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GENERALFINANCE

1Q23 Results



April 19, 2023

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Today's presenters



Ugo Colombo
CFO

Massimo Gianolli
CEO



Agenda

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

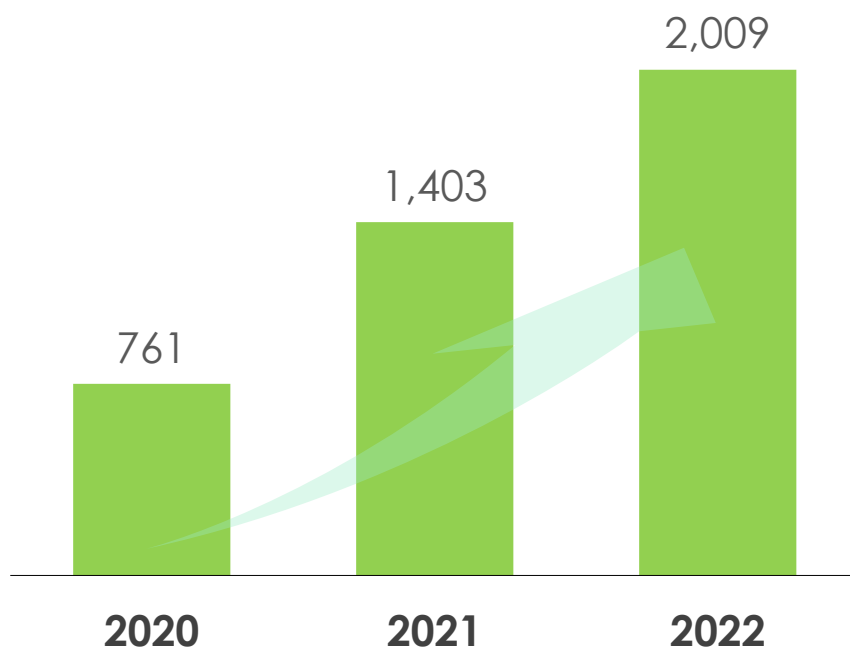
Main 1Q 2023 Results

Turnover witnessing a strong growth story

Growth in Turnover Volume (€M)

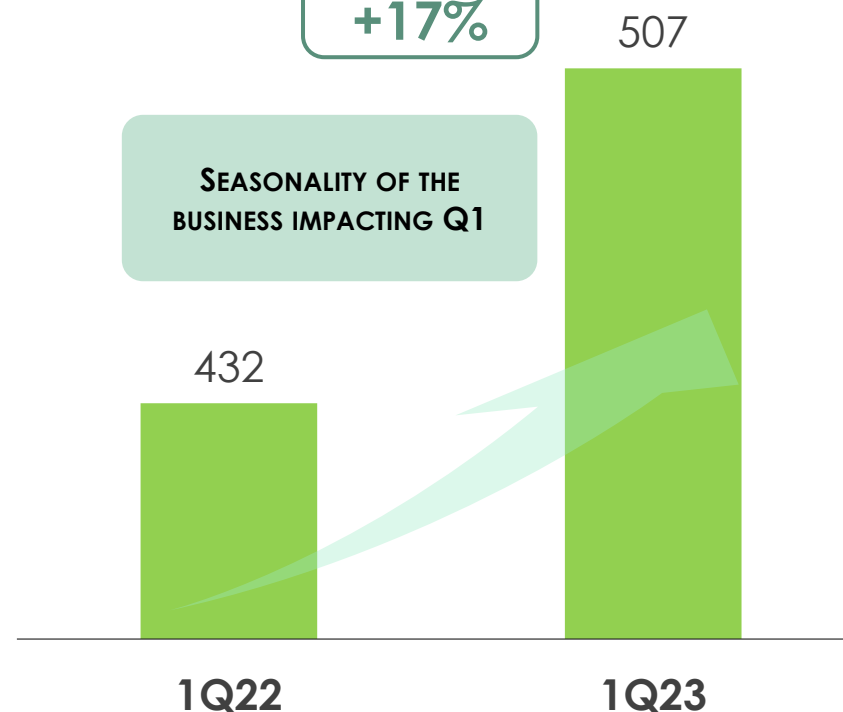
Data in €mln

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



Data in €mln

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



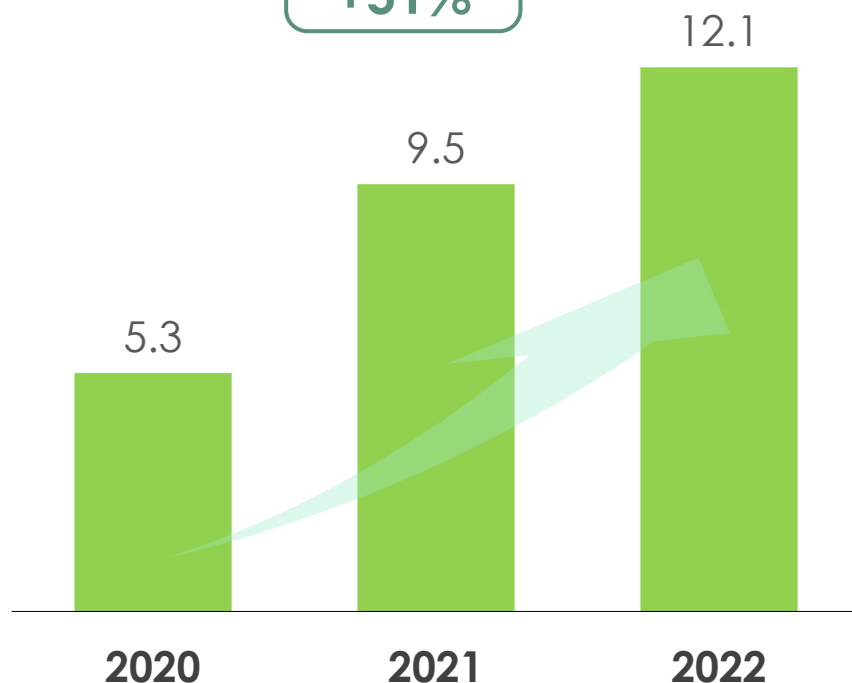
2023 annual growth rate (17%) above the market average (+8%)

Net Income: high profitability from the operations

Growth in net income (€M)

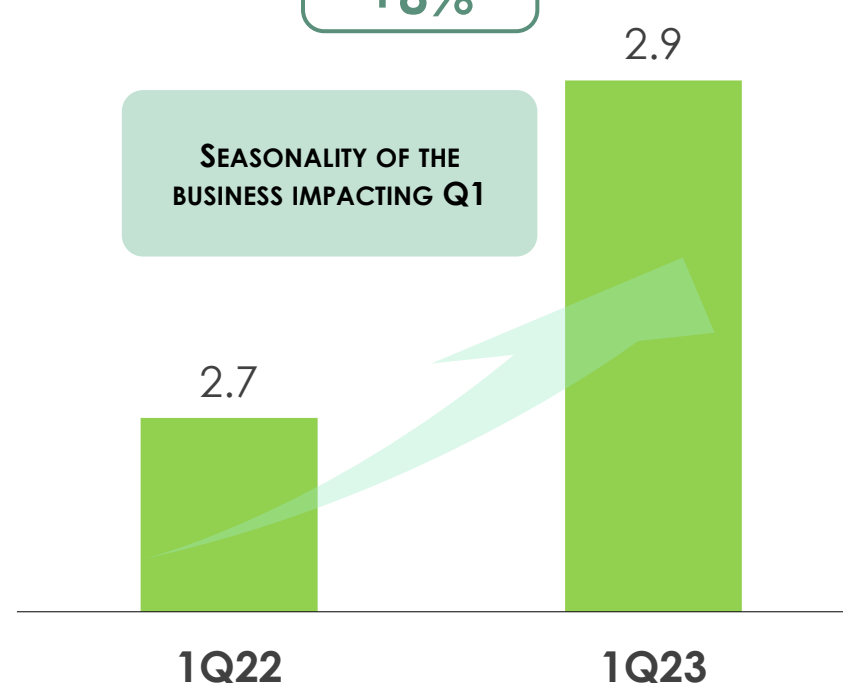
Data in €mln

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



Data in €mln

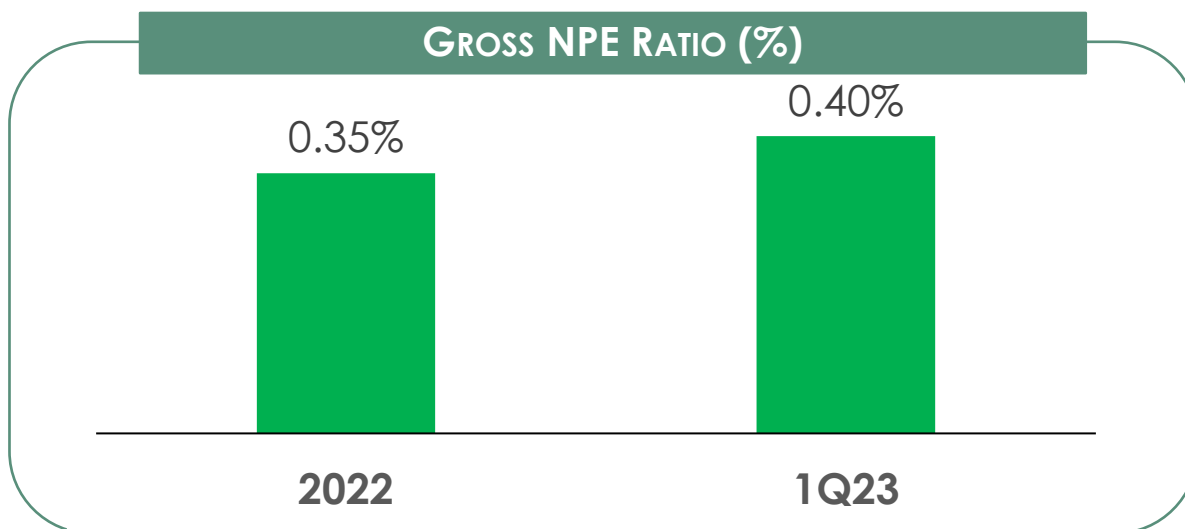
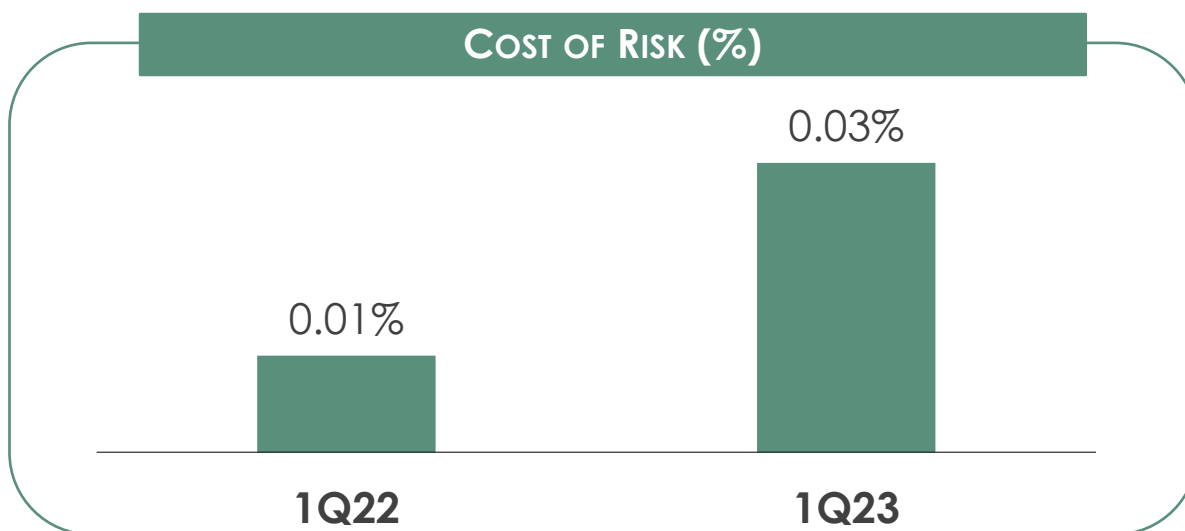
**VAR. YOY
22-23
+8%**



Profitability level in line with 2023 Budget

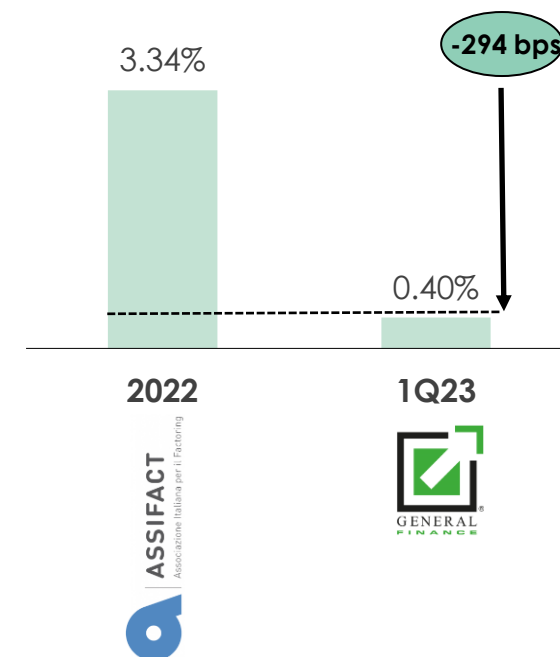
Focus on Asset Quality and Digital Factoring

A low risk model with a best in class asset quality

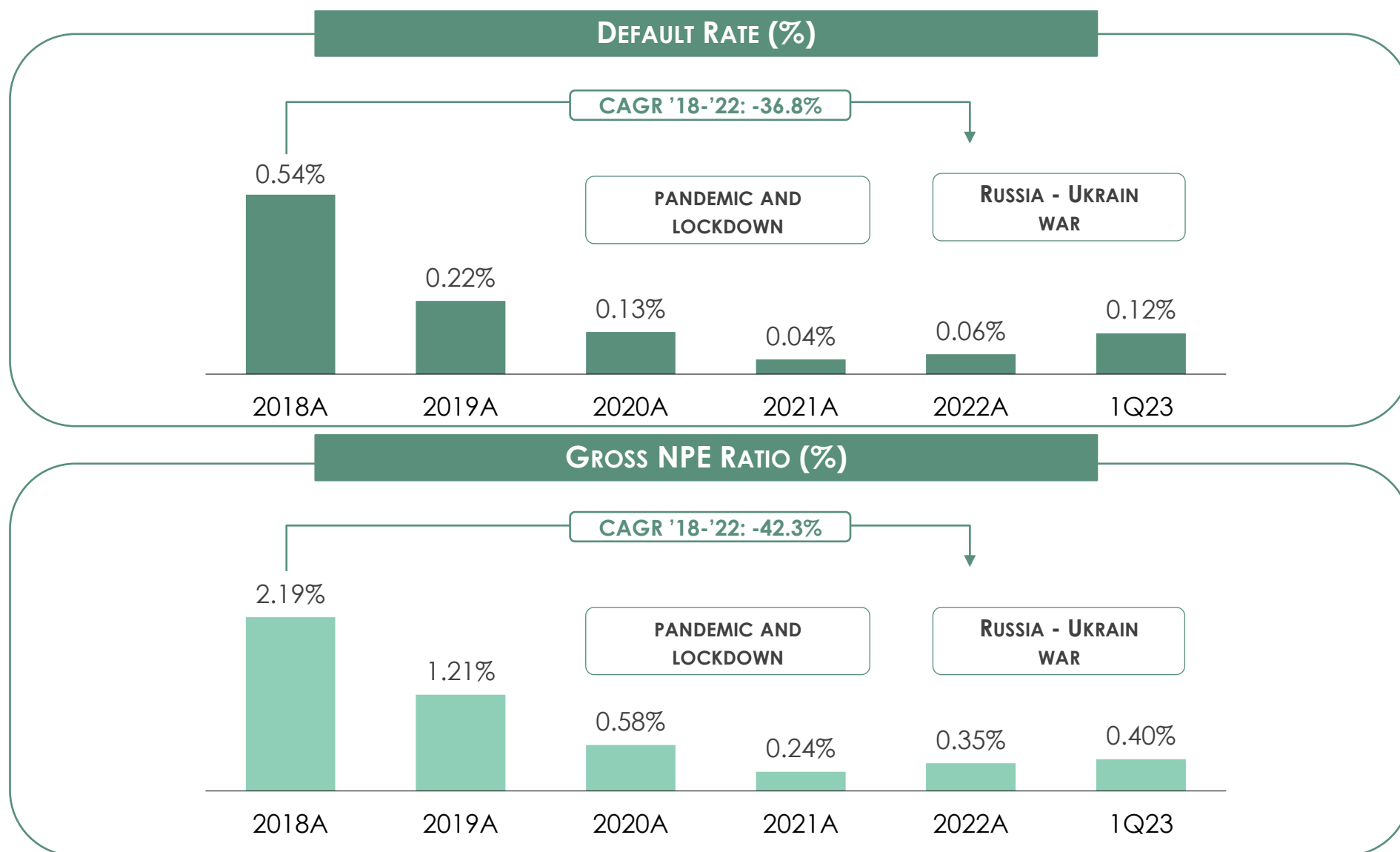


Gross NPE Ratio Benchmarking

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



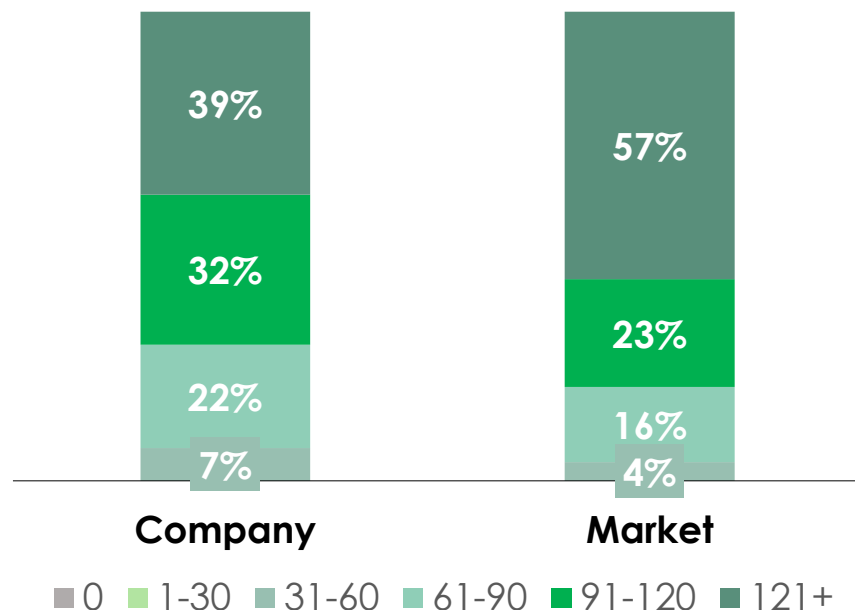
Default Rate and NPE Ratio constantly improving



Collection performance: a strategic delivery to our Customers

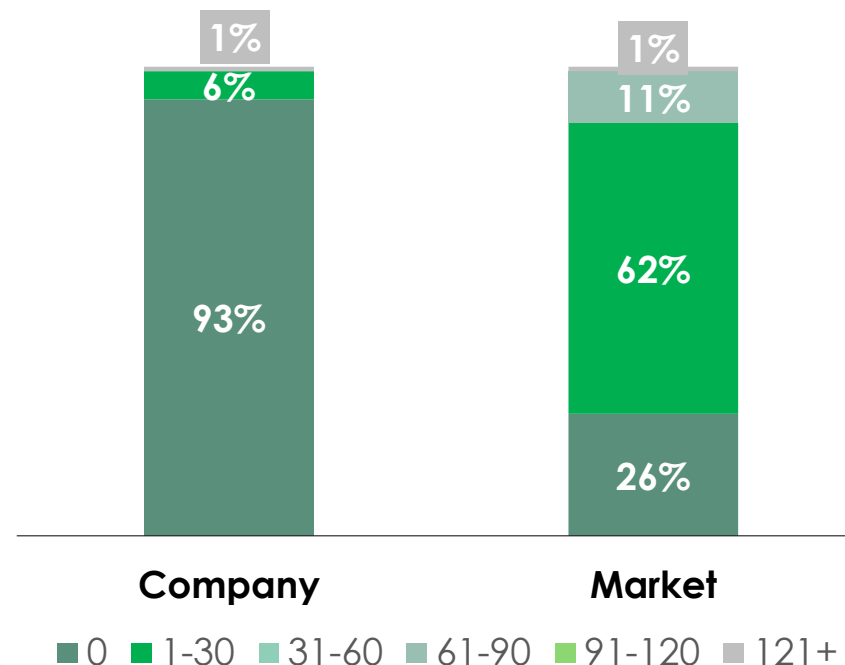
Payment Conditions (days)

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



Payment Delays (days)

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



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

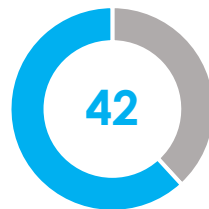
Small businesses perceive more benefits from factoring

Assifact analysis

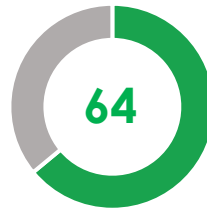
- **Smaller firms** are more likely to **outsource trade receivables management** to the factor and are more likely to **perceive the benefits of factor management** in terms of **containment of bad debts, regularity and timeliness of payments**
- Among businesses that have never used factoring, there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

Firms that have reduced internal trade receivables management activity through factoring

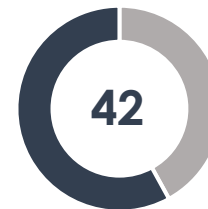
TOTAL SAMPLE



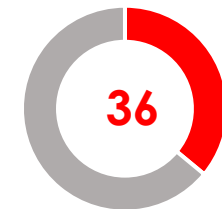
SMALL FIRMS



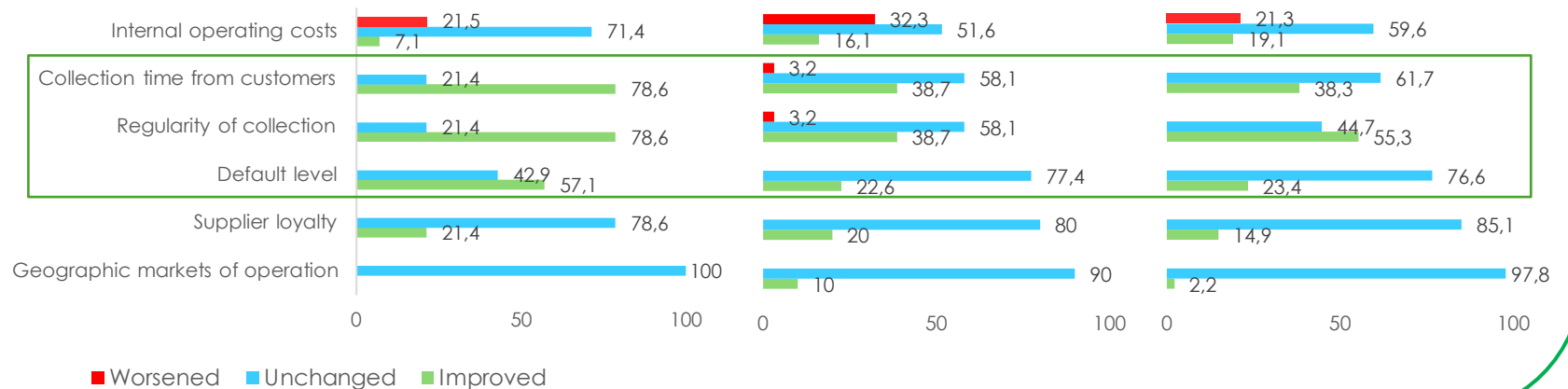
MEDIUM – SIZED BUSINESS



CORPORATE

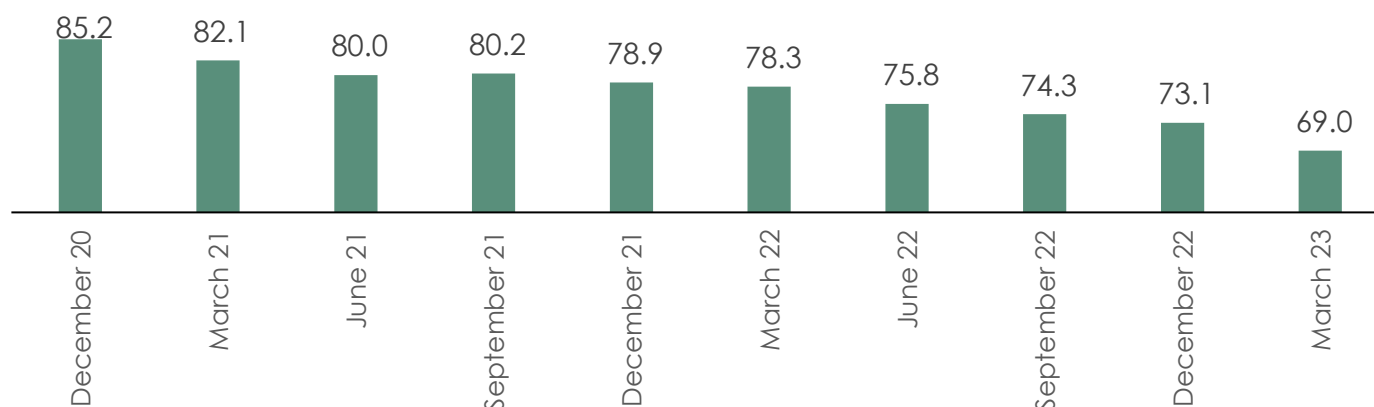
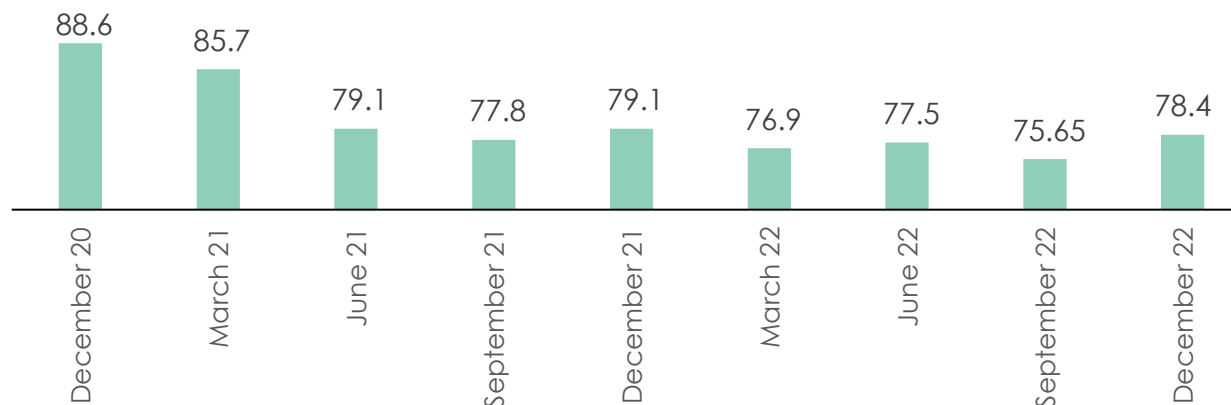


The impacts of factoring from a management perspective (breakdown by firm size)



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

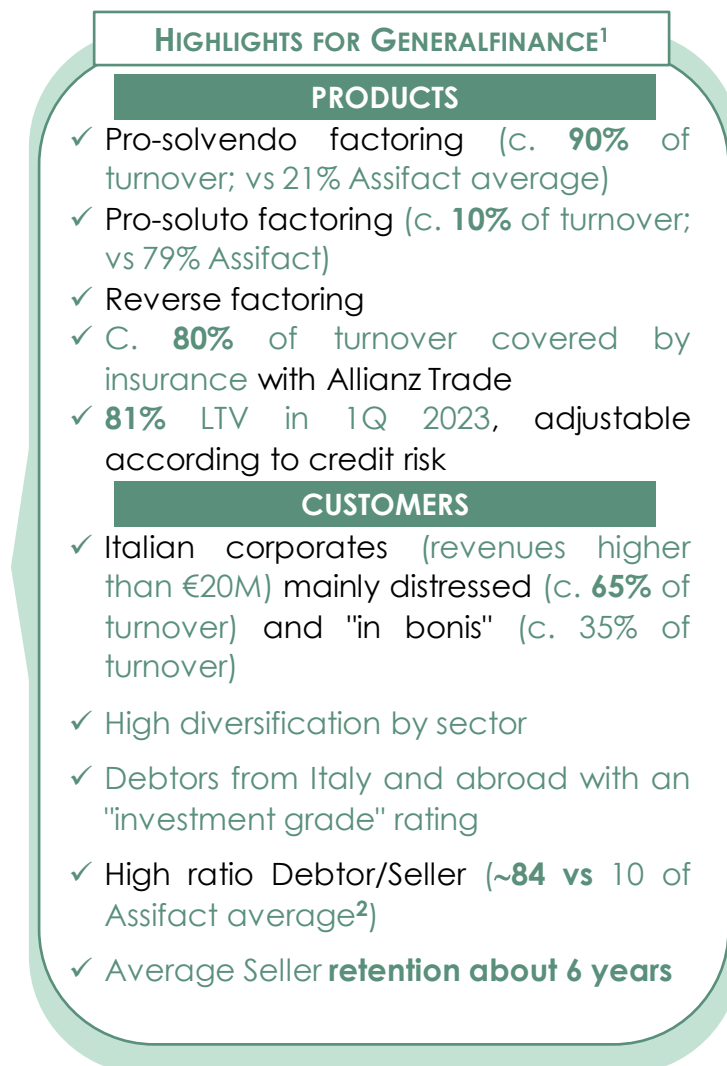
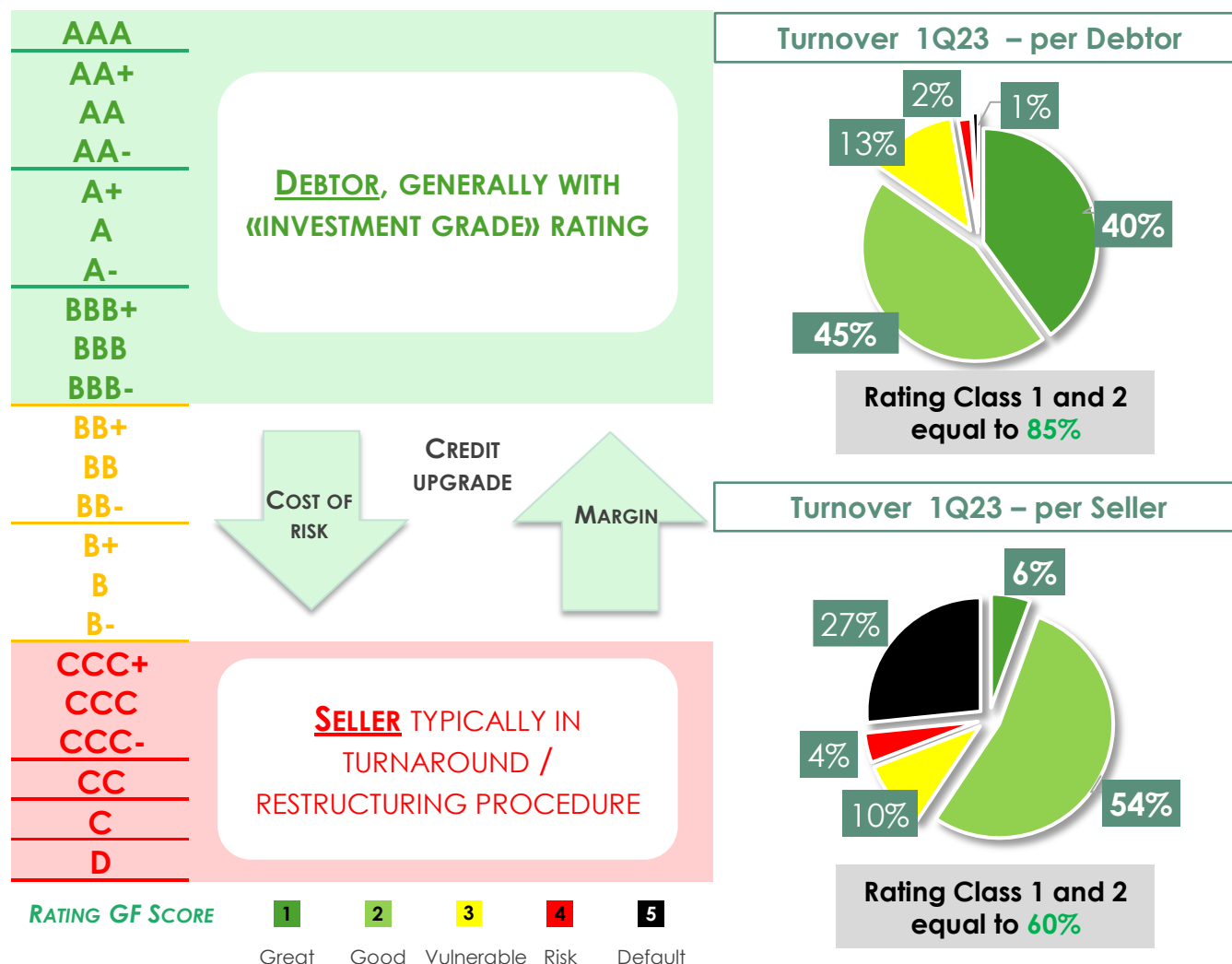
Days Sales Outstanding (DSO) – Receivables from private companies



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

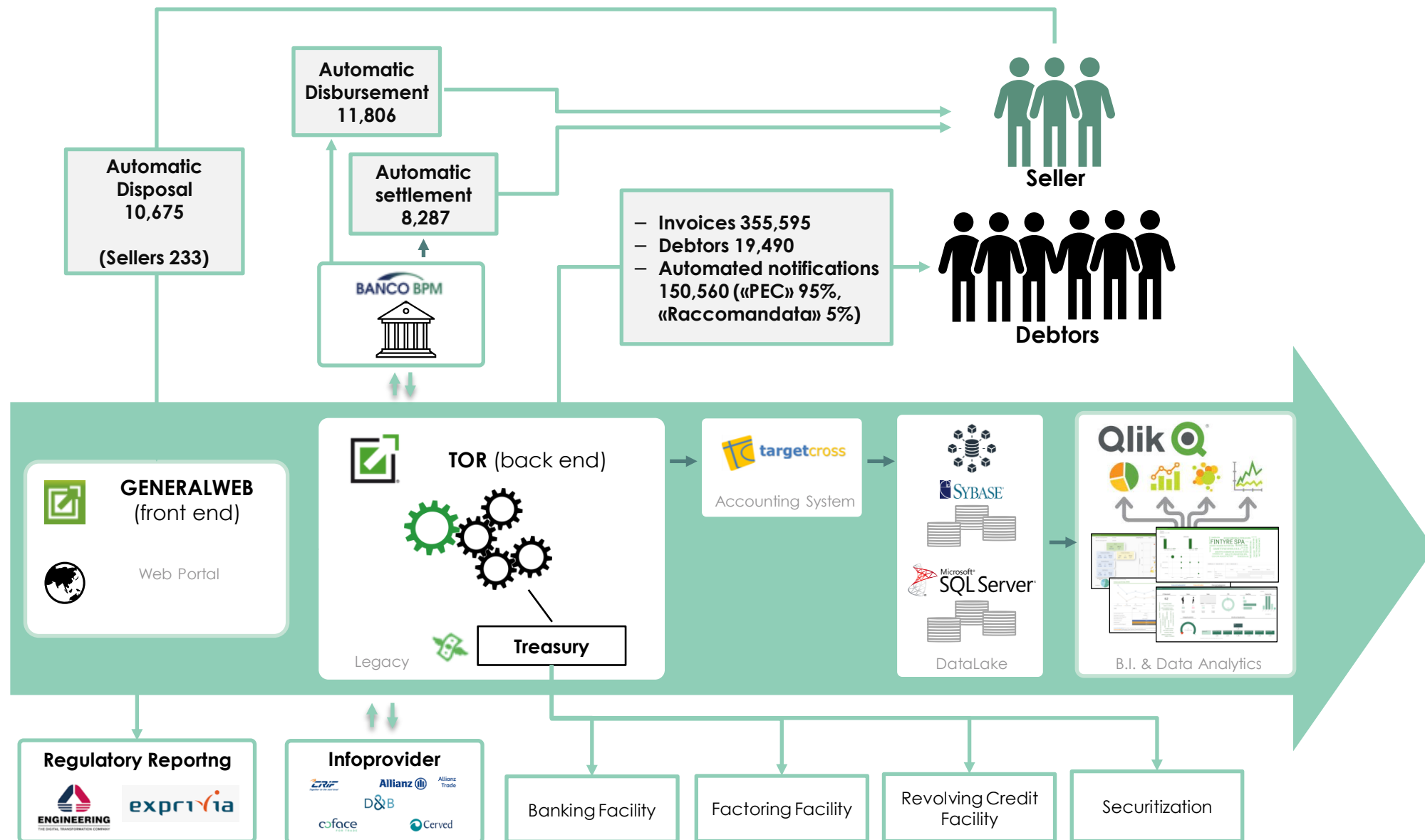
A unique business model, leveraging the factoring features

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



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

A strategic asset: the proprietary digital platform



Data LTM, as of March 2023

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

Main KPIs behind our business

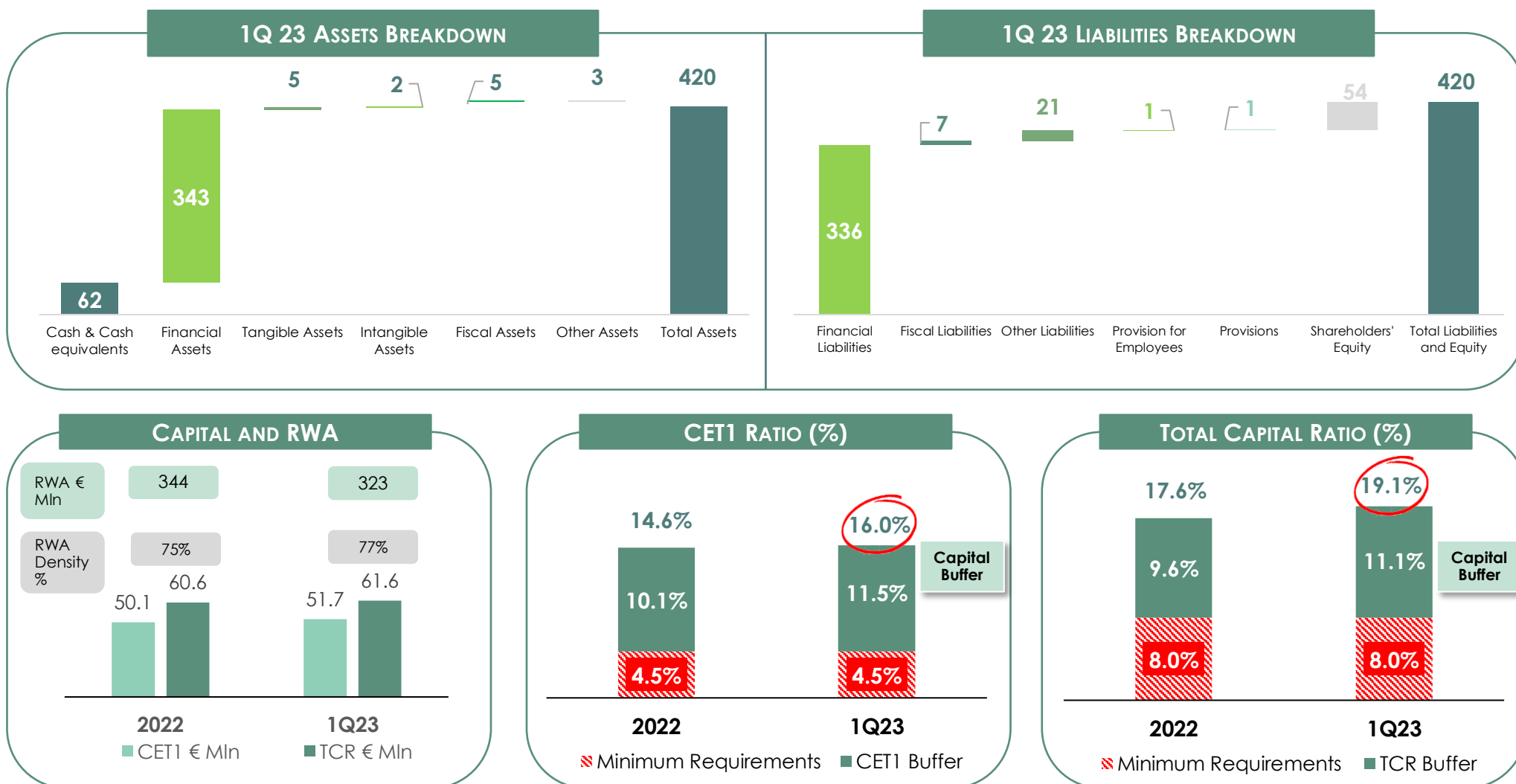
Income Statement (€m)	2020A	2021A	2022A	CAGR '20-'22	1Q22	1Q23	YoY
Interest Margin	4,1	6,2	7,3	33,4%	1,8	1,8	(3,5%)
Net Commission	13,1	17,7	23,6	34,2%	5,2	6,0	16,9%
Net Banking Income	17,2	23,9	30,9	34,0%	7,0	7,8	11,6%
Net value adjustments / write-backs for credit risk	(0,7)	(0,2)	(1,2)	30,0%	(0,0)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

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

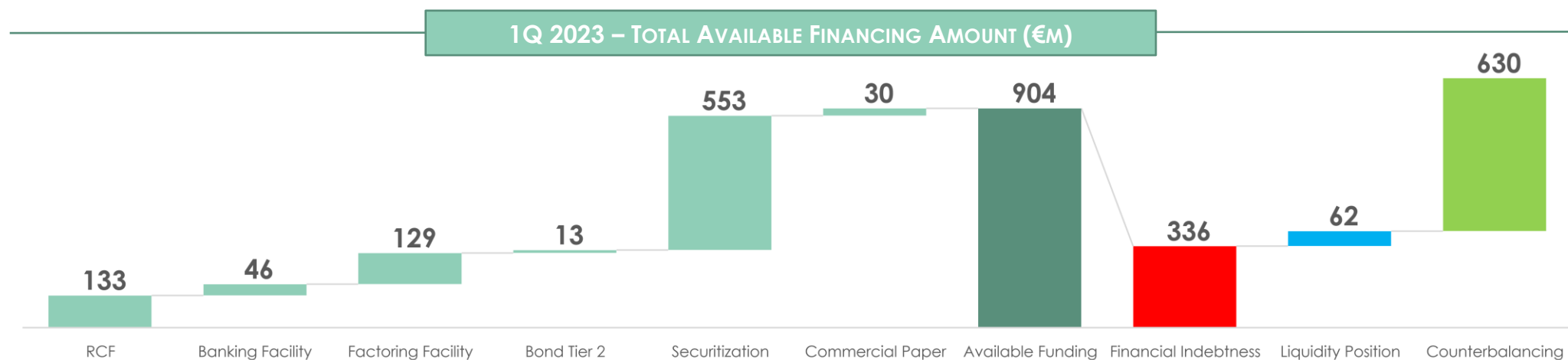
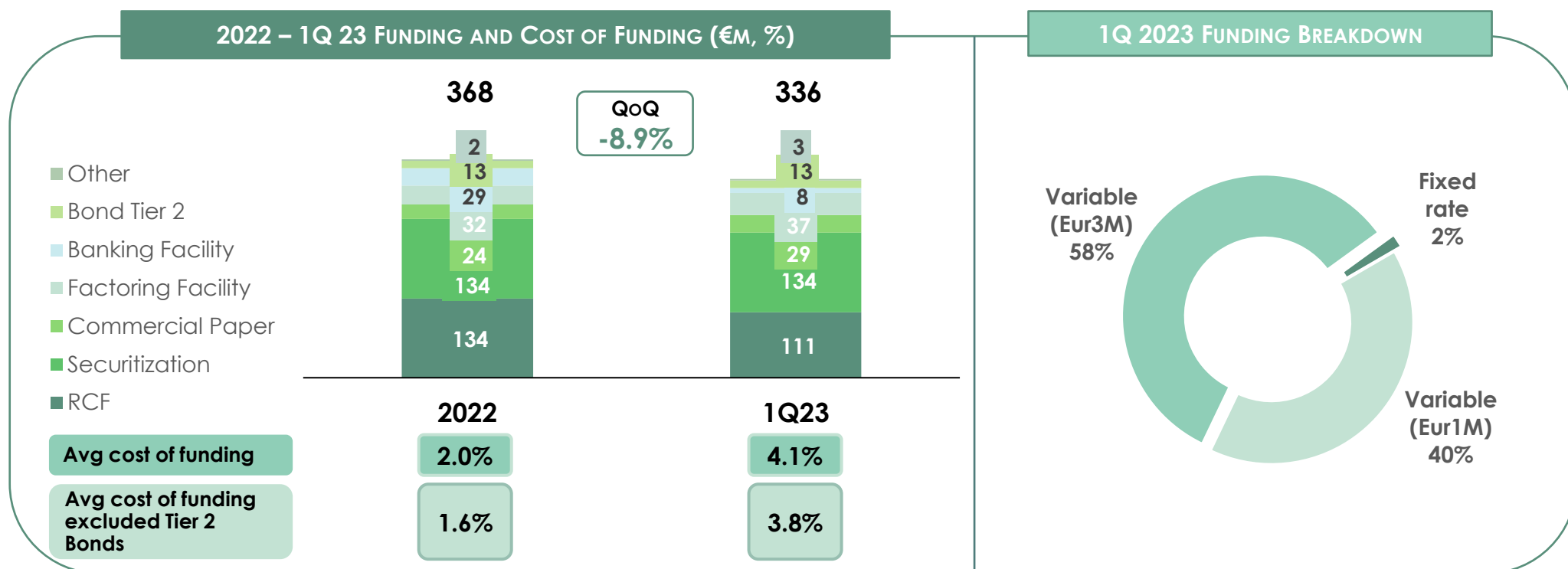
Net Banking Income / Average Loan (%)	11,2%	9,6%	8,7%	(11,9%)	8,5%	8,5%	0,3%
Interest Margin / Net Banking Income (%)	23,8%	26,0%	23,5%	(0,6%)	26,0%	22,5%	(13,5%)
Cost Income Ratio	48,7%	40,9%	37,7%	(12,0%)	40,2%	41,4%	2,8%
ROE (%)	30,9%	42,0%	26,3%	(7,7%)	40,0%	22,9%	(42,8%)

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

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

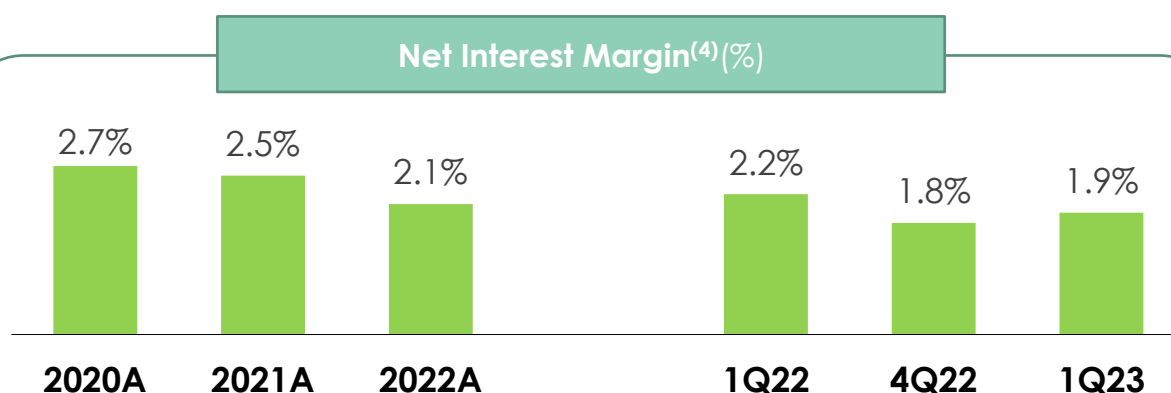
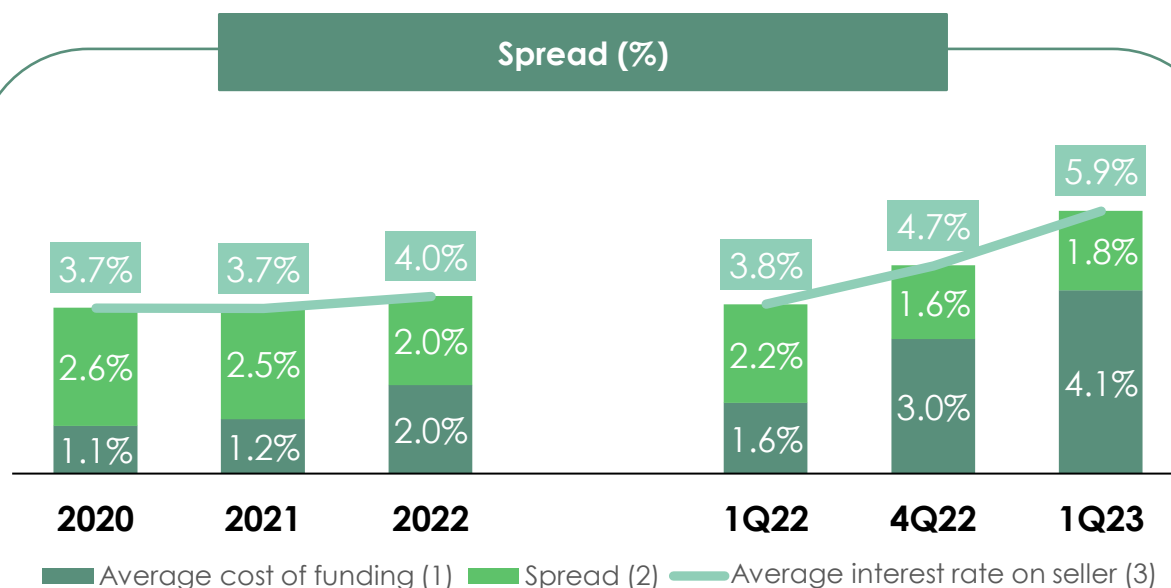


...coupled with a robust funding and liquidity position



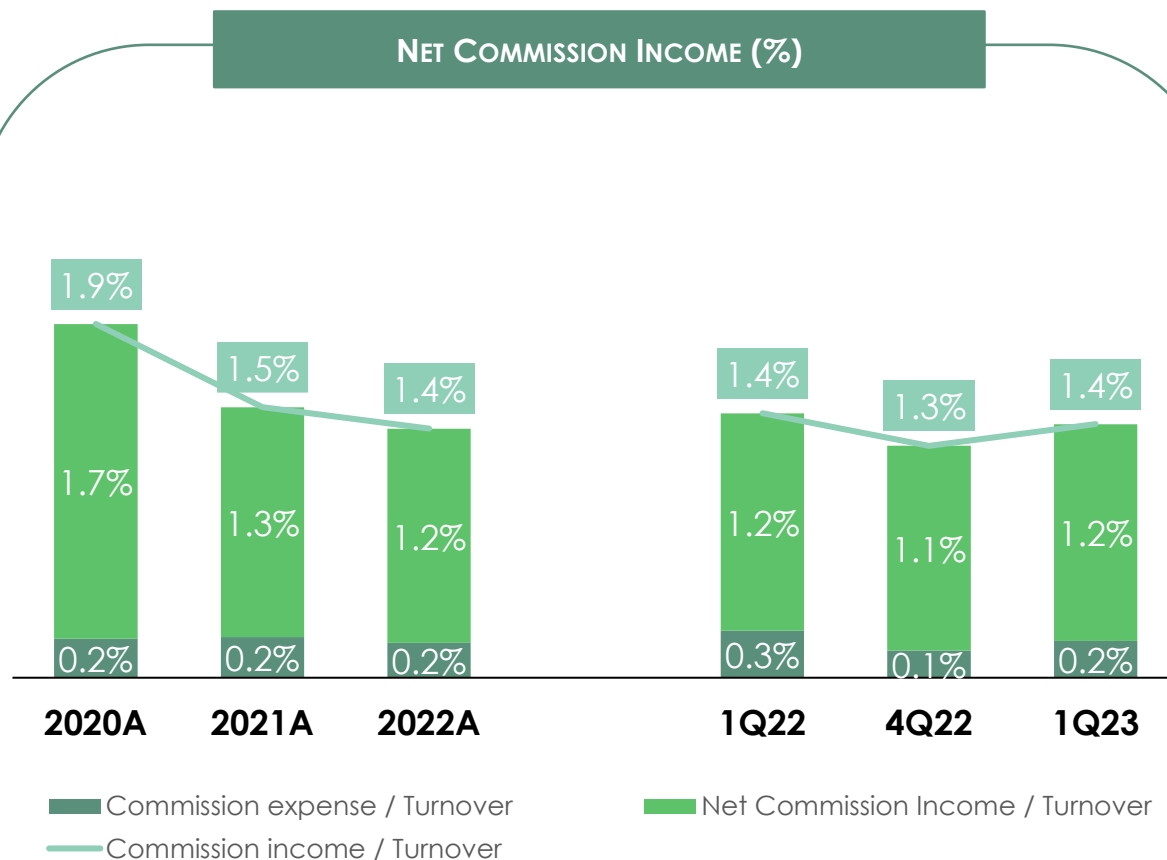
Net interest Income, «hedged» against interest rate rises

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



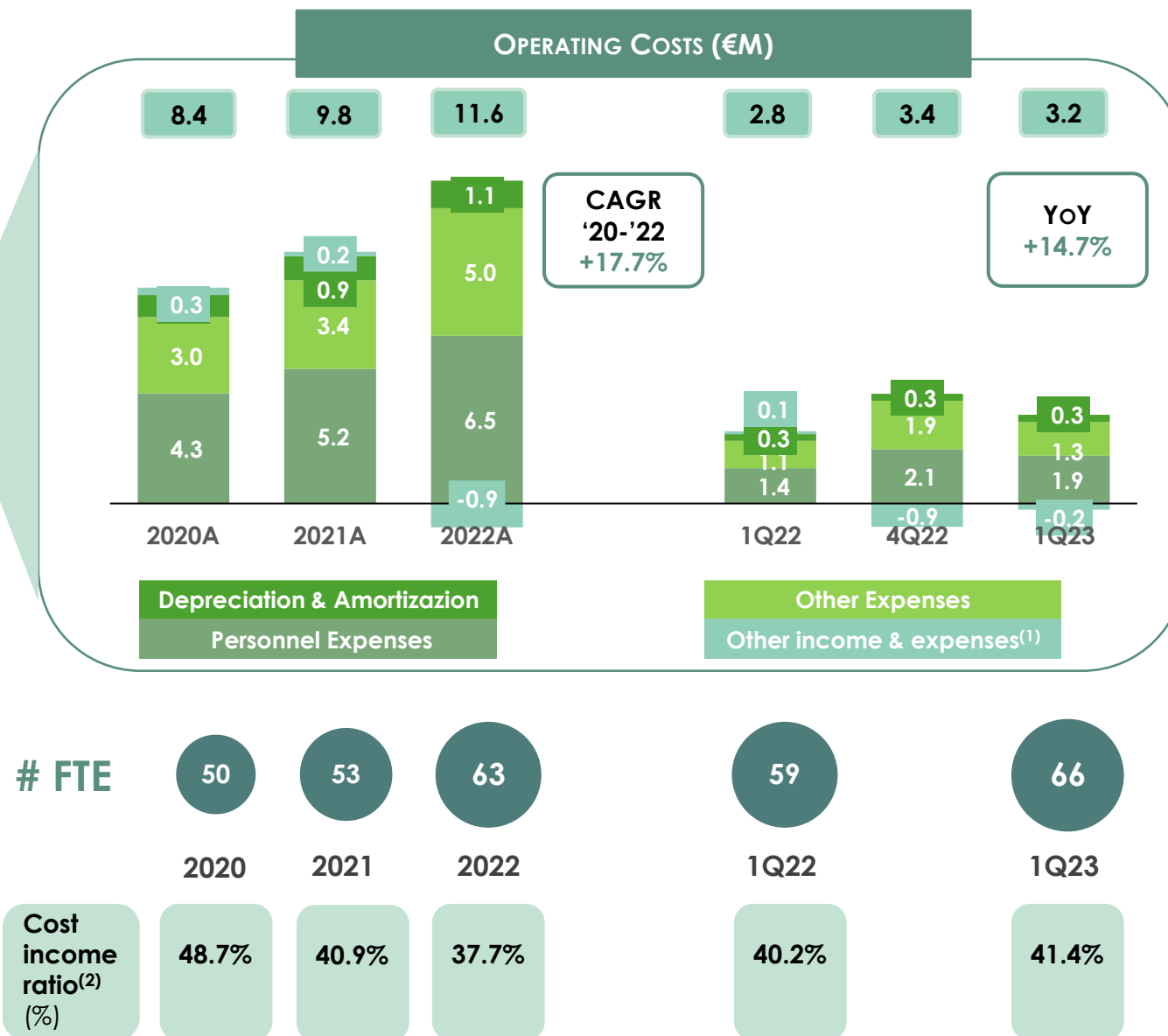
Net commission income, the primary source of profitability

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



Cost / Income reflecting the efficiency of the operating machine

- **#66 FTE** as of Q1 23
- **Year-on-year growth in operating costs lower than the CAGR** of the last 3 years
- **Cost income remaining at excellent levels** from the high **efficiency** of the operating machine and the **economy of scale (IT proprietary platform)**



2022 FY Results: Closing Remarks

Closing Remarks

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

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

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

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Annexes



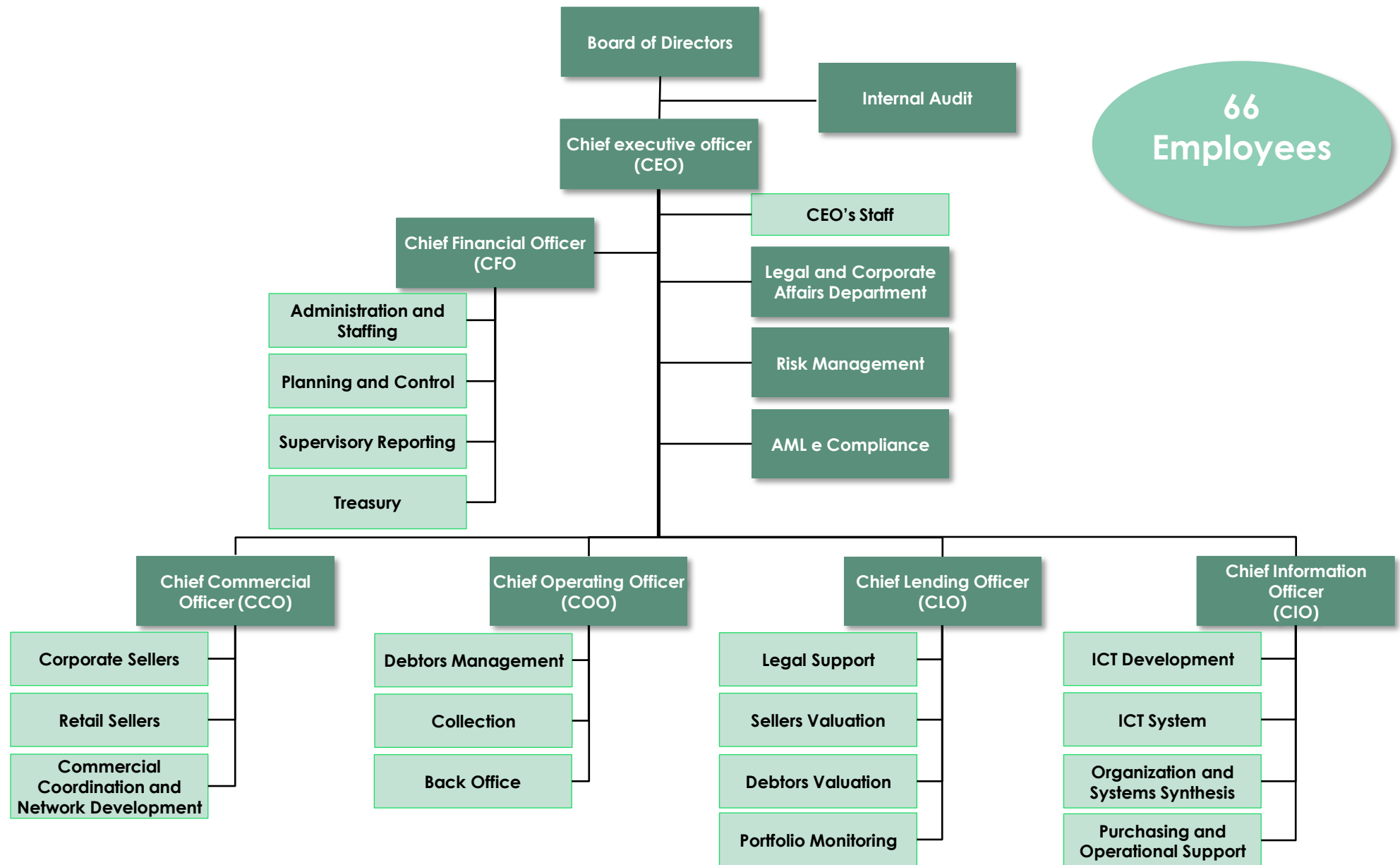
Income Statement

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

Balance Sheet

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

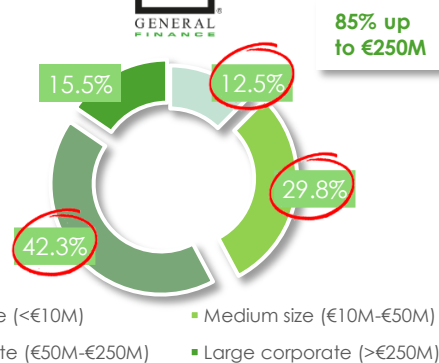
An organization oriented to risk control and business



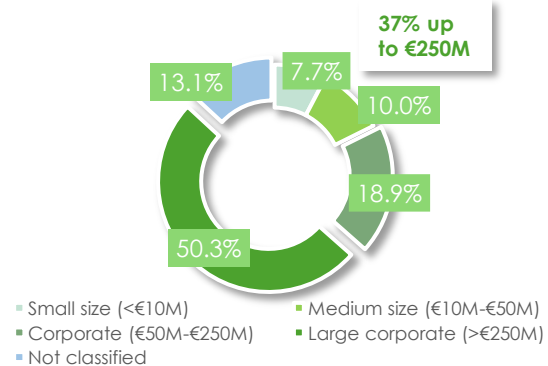
66
Employees

Turnover breakdown vs system average 1/2

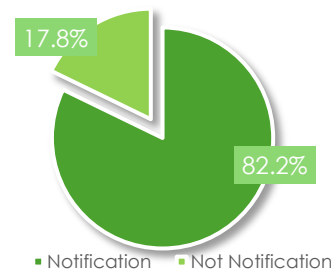
SELLERS' DIVERSIFICATION BY DIMENSION¹



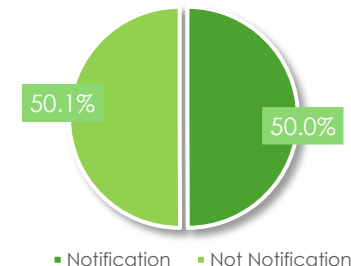
ASSIFACT
Associazione Italiana per il Factoring



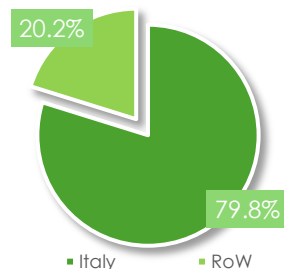
FACTORING BY NOTIFICATION STATUS¹



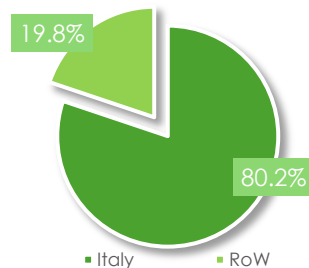
ASSIFACT
Associazione Italiana per il Factoring



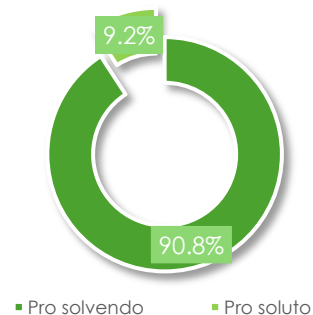
NATIONAL VS INTERNATIONAL TURNOVER¹



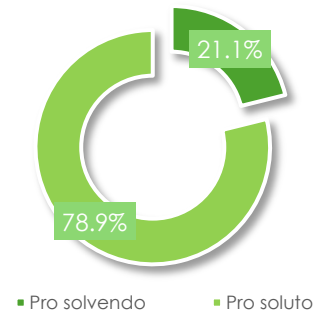
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TURNOVER BY PRODUCT¹

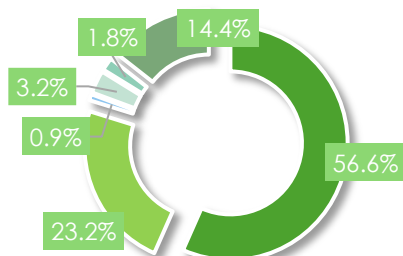


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Turnover breakdown vs system average 2/2

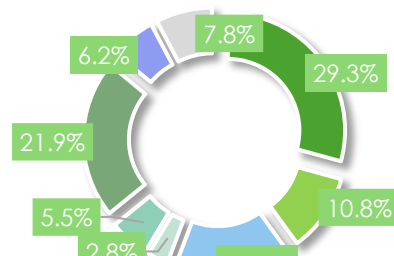
SELLERS' DIVERSIFICATION BY SECTOR¹



■ Manufacture ■ Trade ■ Services
■ Transportation ■ Construction ■ Others

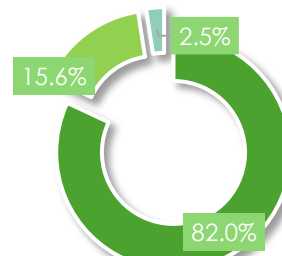


ASSIFACT
Associazione Italiana per il Factoring



■ Manufacture ■ Trade ■ Services
■ Transportation ■ Construction ■ Foreign
■ Others

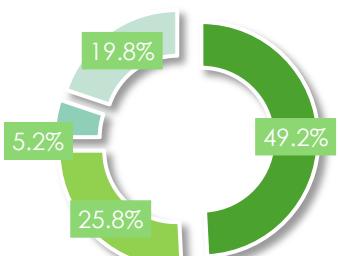
SELLERS' DIVERSIFICATION BY GEOGRAPHY¹



■ Northern Italy ■ Center of Italy
■ Southern Italy



ASSIFACT
Associazione Italiana per il Factoring



■ Northern Italy ■ Center of Italy
■ Southern Italy ■ International

HIGHER NUMBER OF DEBTORS PER SELLER¹



ASSIFACT
Associazione Italiana per il Factoring



1) Generalfinance Turnover and Assifact data refers to 2022
2) Household debtors have not been included

IPO and updated shareholder base

IPO main results

29th June 2022

FIRST DAY OF TRADING

€ 38.5 M

CAPITAL RAISED¹

€ 20.2 M

CAPITAL INCREASE

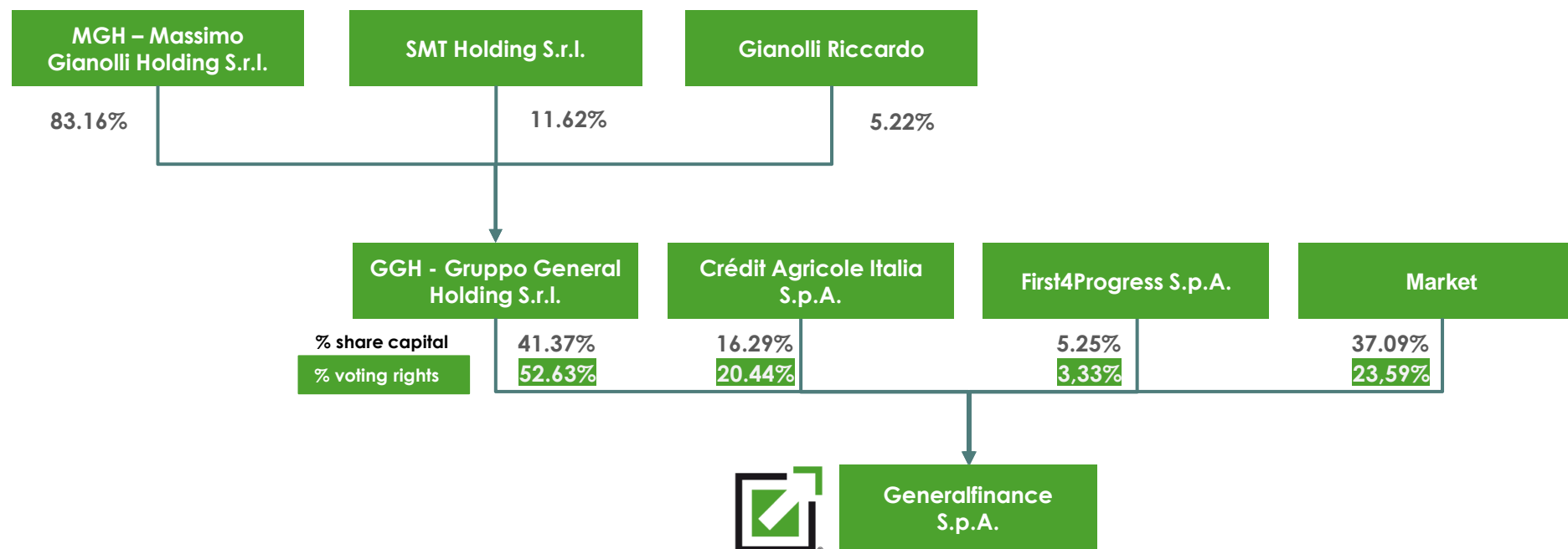
€ 65.8 M

TOTAL DEMAND

€ 91.0 M

MARKET CAPITALIZATION
AT IPO

Shareholders' structure

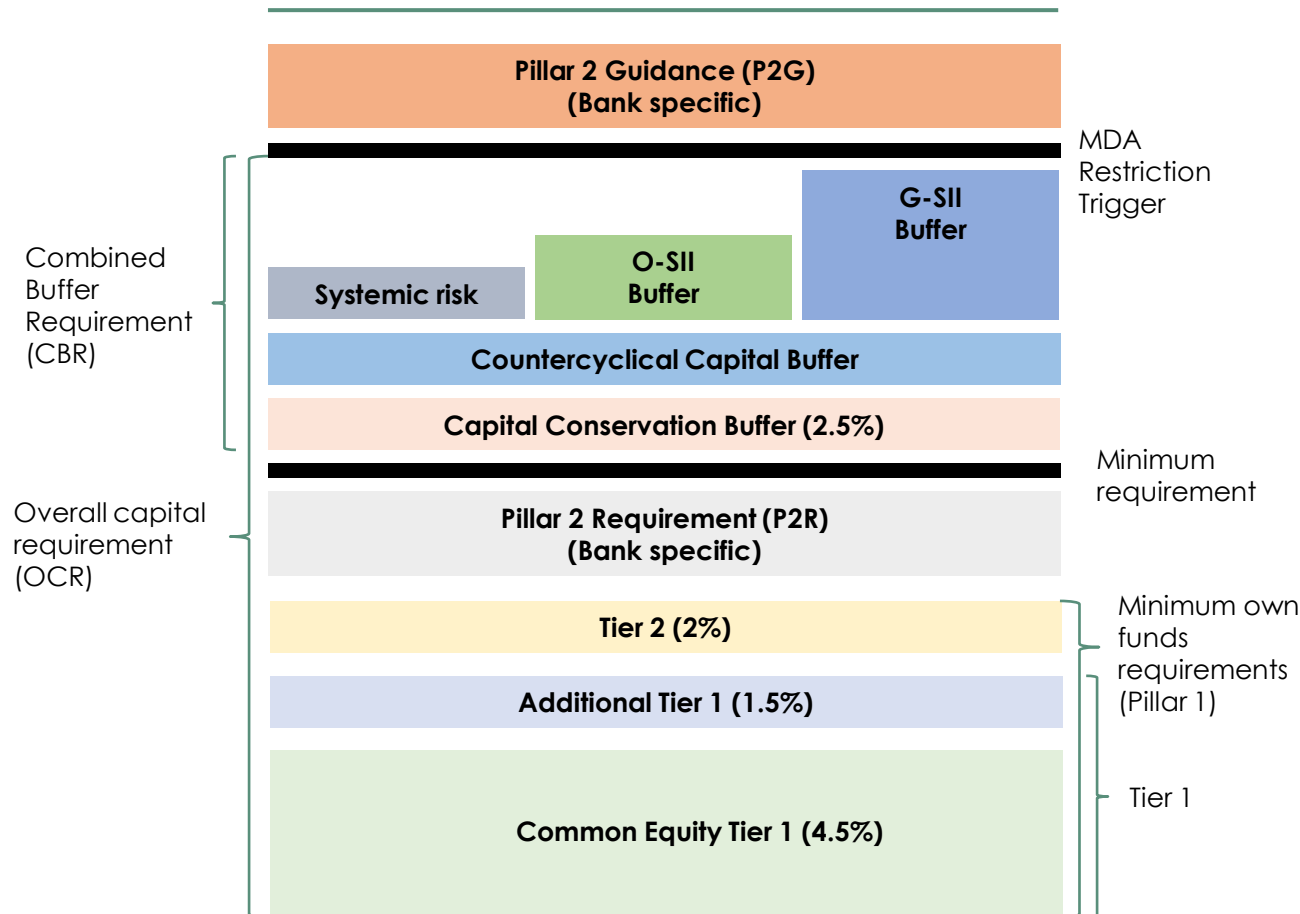


Revenues' generation – example

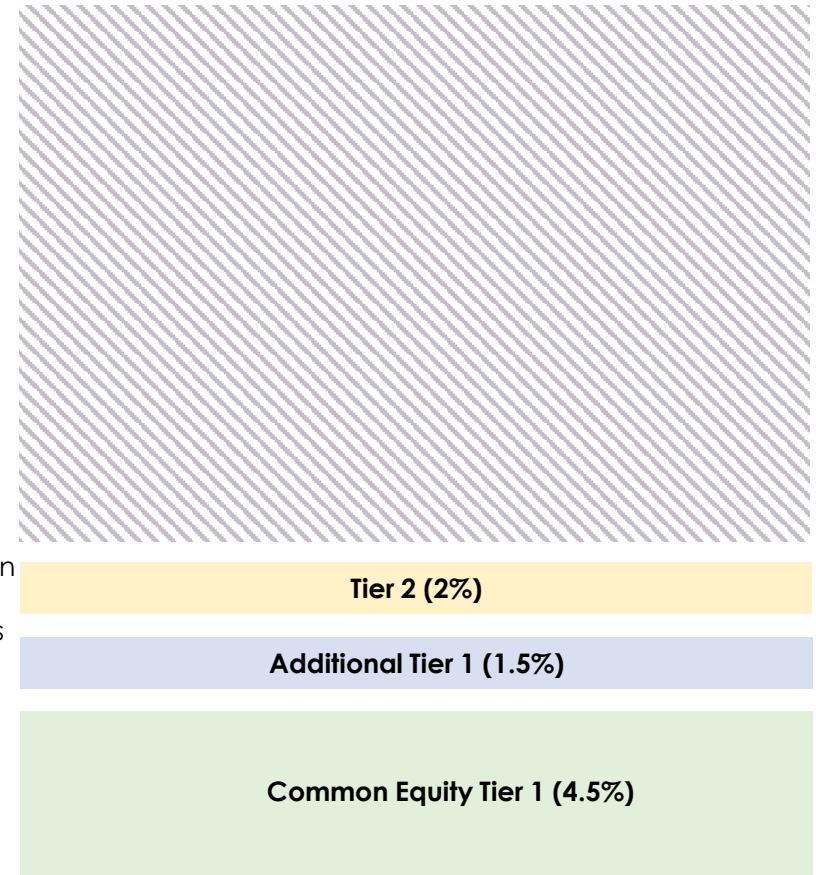
PRO SOLVENDO TRANSACTION		Formula	P&L Accounting
Invoice's nominal value	100,000	<i>a</i>	
Advance rate	80.00%	<i>b</i>	
Gross disbursed amount	80,000	$c = a \times b$	
Maturity of disbursed amount (days)	88	<i>e</i>	
Contractual interest rate	4.00%	<i>f</i>	
Interest revenues	789.04	$g = (c \times f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

Capital Stack – A capital light lending business

CAPITAL STACK – BANKS



CAPITAL STACK – GENERALFINANCE



1°
giorno di
quotazione

BORSA ITALIANA

EURONEXT



GENERALFINANCE

BORSA

