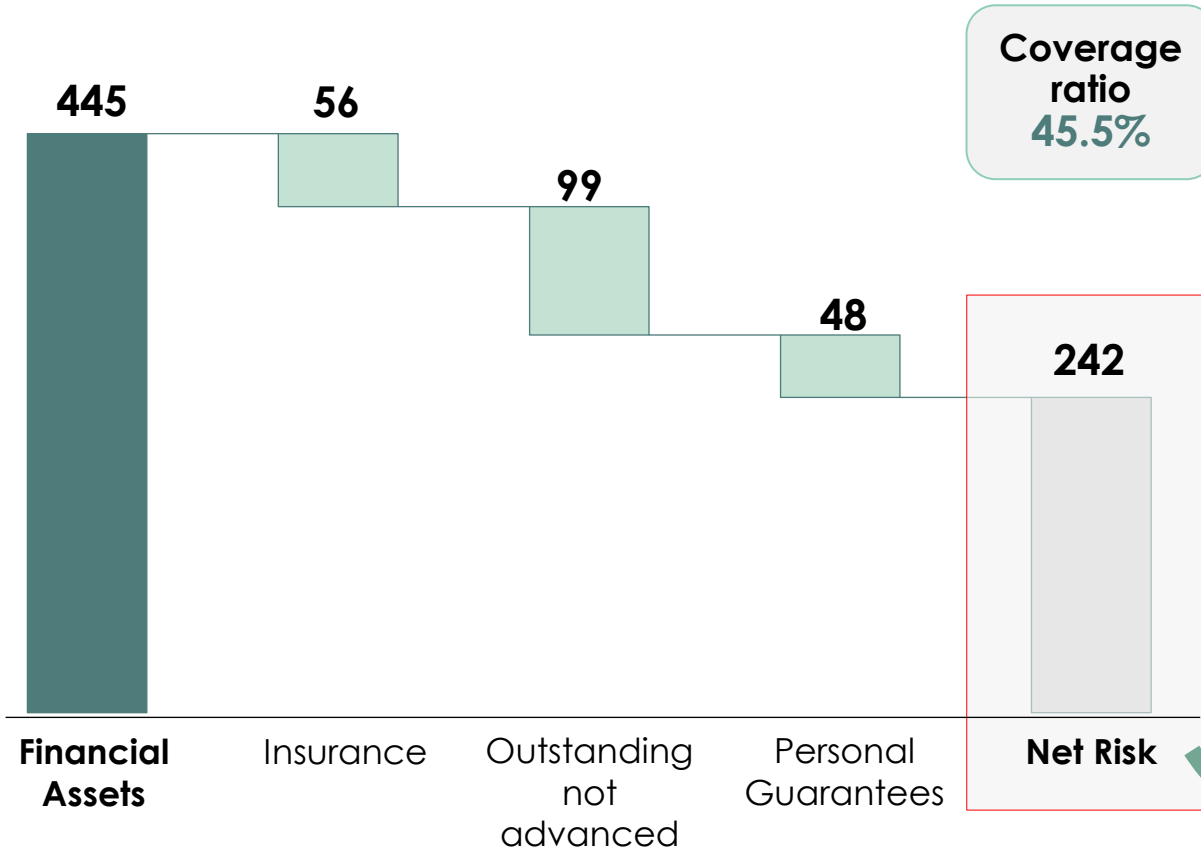
Stricter and enhanced classification and provisioning policy was introduced during 2023.

GROSS NPE RATIO (%)



Net Risk on Financial Assets – 9M2024

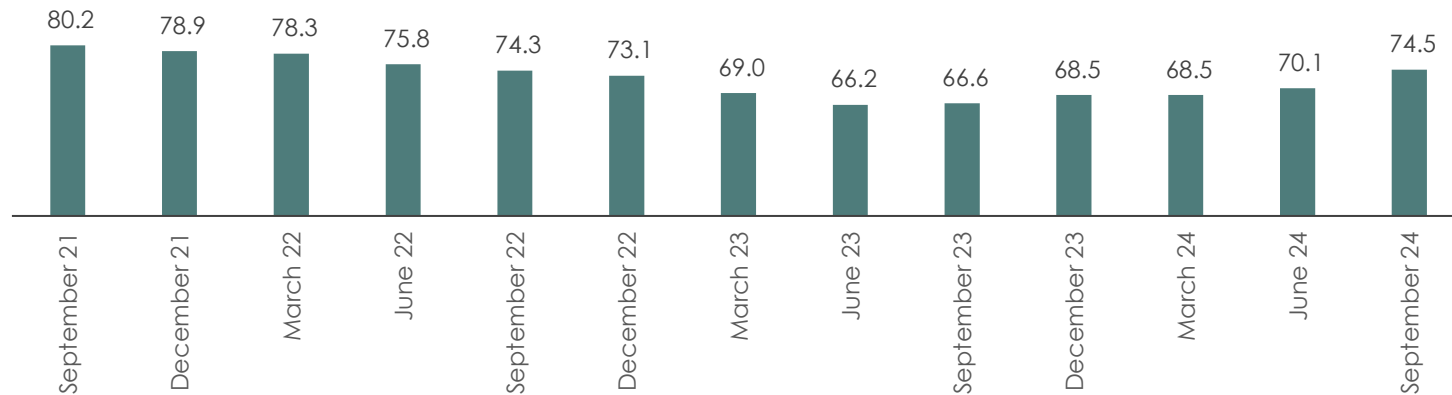
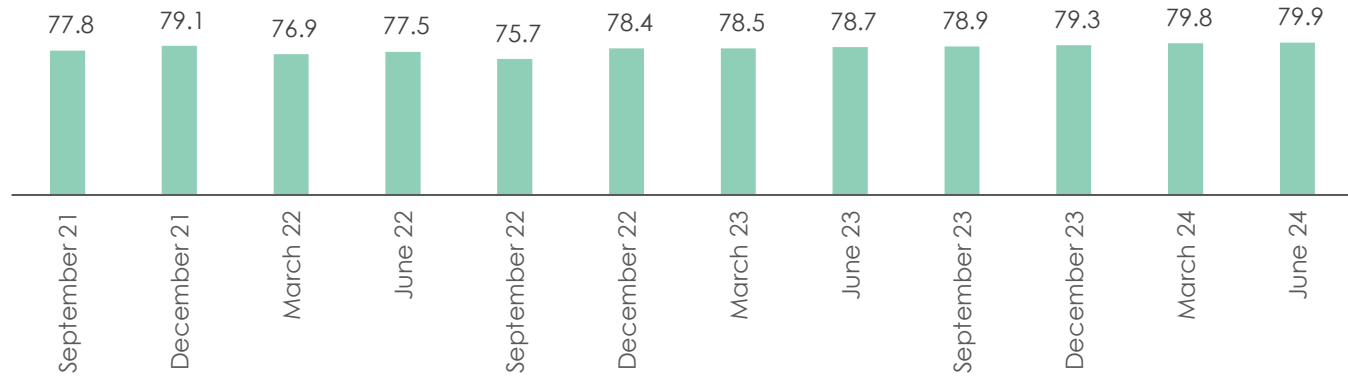
Breakdown Net Risk on Financial Assets € mln



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

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

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

Main KPIs behind our business

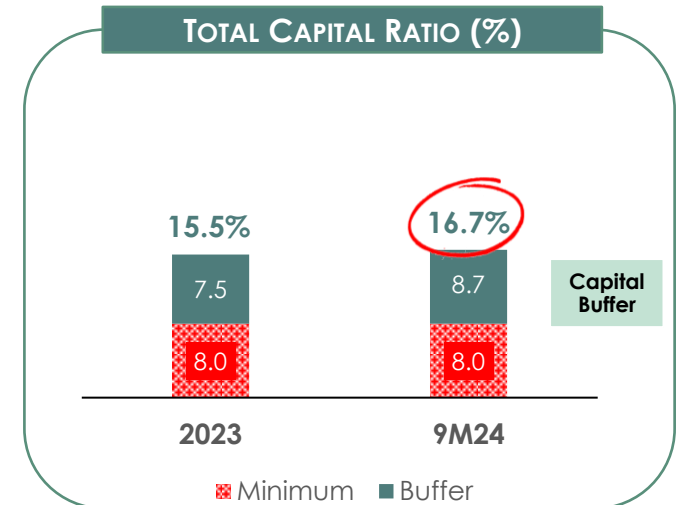
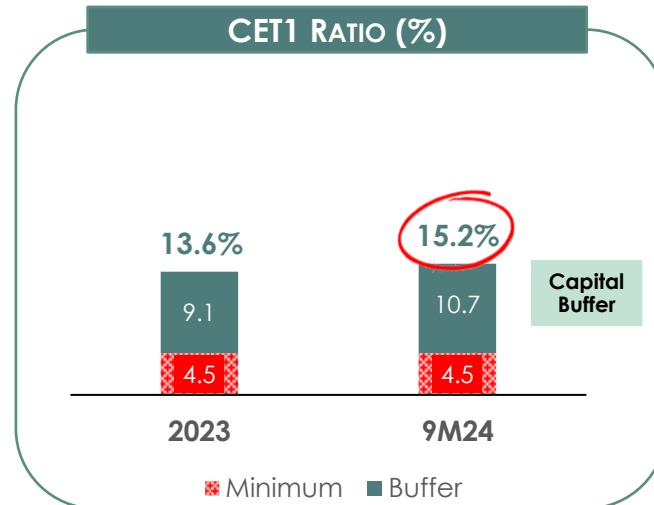
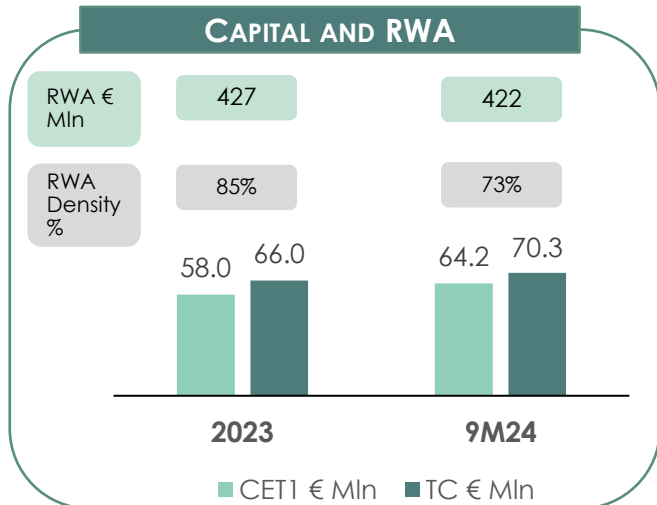
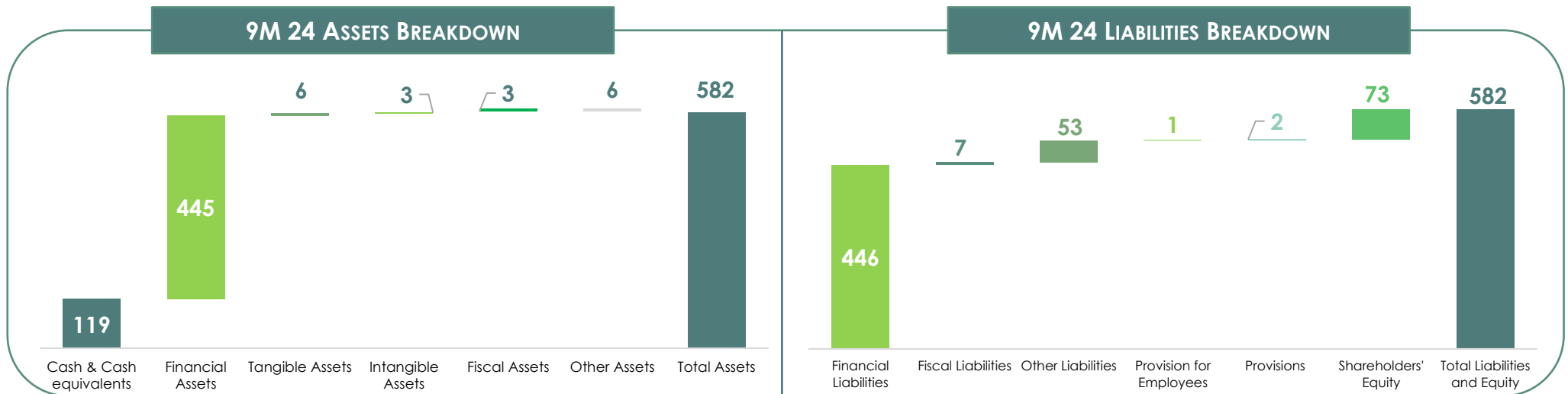
Income Statement (€m)	2021A	2022A	2023A	CAGR '21-'23	9M23	9M24	YoY%
Interest Margin	6.2	7.3	9.0	20.0%	5.9	8.0	35.5%
Net Commission	17.7	23.6	27.2	24.0%	19.6	24.9	27.3%
Net Banking Income	23.9	30.9	36.2	23.0%	25.5	32.9	29.1%
Net value adjustments / write-backs for credit risk	(0.2)	(1.2)	(1.3)	141.2%	(0.1)	(1.3)	810.6%
Operating Costs	(9.8)	(13.2)	(12.9)	15.0%	(9.7)	(11.1)	14.5%
Net Profit	9.5	10.9	15.1	26.2%	10.7	13.6	27.3%

(€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%
LTV	79.7%	83.3%	84.5%	2.9%	83.6%	77.6%	-7.1%
LTV Pro-solvendo	78.6%	81.6%	79.7%	0.7%	79.6%	75.2%	-5.5%

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%

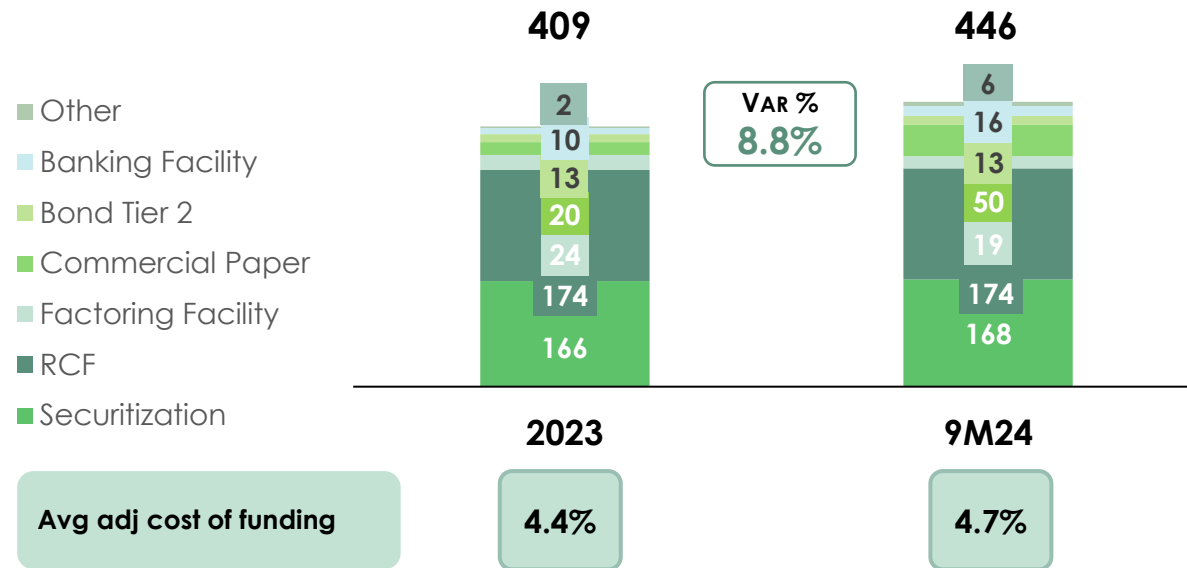
Balance Sheet (€m)	2021A	2022A	2023A	CAGR '21-'23	9M23	9M24	YoY%
Cash & Cash Equivalents	33.5	43.7	21.7	(19.6%)	80.3	118.9	48.1%
Financial Assets	321.0	385.4	462.4	20.0%	383.2	445.4	16.2%
Other Assets	10.8	14.7	15.9	21.2%	13.2	17.5	32.4%
Total Assets	365.3	443.8	500.0	17.0%	476.7	581.8	22.0%
Financial 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%
Total Liabilities	333.3	387.0	433.6	14.1%	414.7	509.2	22.8%
Shareholder's Equity	32.0	56.8	66.4	44.2%	62.0	72.6	17.0%

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

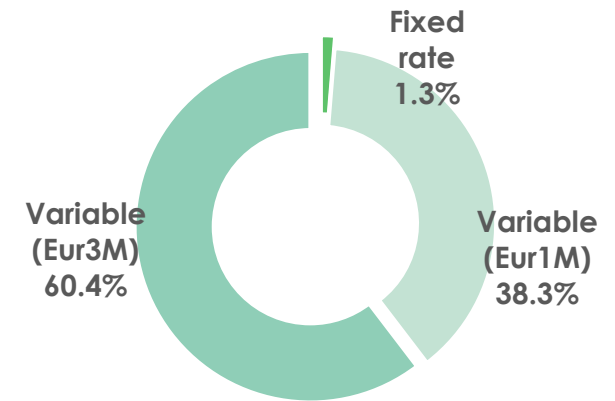


...coupled with a robust funding and liquidity position

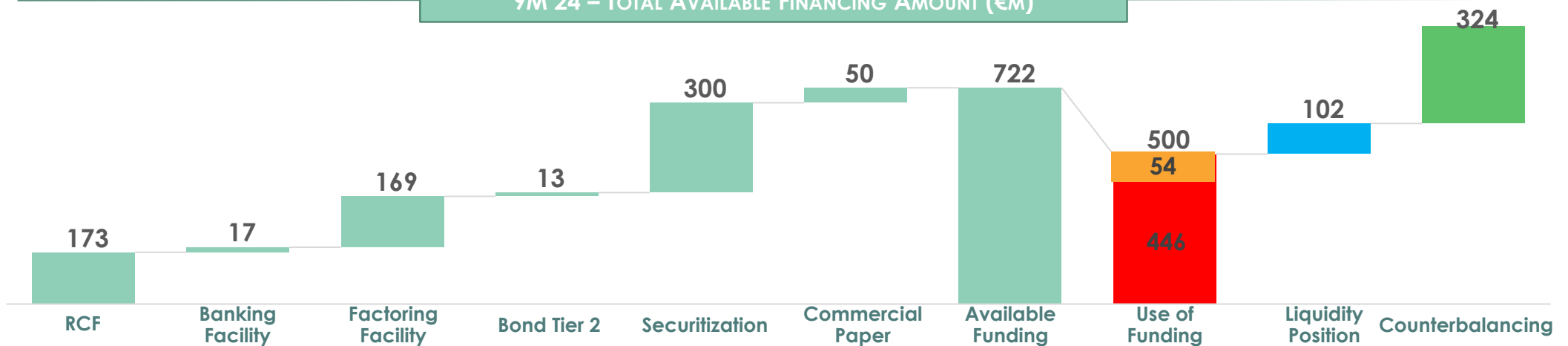
2023 – 9M 24 FUNDING AND COST OF FUNDING (€M, %)



9M 24 FUNDING BREAKDOWN



9M 24 – TOTAL AVAILABLE FINANCING AMOUNT (€M)



Note: Commercial Papers included in «Fixed Rate»

Liquidity Position: excluding pledge accounts amounting to 16.6 €mln

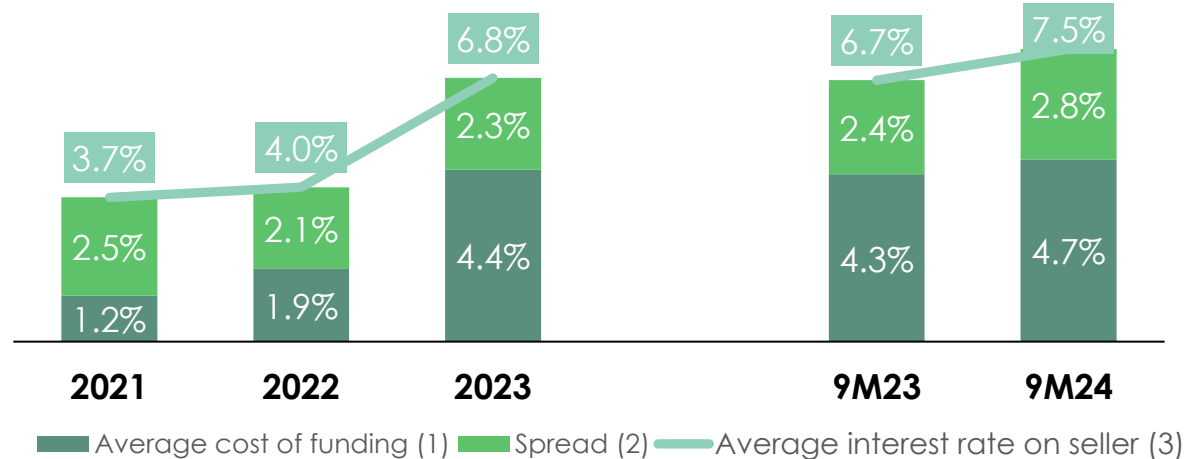
Use of Funding: sum of financial liabilities (red) and refinancing non-recourse transactions (orange)

Securitization: included only for an amount equal to the credit lines approved by banks

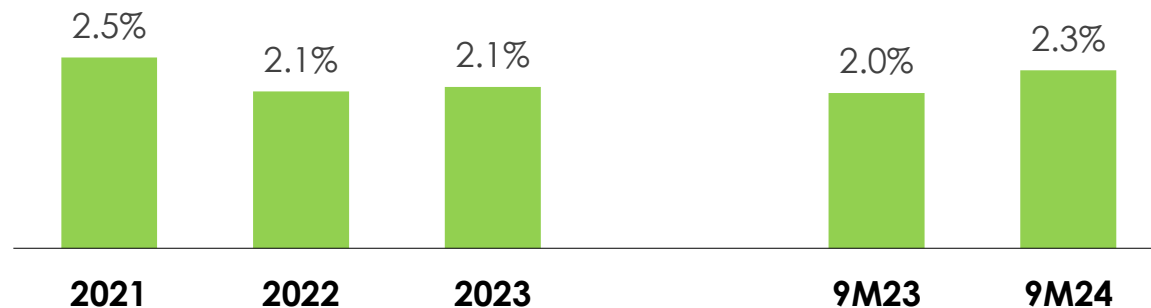
Net interest Income fully «hedged» against interest rates volatility

- Net Interest Income **~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 (%)



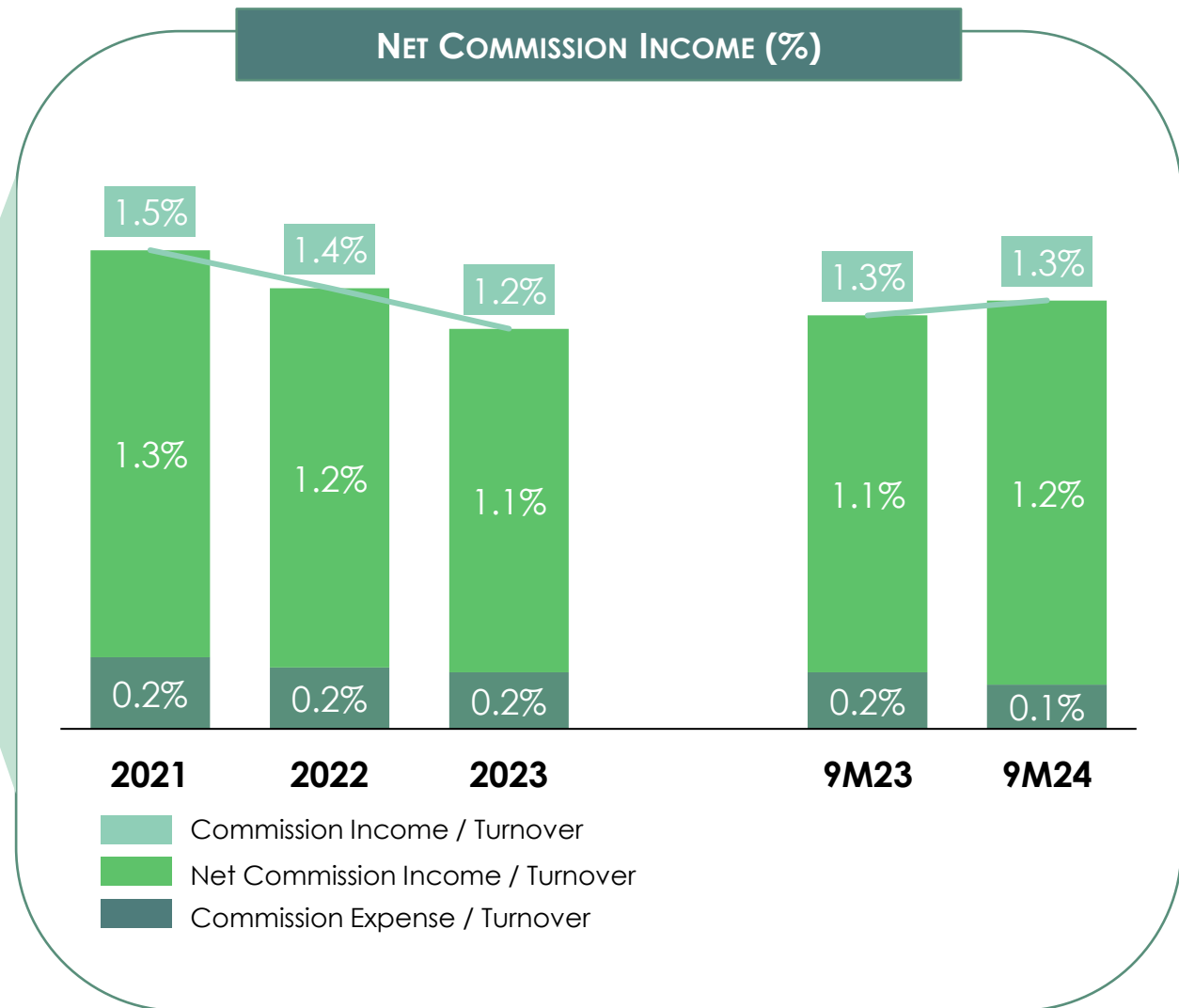
Net Interest Margin⁽⁴⁾(%)



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)

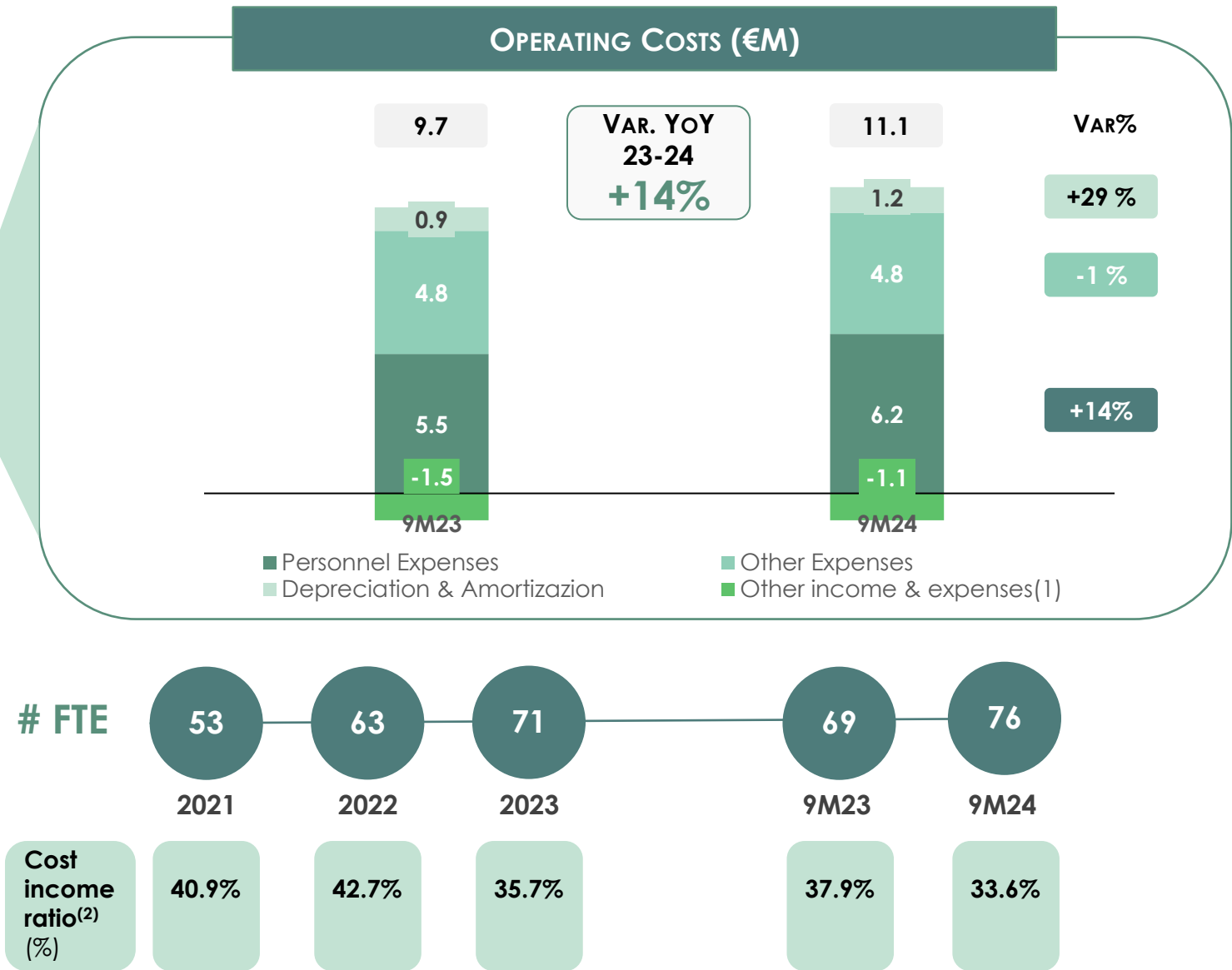
Net commission income, the primary source of profitability

- 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**

1°
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Annexes



Income Statement

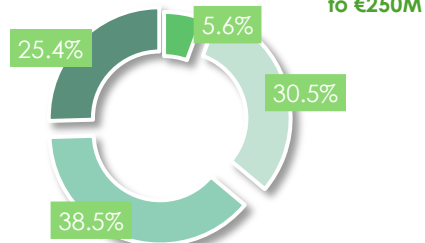
Income Statement (€m)	9M23	9M24	YoY%
Interest income and similar income	20.5	28.1	37%
Interest expense and similar charges	(14.6)	(20.1)	37%
INTEREST MARGIN	5.9	8.0	35%
Fee and commission income	22.7	27.9	23%
Fee and commission expense	(3.1)	(2.9)	-8%
NET FEE AND COMMISSION INCOME	19.6	25.0	27%
Dividends 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)	-
NET INTEREST AND OTHER BANKING INCOME	25.5	32.9	29%
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%
NET PROFIT (LOSS) FROM FINANCIAL MANAGEMENT	25.3	31.6	25%
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%
OPERATING COSTS	(9.7)	(11.1)	14%
Gains (Losses) from equity investments	0.0	(0.0)	-
PRE-TAX PROFIT (LOSS) FROM CURRENT OPERATIONS	15.7	20.5	31%
Income tax for the year on current operations	(5.0)	(6.9)	39%
PROFIT (LOSS) FOR THE YEAR	10.7	13.6	27%

Balance Sheet

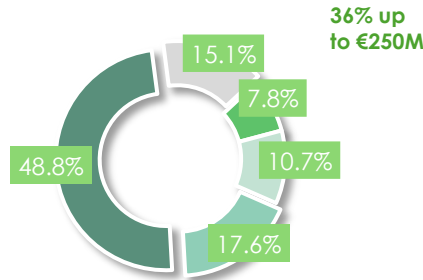
Balance Sheet (€m)	2023A	9M24	Var% YTD
Cash and cash equivalents	21.6	118.9	449.4%
Financial assets measured at fair value through p/l	0.0	0.0	0.0%
Financial assets measured at amortised cost	462.4	445.4	(3.7%)
Equity investments	0.0	0.0	120.0%
Property, Plant and Equipment (PPE)	5.0	6.2	24.4%
Intangible 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%
TOTAL ASSETS	500.0	581.8	16.4%
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%)
TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY	500.0	581.8	16.4%

Turnover breakdown vs system average 1/2

SELLERS' DIVERSIFICATION BY DIMENSION

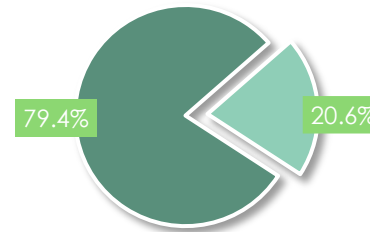


- Small size (<€10M)
- Medium size (€10M-€50M)
- Corporate (€50M-€250M)
- Large corporate (>€250M)

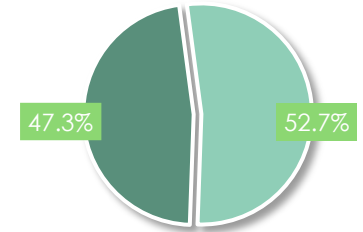


- Small size (<€10M)
- Medium size (€10M-€50M)
- Corporate (€50M-€250M)
- Large corporate (>€250M)
- Not classified

FACTORING BY NOTIFICATION STATUS

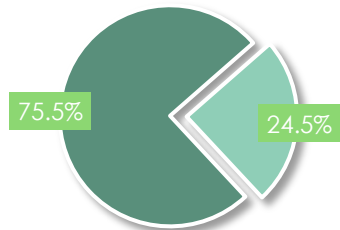


- Notification
- Not Notification

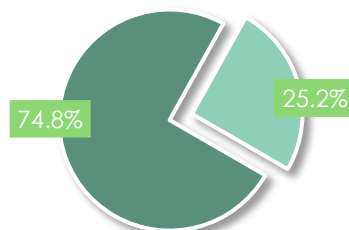


- Notification
- Not Notification

NATIONAL VS INTERNATIONAL TURNOVER

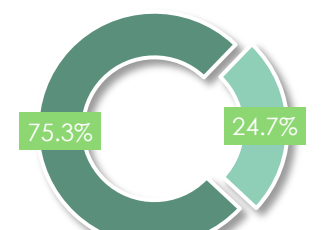


- Italy
- RoW

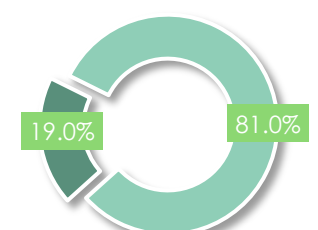


- Italy
- RoW

TURNOVER BY PRODUCT



- Pro solvendo
- Pro soluto



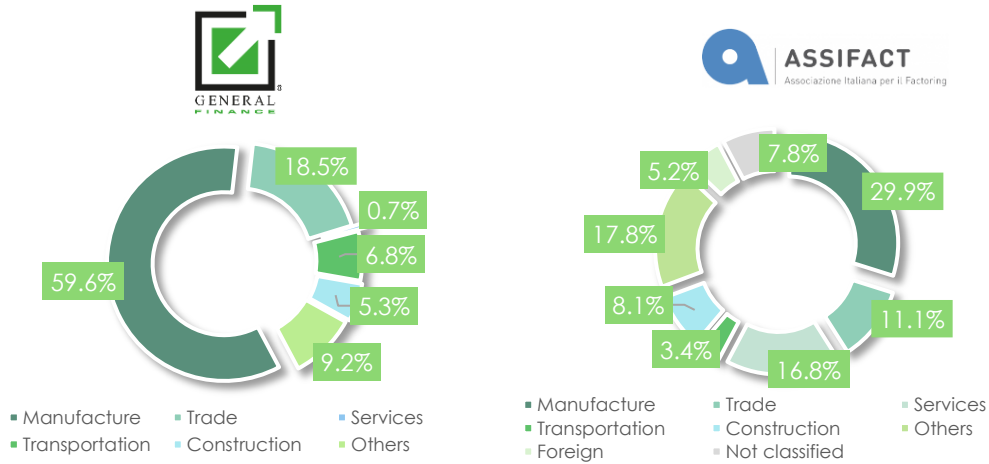
- Pro solvendo
- Pro soluto



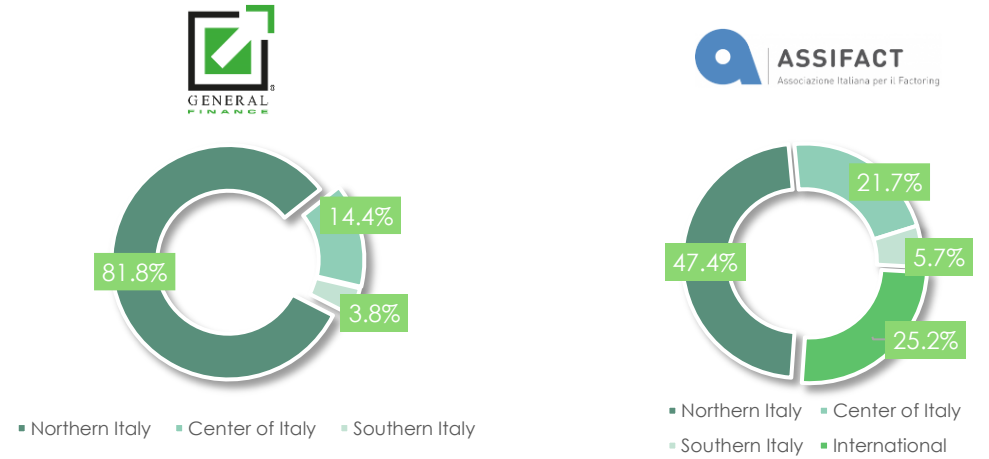
Generalfinance's Turnover data refers to September 30, 2024
Assifact's Turnover data refers to June 30, 2024

Turnover breakdown vs system average 2/2

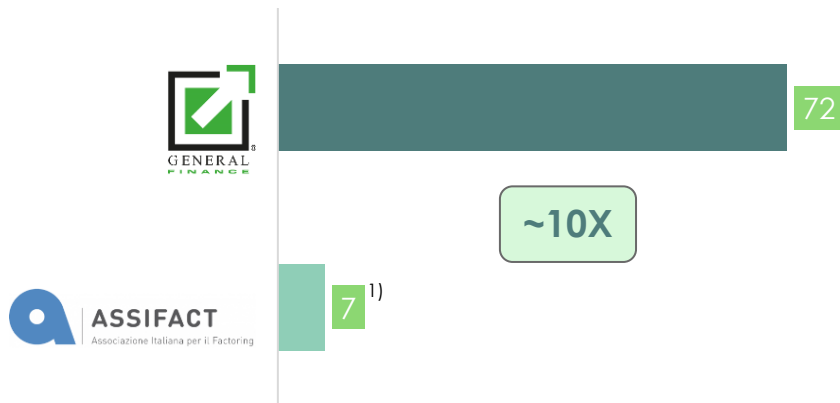
SELLERS' DIVERSIFICATION BY SECTOR



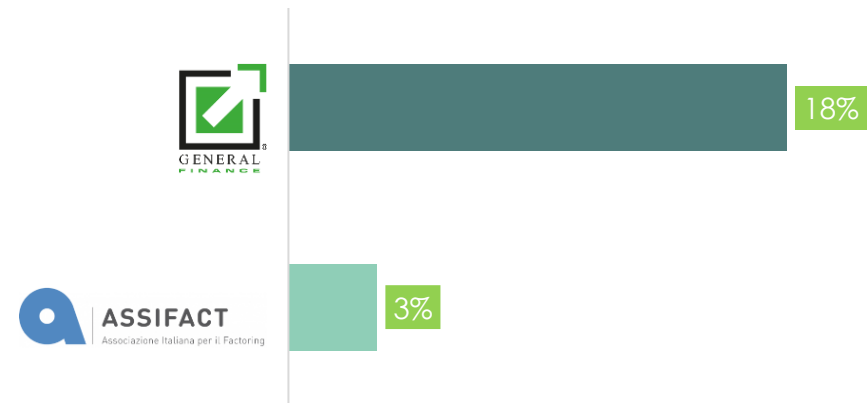
SELLERS' DIVERSIFICATION BY GEOGRAPHY



HIGHER NUMBER OF DEBTORS PER SELLER



TURNOVER - % CHANGE FROM PREVIOUS YEAR



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 FACTORING¹

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	a	
Advance rate	80.00%	b	
Gross disbursed amount	80,000.00	$c = a \times b$	
Maturity of disbursed amount (days)	69	e	
Contractual interest rate (floating)	7.50%	f	
Interest revenues	1,167.12	$g = (c \times f \times (e+2)) / 365$	Prepayment
DSO	70	h	
Monthly commission rate	0.40%	i	
Commission revenues	933.33	$l = a \times i \times (h/30)$	Prepayment
Total revenues	2,100.46	$m = g + l$	Prepayment
Net disbursed amount	77,899.54	$n = c - m$	
Delay in payment (days)	8	o	
Delay in payment interest rate	7.00%	p	
Delay in payment commission rate	0.50%	q	
Delay in payment interest revenues	122.74	$r = (c \times p \times o) / 365$	Cash basis
Delay in payment commission revenues	133.33	$s = a \times q \times (o/30)$	Cash basis
Delay in payment total revenues	256.07	$t = r + s$	Cash basis
Non-advance amount	20,000.00	$u = a - c$	
Net settlement	19,743.93	$v = u - t$	

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
	1.000.000,00		800.000,00		900.000,00	180.000,00
			Debts of the Factor			180.000,00
			Unpaid debts compensated			80.000,00
			Netting to be liquidated			100.000,00

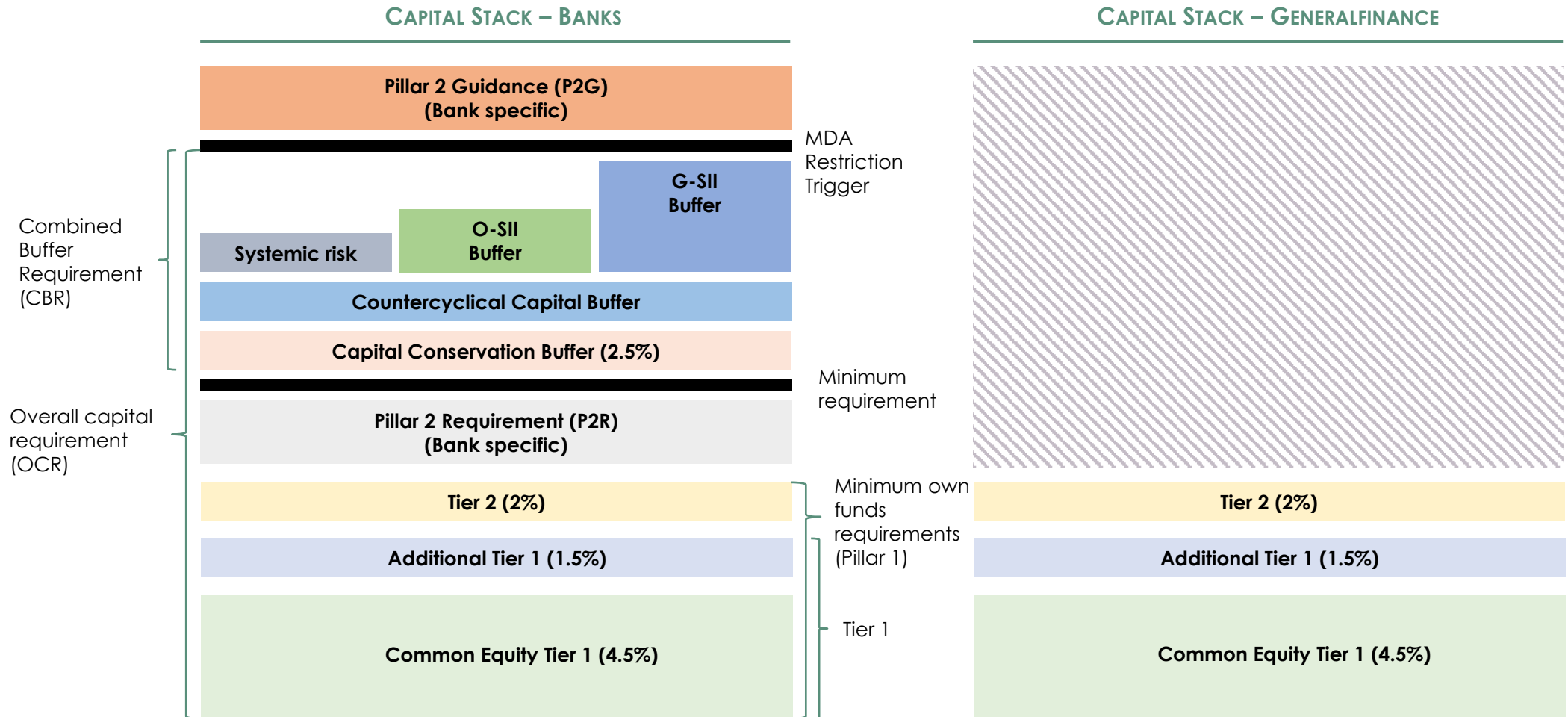
In FY 2021, Generalfinance paid an average advance equal to **80%** of Turnover. With regard to the pro-solvendo factoring, Generalfinance is entitled to set off amounts owed by the Sellers to it against amounts owed by Generalfinance to the Sellers based on specific clauses included in the factoring 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 10¹, which expands the possibilities of **offsetting between receivables and debit items against the Sellers as part of pro-solvendo transactions.**

Source: Management, Assifact. Data as of 31st December 2021

Notes: (1) Net of household debtors

Capital Stack – A capital light lending business



Source: Management

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GENERALFINANCE



November 19, 2024

Generalfinance - contacts



www.generalfinance.it



<https://www.linkedin.com/company/general-finance/>



Ugo Colombo

*Chief Financial Officer
Investor Relator*

+39 0158484396
U.Colombo@generalfinance.it