

1°
giorno di
quotazione

BORSA ITALIANA Euronext



GENERALFINANCE

1H23 Results



July 27, 2023

Disclaimer

This presentation has been prepared by Generalfinance and contains certain information of a forward-looking nature, projections, targets, and estimates that reflect Generalfinance management's current views related to future events. Forward-looking information not represent historical facts. Such information includes financial projections and estimates as well as related assumptions, information referring to plans, objectives, and expectations regarding future operations, products, and services, and information regarding future financial results. By their very nature, forward-looking information involves a certain amount of risk, uncertainty and assumptions so that actual results could differ significantly from those expressed or implied in forward-looking information. These forward-looking statements have been developed from scenarios based on a set of economic assumptions related to a given competitive and regulatory environment.

There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents of any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of futures performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise expect as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice. Neither this Presentation nor any part of it nor the fact of its distribution may form the basis of, or be relied on or in connection with, any contract or investment decision.

The information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advise or recommendation with respect to such securities or other financial instruments. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any State or other jurisdiction of the United States or in Australia, Canada or Japan or any jurisdiction where such an offer or solicitation would be unlawful (the "Other Countries"), and there will be no public offer of any such securities in the United States. This Presentation does not constitute or form apart of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries.

Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2) Ugo Colombo, in his capacity as manager responsible for the preparation of the Company's financial reports declares that the accounting information contained in this Presentation reflects the Generalfinance documented results, financial accounts and accounting records. Neither the Company nor any of its or their respective representatives, directors or employees accept any liability whatsoever in connection with this Presentation or any of its contents or in relation to any loss arising from its use or from any reliance placed upon it.

Agenda

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

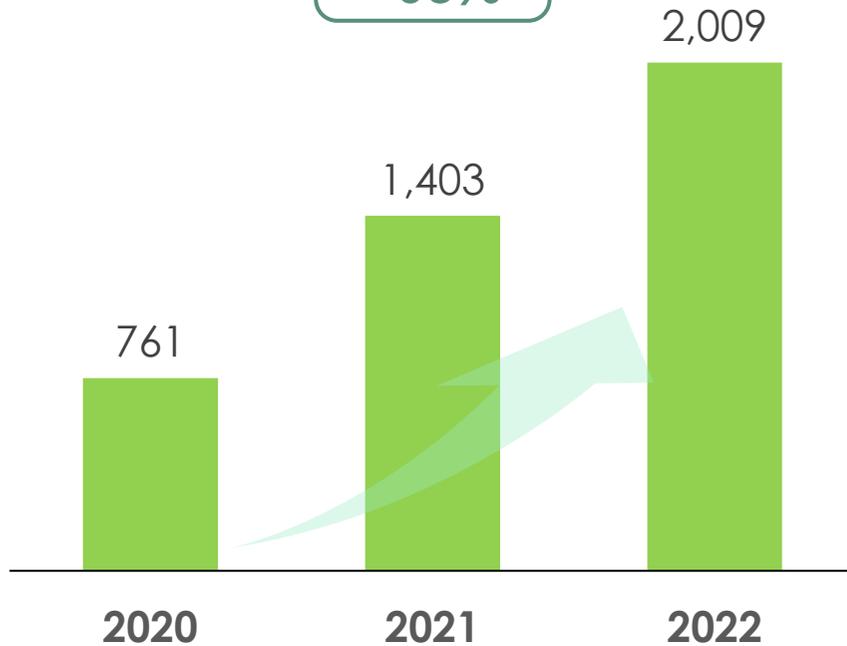
Main 1H 2023 Results

Turnover witnessing a strong growth story

Growth in Turnover Volume (€M)

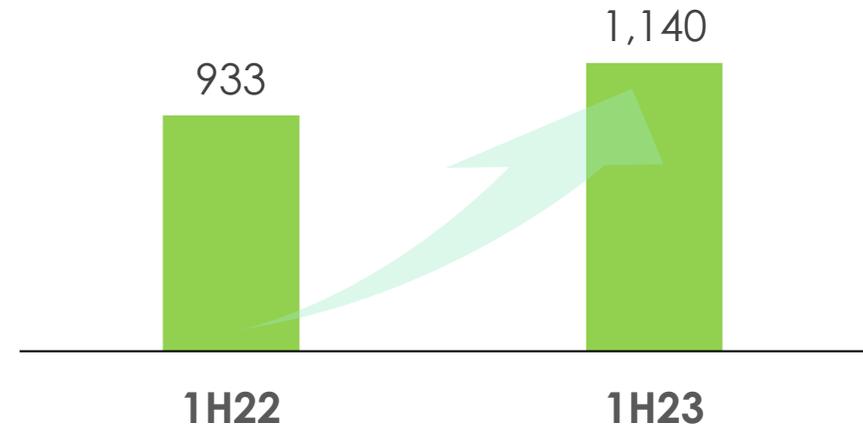
Data in €mln

**CAGR
'20-'22
+63%**



Data in €mln

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



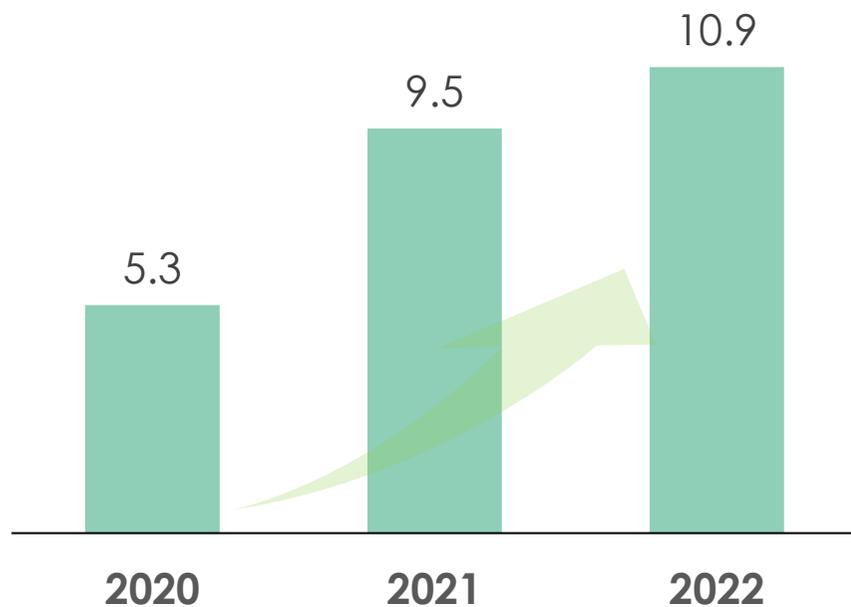
2023 annual growth rate (22%) above the market average (+3%)

Net Income: high profitability from the operations

Growth in net income (€M)

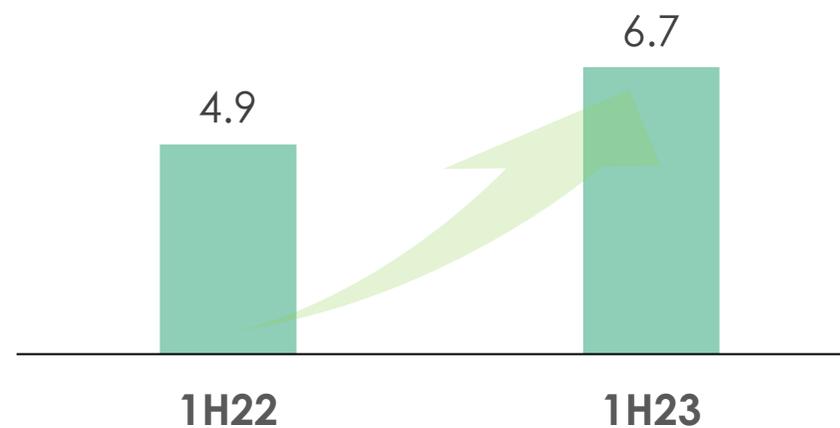
Data in €mln

**CAGR
'20-'22
+43%**



Data in €mln

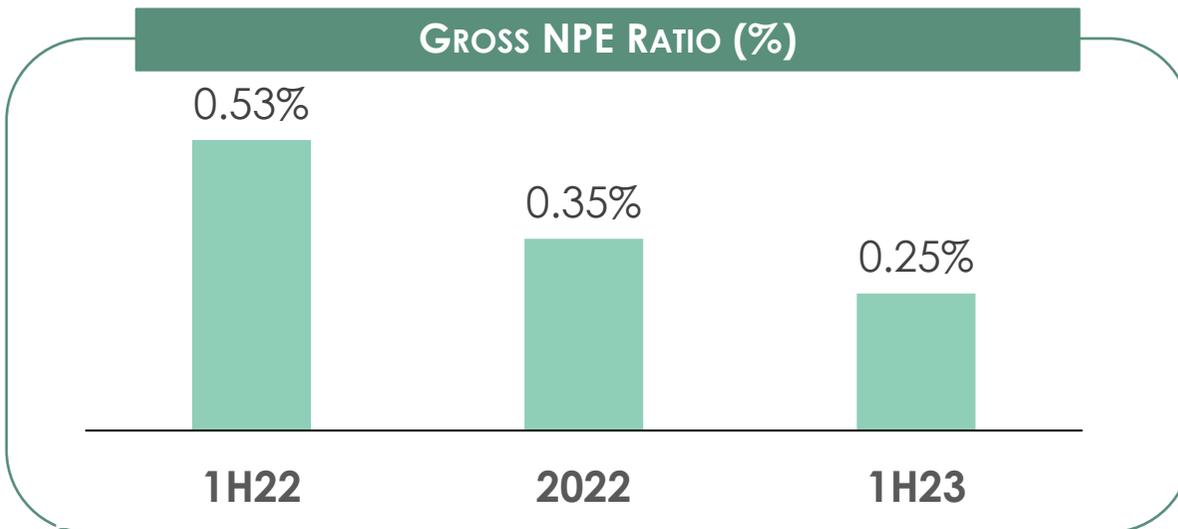
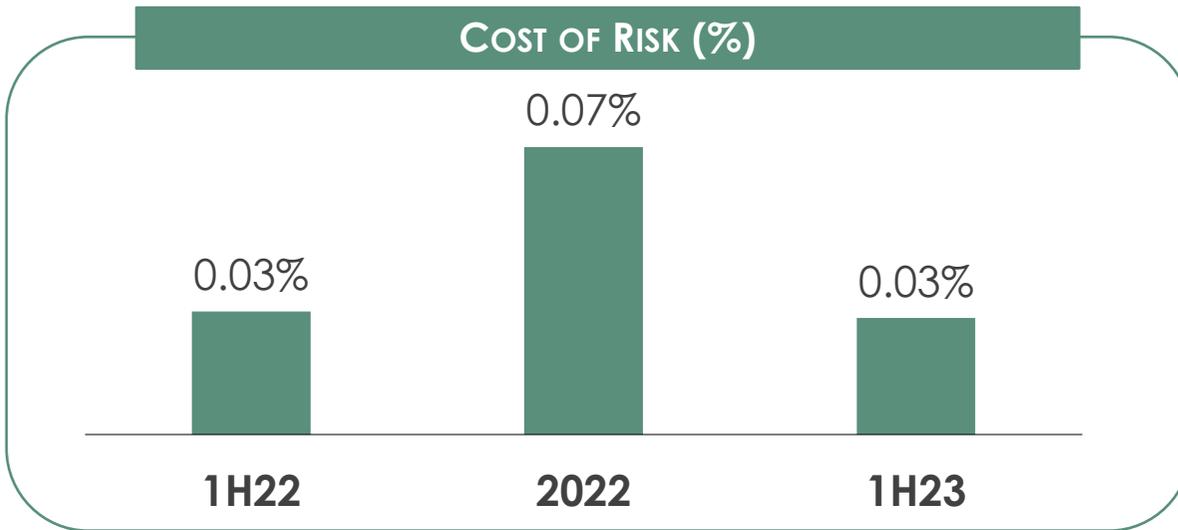
**VAR. YOY
22-23
+35%**



Profitability level in line with 2023 Budget

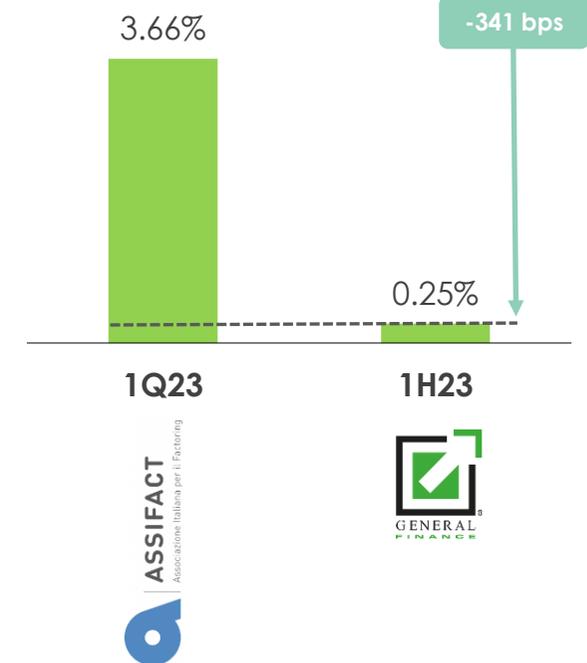
Focus on Asset Quality and Digital Factoring

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**

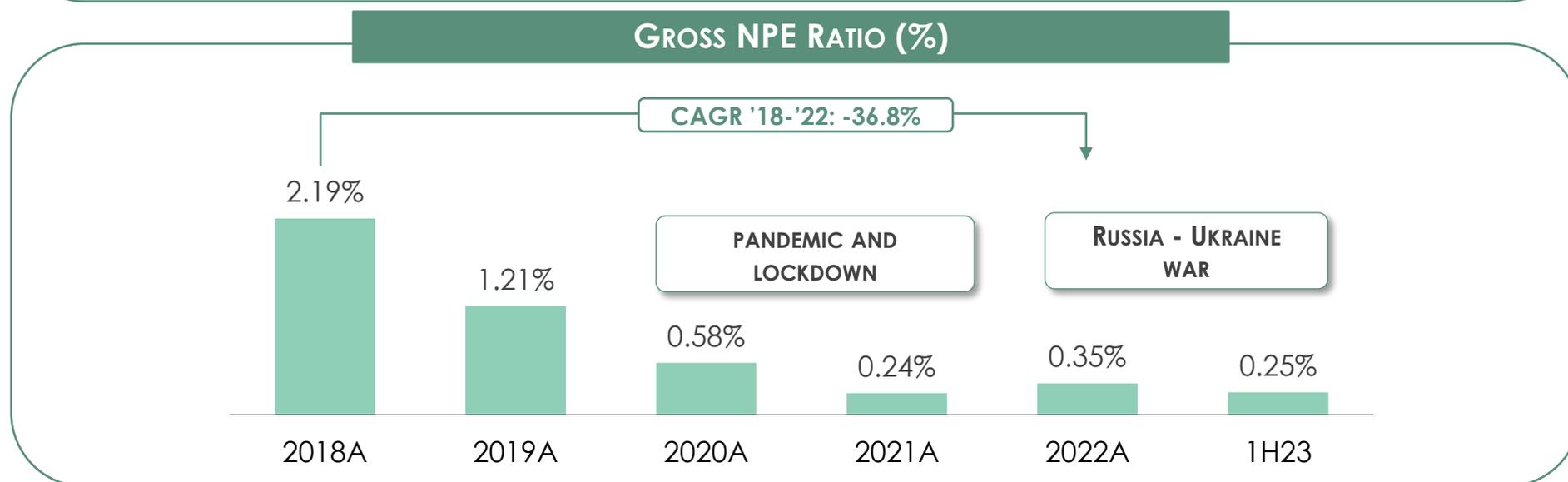
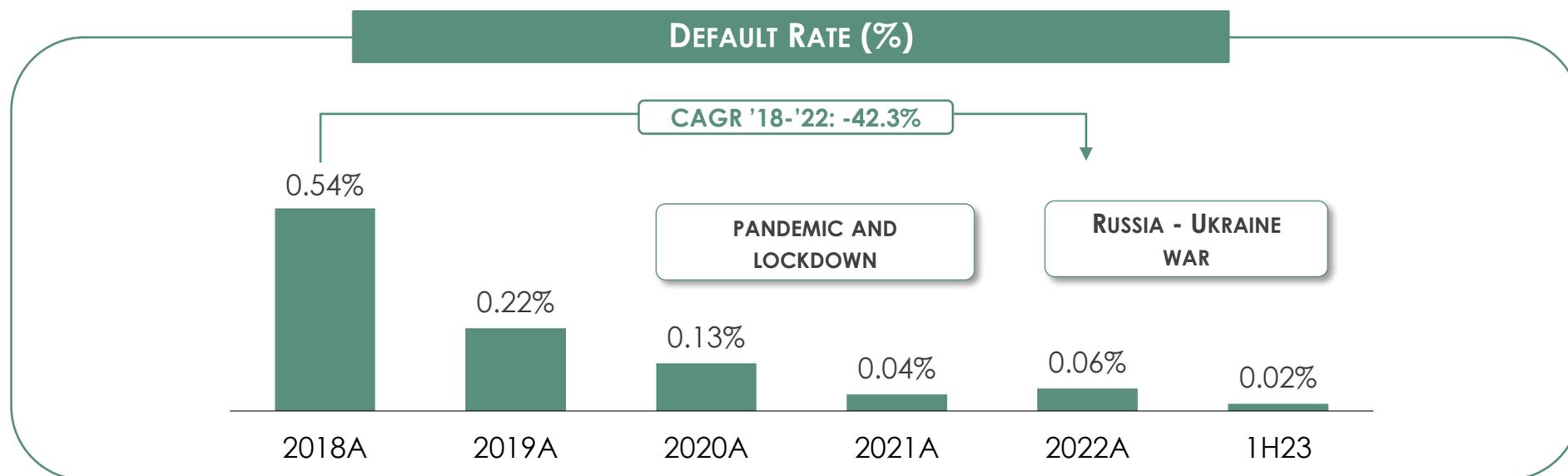


Assifact NPE Ratio (%) as at March, 31 2023

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

Default Rate and NPE Ratio constantly improving

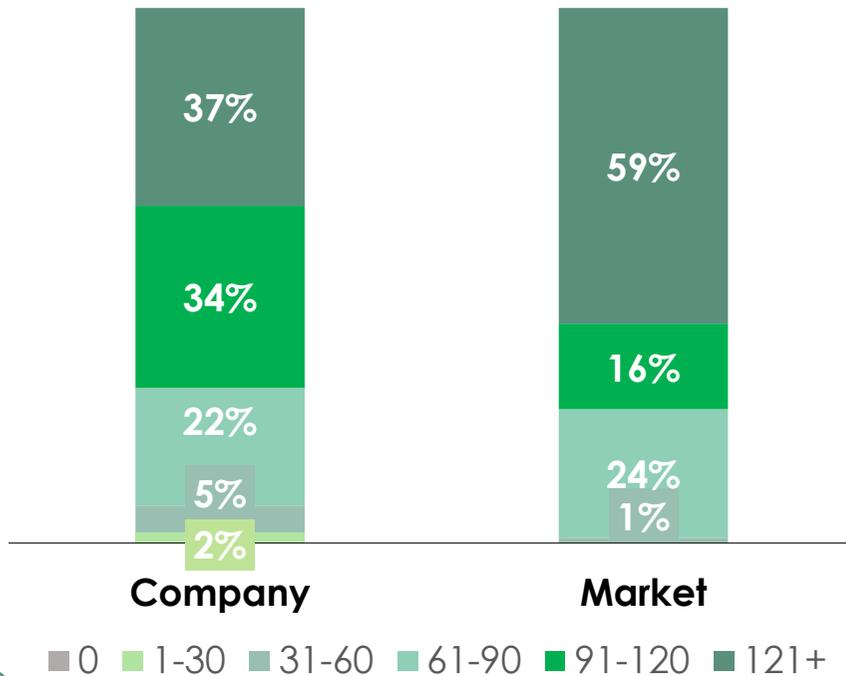


Default rate: NPE inflow of the year / loans disbursement flow of the year

Collection performance: a strategic delivery to our Customers

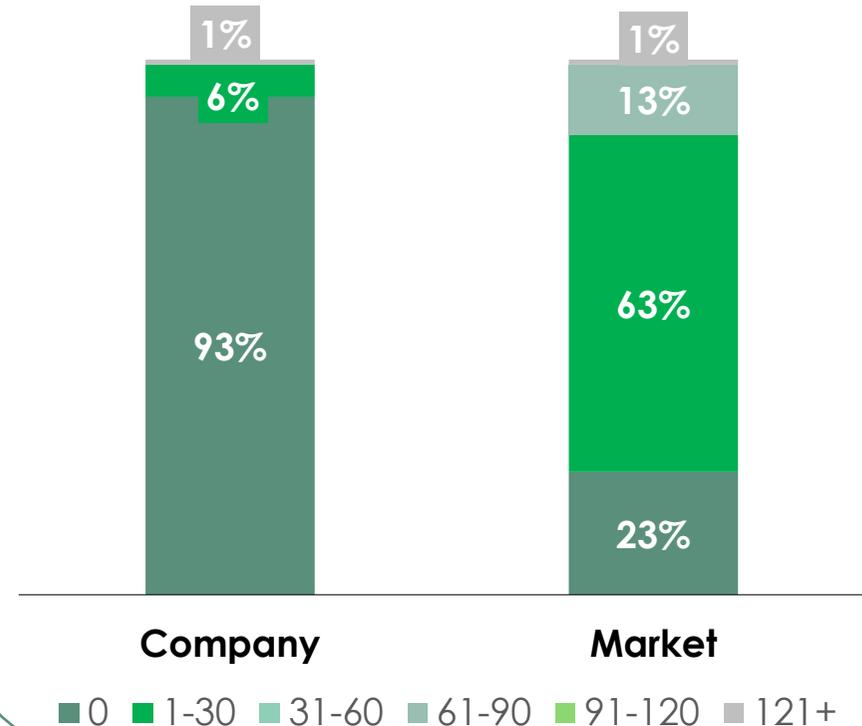
Payment Conditions (DSO)

Only **37%** of Generalfinance's portfolio has payment conditions exceeding 120 days (vs **59% of the market**)



Payment Delays (days)

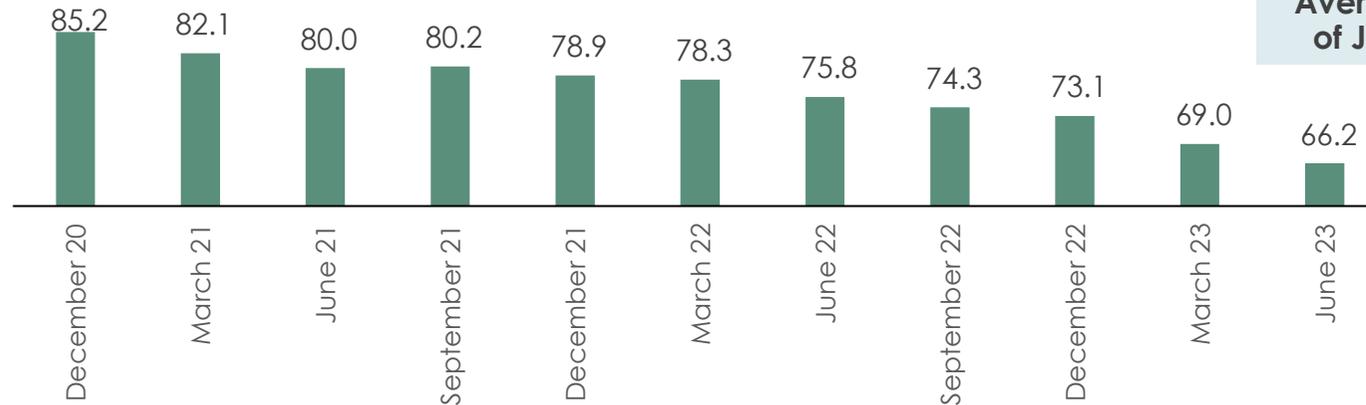
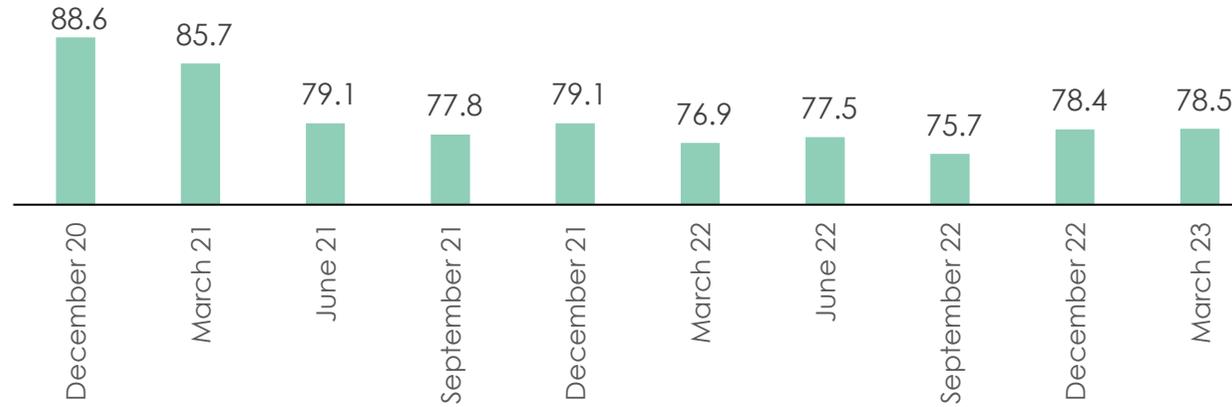
93% of Generalfinance's portfolio has **no payment delays** (vs **23% of the market**)



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

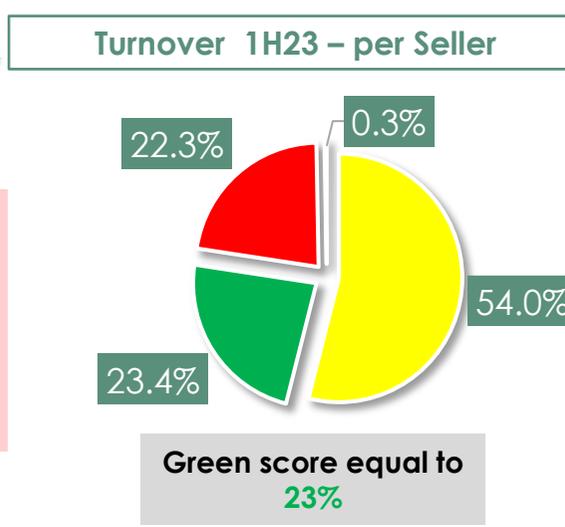
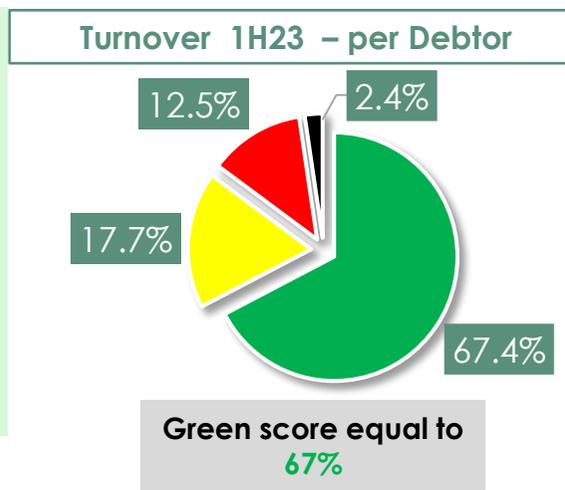
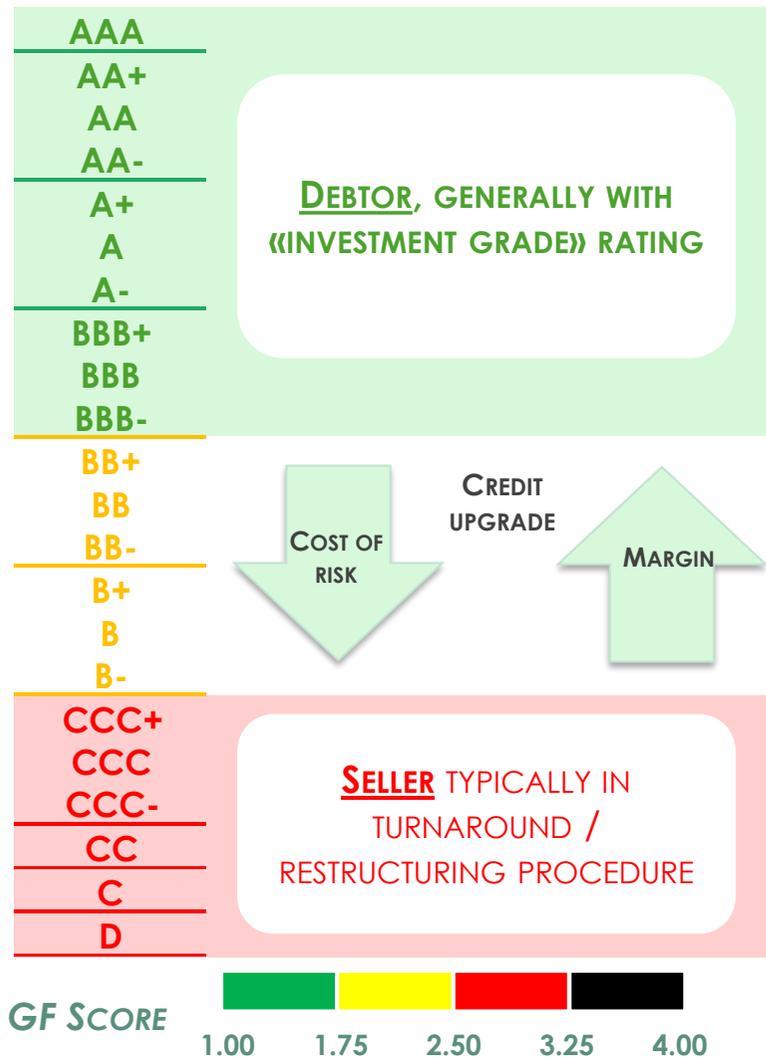


Source: Assifact monthly and quarterly statistics; excluding public sector.



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** (in normally investment grade)



HIGHLIGHTS FOR GENERALFINANCE¹

PRODUCTS

- ✓ Pro-solvendo factoring (c. **86%** of turnover; vs 21% Assifact average)
- ✓ Pro-soluto factoring (c. **14%** of turnover; vs 79% Assifact)
- ✓ Reverse factoring
- ✓ C. **80%** of turnover covered by insurance with Allianz Trade
- ✓ **82%** LTV in 1H 2023, adjustable according to credit risk

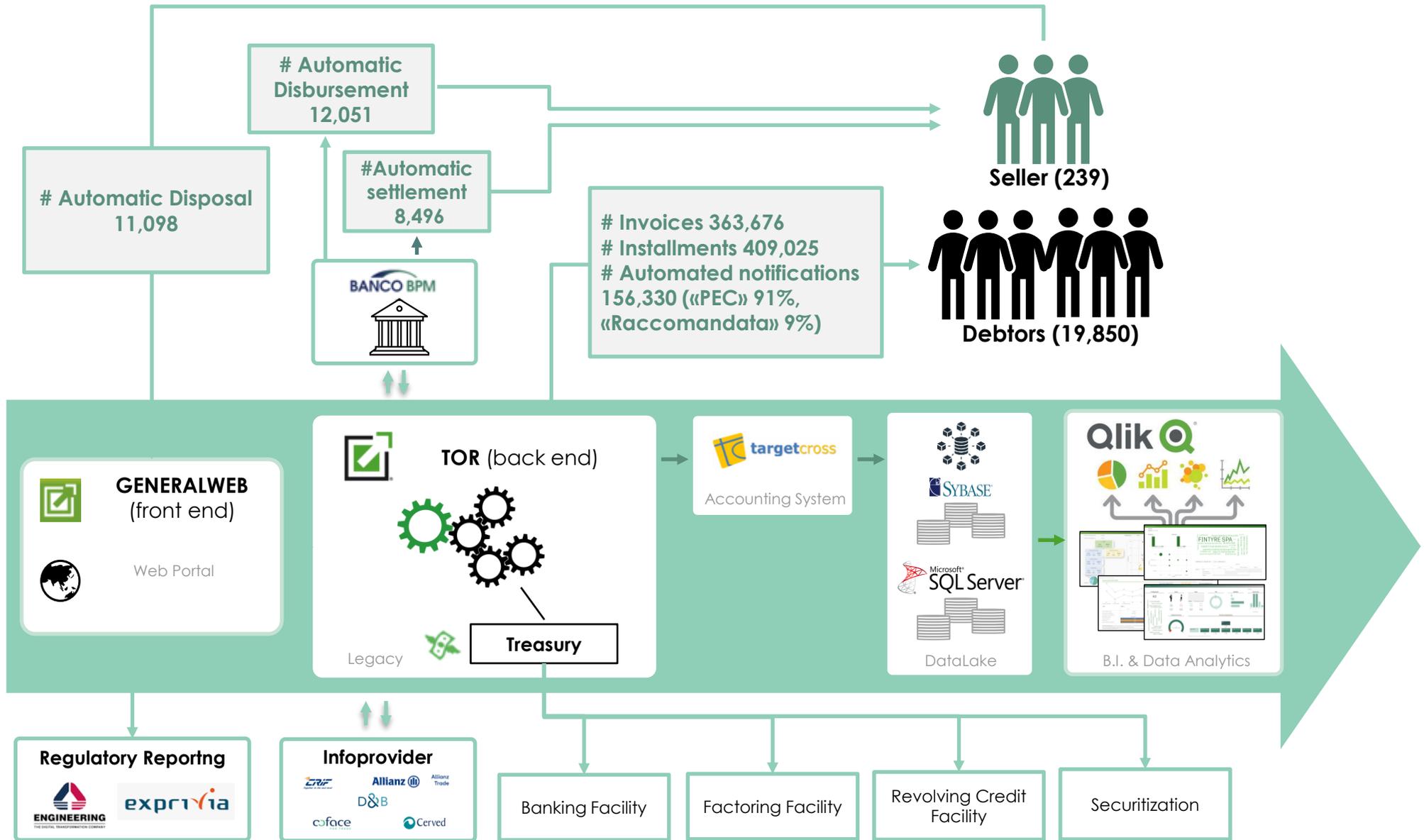
CUSTOMERS

- ✓ High ratio Debtor/Seller (~**83 vs 9** of Assifact average²)
- ✓ Average Seller **retention about 6 years**

■ Bonis ■ Distressed

Notes: 1) Generalfinance data refers to 1H 2023 (LTM); Assifact data refers to March 31, 2023; 2) Assifact data net of household debtors.

A strategic asset: the proprietary digital platform



Data LTM, as of June 2023

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

Main KPIs behind our business

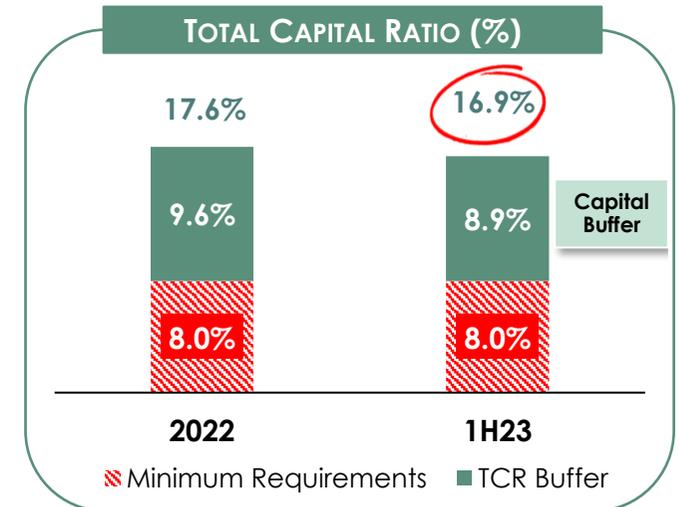
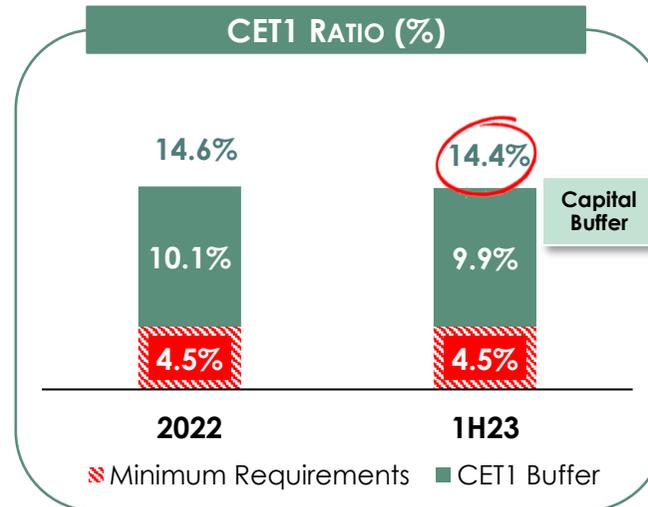
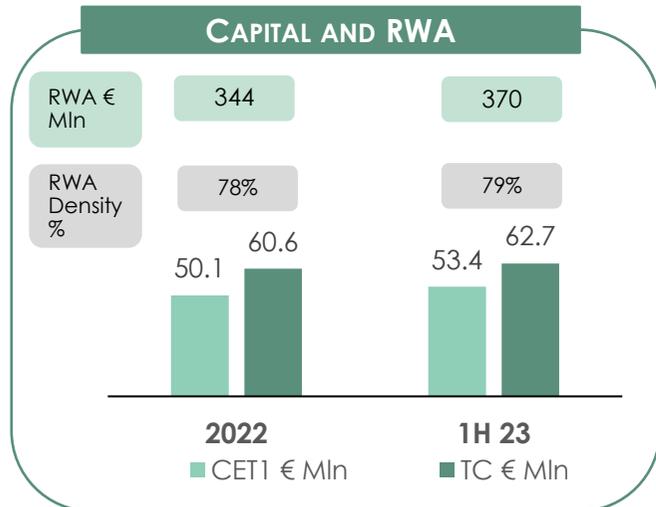
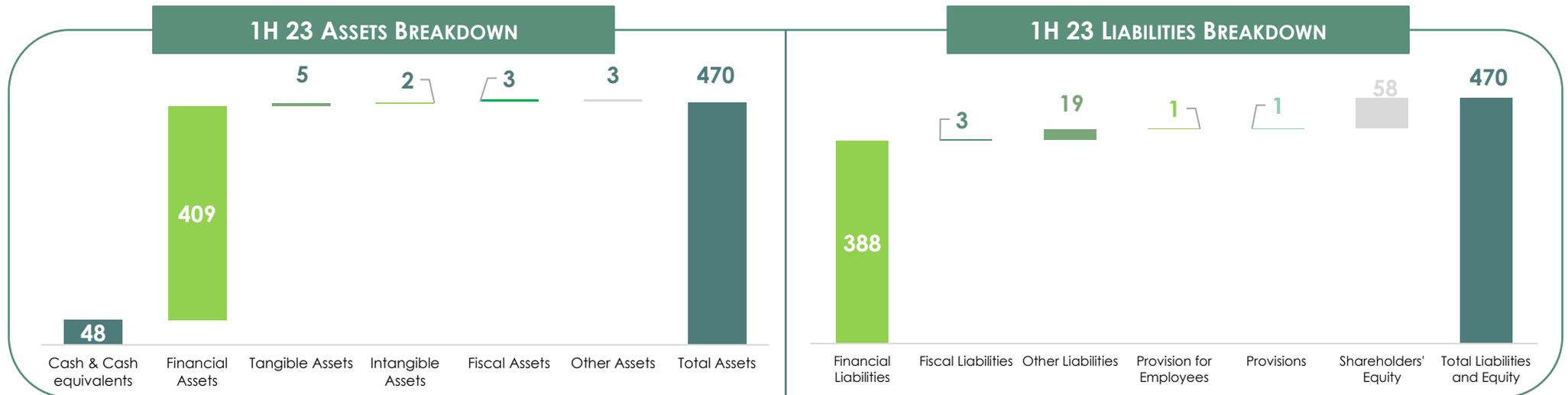
Income Statement (€m)	2020A	2021A	2022A	CAGR '20-'22	1H22	1H23	YoY%
Interest Margin	4.1	6.2	7.3	33.2%	3.8	3.8	2.1%
Net Commission	13.1	17.7	23.6	34.1%	10.8	12.5	15.0%
Net Banking Income	17.2	23.9	30.9	33.9%	14.6	16.3	11.7%
Net value adjustments / write-backs for credit risk	(0.7)	(0.2)	(1.2)	30.0%	(0.2)	(0.3)	31.4%
Operating Costs	(8.4)	(9.8)	(13.2)	25.4%	(7.0)	(6.4)	(8.6%)
Net Profit	5.3	9.5	10.9	42.9%	4.9	6.7	35.4%

(€m)	2020A	2021A	2022A	CAGR '20-'22	1H22	1H23	YoY%
Turnover	760.7	1,402.9	2,009.4	62.5%	932.6	1,140.1	22.2%
Allocated Amount	562.0	1,118.5	1,674.0	72.6%	776.8	931.7	19.9%
LTV	73.9%	79.7%	83.3%	6.2%	83.3%	81.7%	-1.9%

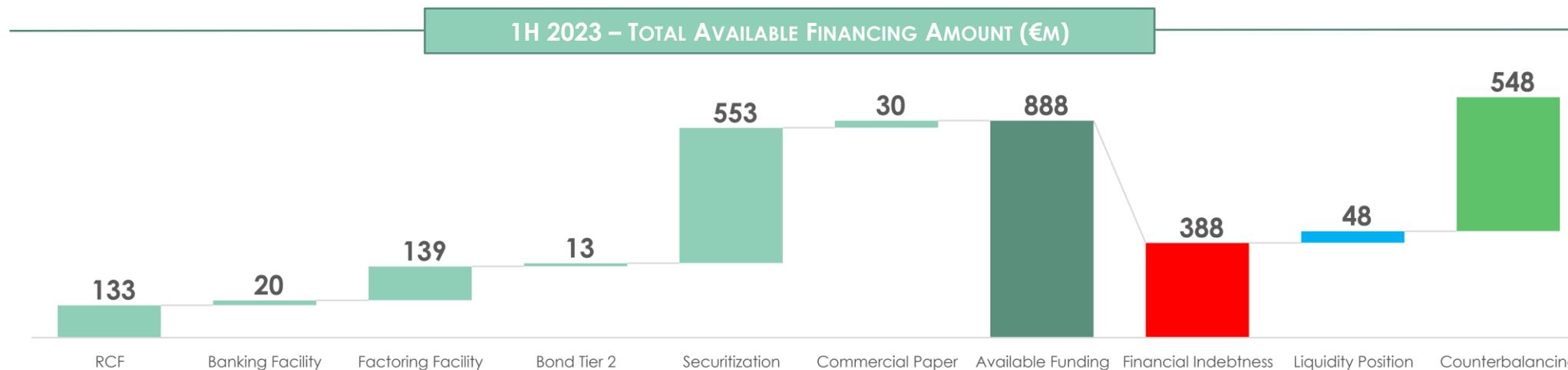
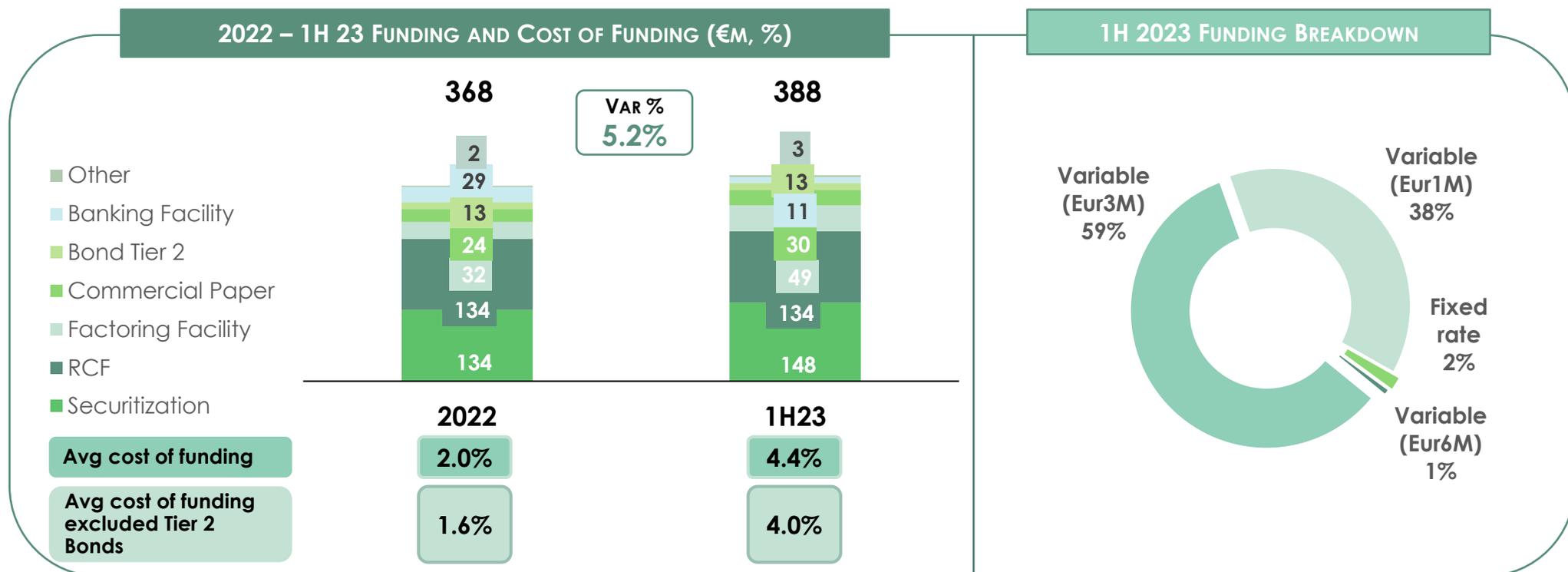
Net Banking Income / Average Loan (%)	11.2%	9.6%	8.7%	(11.5%)	8.6%	8.2%	(4.0%)
Interest Margin / Net Banking Income (%)	23.8%	26.0%	23.5%	(0.5%)	25.8%	23.6%	(8.6%)
Cost Income Ratio	48.7%	40.9%	42.7%	(6.4%)	47.7%	39.1%	(18.2%)
ROE (%)	30.9%	42.0%	23.7%	(12.4%)	21.6%	26.1%	20.6%

Balance Sheet (€m)	2020A	2021A	2022A	CAGR '20-'22	1H22	1H23	YoY%
Cash & Cash Equivalents	24.2	33.5	43.7	34.3%	32.3	48.0	48.7%
Financial Assets	176.5	321.0	385.4	47.8%	361.7	408.7	13.0%
Other Assets	9.5	10.8	14.7	24.8%	13.2	13.3	0.3%
Total Assets	210.2	365.3	443.8	45.3%	407.2	470.0	15.4%
Financial Liabilities	175.4	314.6	368.4	44.9%	332.5	387.7	16.6%
Other Liabilities	12.2	18.7	18.6	23.1%	24.0	24.2	0.7%
Total Liabilities	187.6	333.3	387.0	43.6%	356.5	411.9	15.5%
Shareholder's Equity	22.6	32.0	56.8	58.6%	50.7	58.1	14.5%

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



...coupled with a robust funding and liquidity position

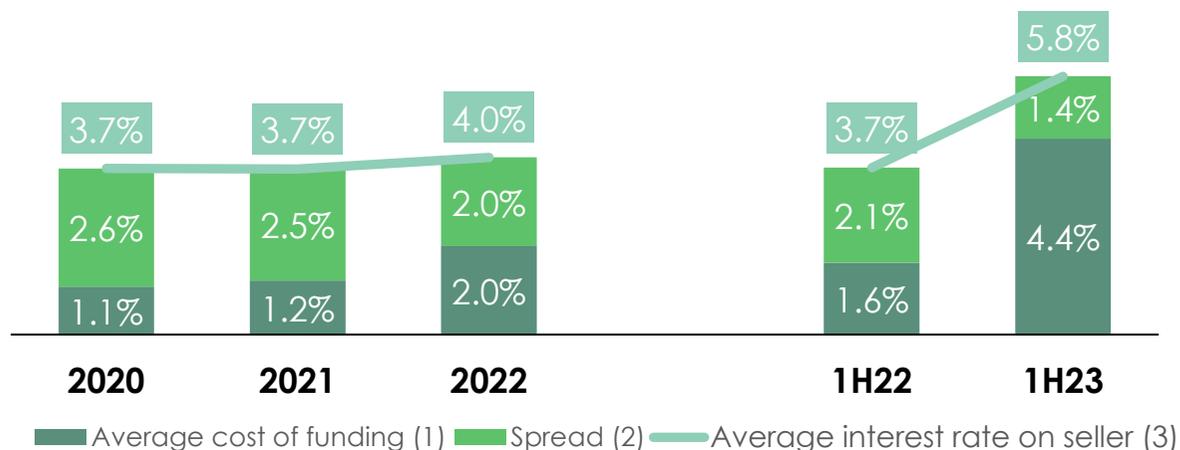


Note: Commercial Papers included in «Fixed Rate»

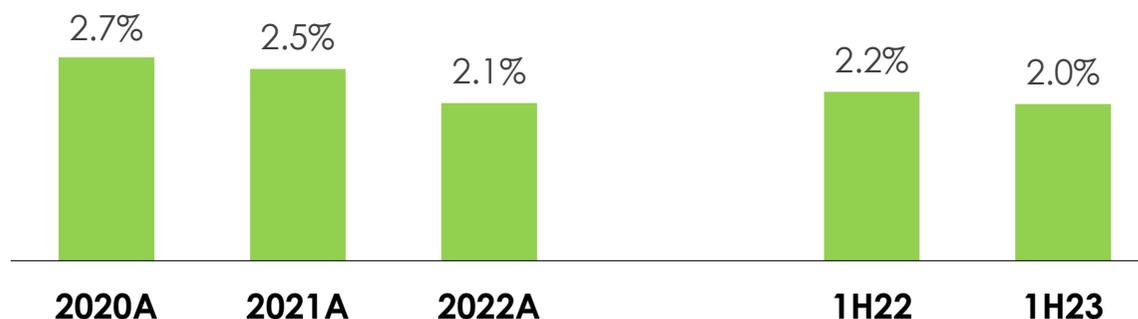
Net interest Income, «hedged» against interest rate rises

- Net Interest Income ~**24%** of the Net Banking Income
- Almost all **funding** available at **variable rates (Euribor 1M, 3M and 6M)**
- Around **99%** of the factoring contracts have been renegotiated, changing the calculated interest rate from fixed to **variable (based on Euribor 3M)**

Commercial Spread (%)



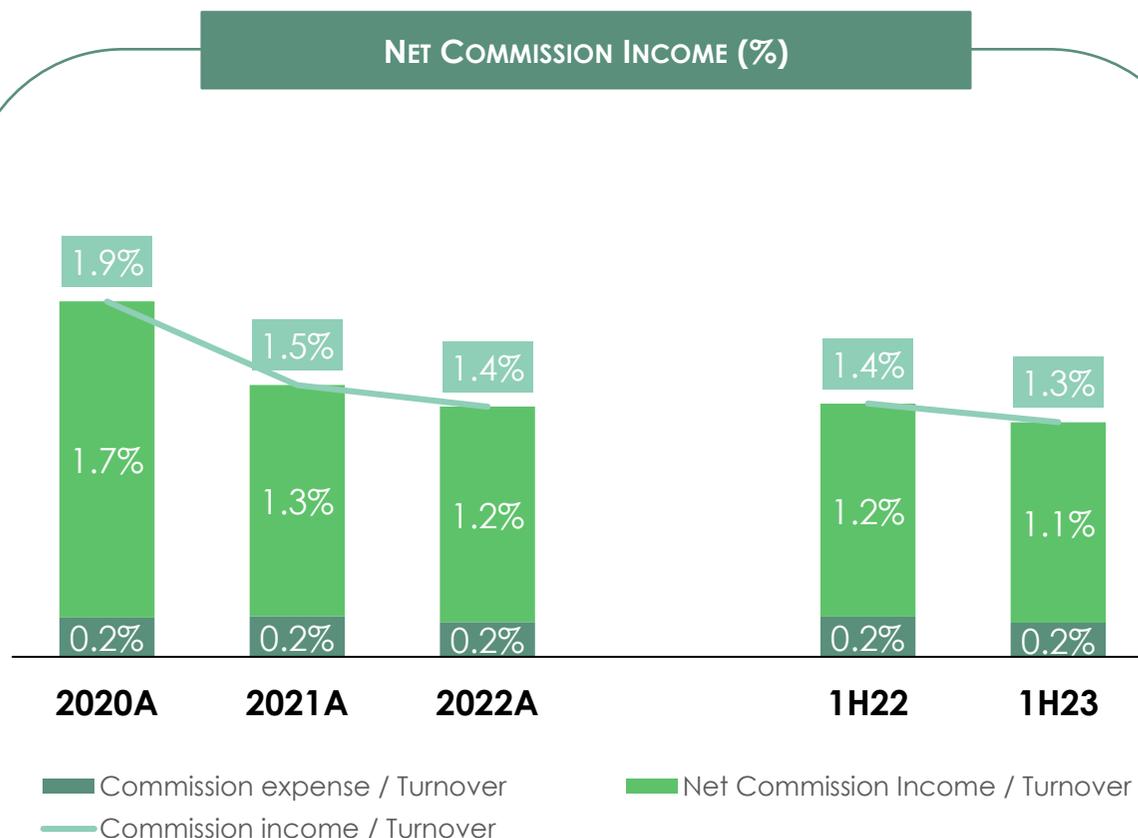
Net Interest Margin⁽⁴⁾(%)



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

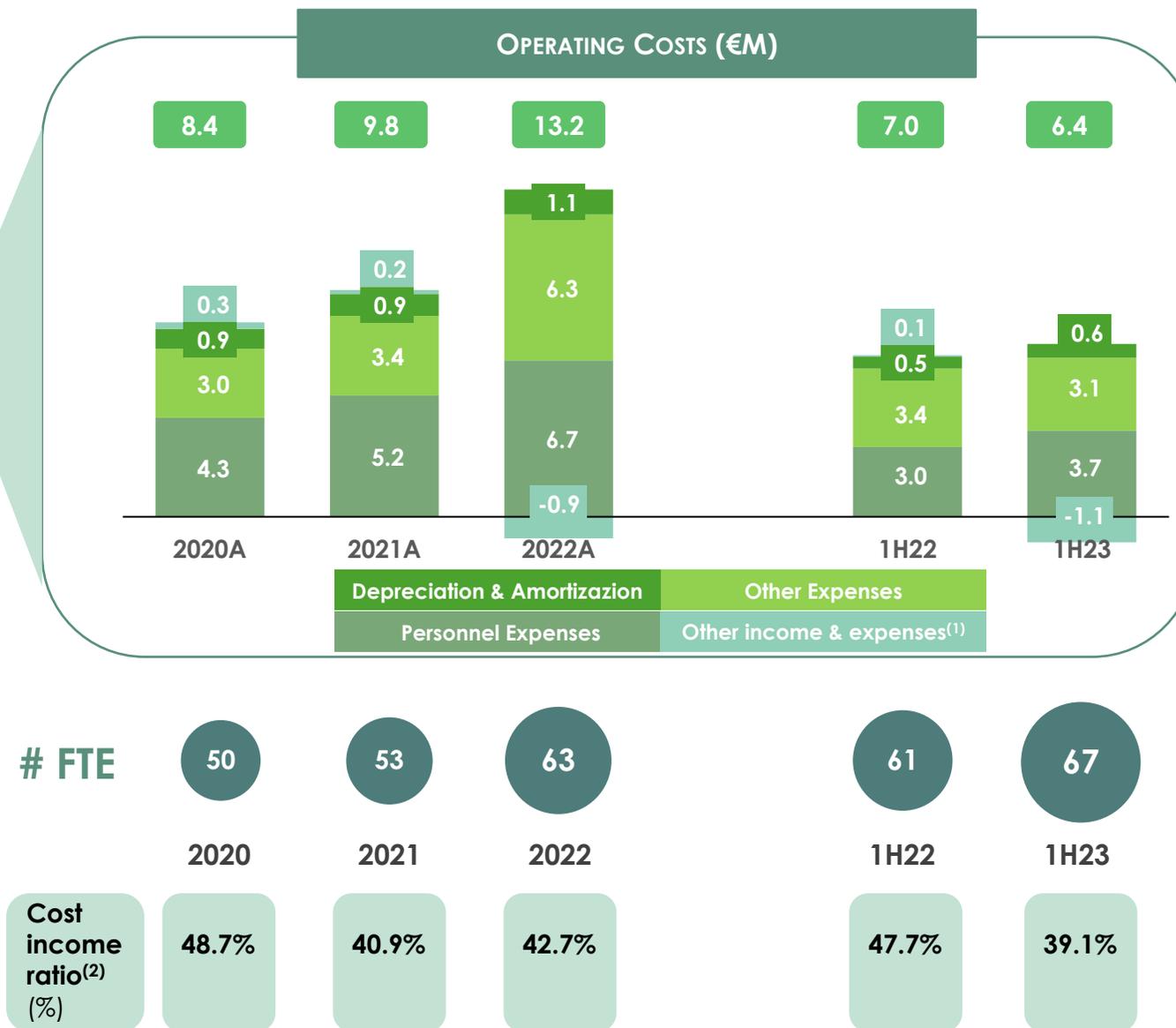
Net commission income, the primary source of profitability

- Net Commission Income **~76%** of the Net Banking Income
- Commission Income/Turnover substantially stable 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

- **#67 FTE** as of 1H 23
- **Cost income remaining at excellent levels** from the high **efficiency** of the operating machine and the **economy of scale (IT proprietary platform)**



Closing Remarks

Closing Remarks

- **2023 first half 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 thanks to the very 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 14.4%) 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
- **Net Income guidance confirmed in the range 16-17 €M**

1°
giorno di
quotazione
BORSA ITALIANA Euronext



Annexes



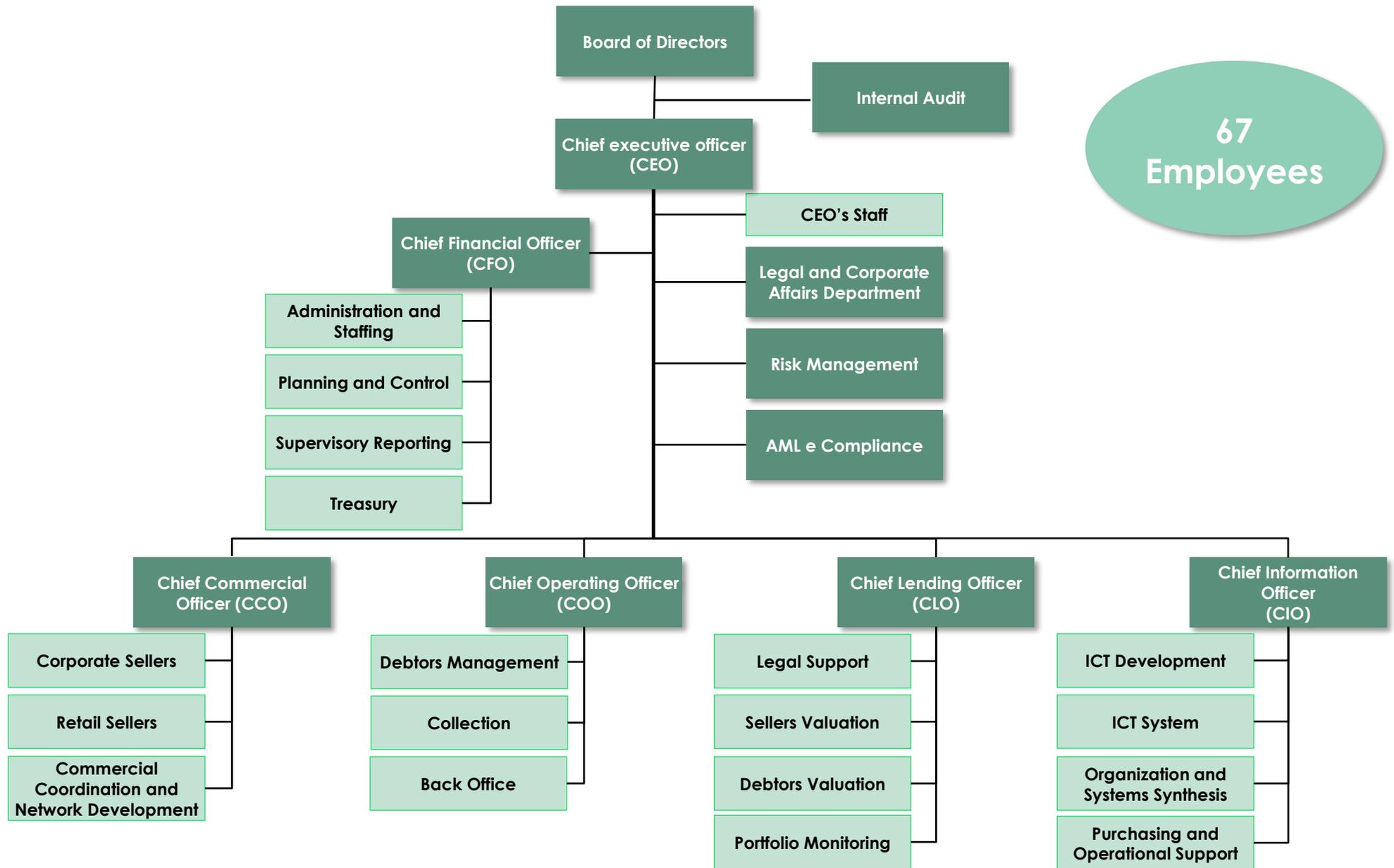
Income Statement

Income Statement (€m)	1H22	1H23	YoY%
Interest income and similar income	6.4	12.1	90.4%
Interest expense and similar charges	(2.6)	(8.3)	218.3%
INTEREST MARGIN	3.8	3.8	2.1%
Fee and commission income	12.8	14.6	13.2%
Fee and commission expense	(2.0)	(2.1)	4.0%
NET FEE AND COMMISSION INCOME	10.8	12.5	15.0%
Dividends and similar income	0.0	0.0	(100.0%)
Net profit (loss) from trading	(0.0)	0.0	(294.1%)
Net results of other financial a/l measured at fv	0.0	0.0	(100.0%)
NET INTEREST AND OTHER BANKING INCOME	14.6	16.3	11.7%
Net value adjustments / write-backs for credit risk	(0.2)	(0.3)	31.4%
a) Financial assets measured at amortised cost	(0.2)	(0.3)	31.4%
NET PROFIT (LOSS) FROM FINANCIAL MANAGEMENT	14.4	16.0	11.4%
Administrative expenses	(6.4)	(6.9)	7.4%
a) Personnel expenses	(3.0)	(3.7)	23.7%
b) Other administrative expenses	(3.4)	(3.2)	(7.2%)
Net provision for risks and charges	(0.0)	(0.0)	(13.1%)
b) Other net provisions	(0.0)	(0.0)	(13.1%)
Net value adjustments / write-backs on pppe	(0.4)	(0.4)	9.5%
Net value adjustments / write-backs on int. Ass.	(0.1)	(0.2)	28.1%
Other operating income and expenses	(0.1)	1.1	(2246.0%)
OPERATING COSTS	(7.0)	(6.4)	(8.6%)
PRE-TAX PROFIT (LOSS) FROM CURRENT OPERATIONS	7.4	9.7	30.2%
Income tax for the year on current operations	(2.5)	(3.0)	19.7%
PROFIT (LOSS) FOR THE YEAR	4.9	6.7	35.4%

Balance Sheet

Balance Sheet (€m)	2022A	1H23	Var% YTD
Cash and cash equivalents	43.7	48.0	9.7%
Financial assets measured at fair value through p/l	0.0	0.0	14.7%
Financial assets measured at amortised cost	385.4	408.7	6.0%
Equity investments	0.0	0.0	-
Property, Plant and Equipment (PPE)	4.9	5.2	6.2%
Intangible assets	2.0	2.3	10.6%
Tax assets	4.6	3.2	(30.6%)
a) current	4.1	2.7	(35.3%)
b) deferred	0.5	0.5	15.1%
Other assets	3.2	2.6	(16.2%)
TOTAL ASSETS	443.8	470.0	5.9%
Financial liabilities measured at amortised cost	368.4	387.7	5.2%
a) payables	331.2	345.2	4.2%
b) outstanding securities	37.2	42.5	14.3%
Tax liabilities	4.9	3.1	(37.0%)
Other liabilities	11.6	18.6	59.9%
Severance pay	1.3	1.4	2.6%
Provision for risk and charges	0.8	1.2	42.1%
Share capital	4.2	4.2	0.0%
Share premium reserve	25.4	25.4	0.0%
Reserves	16.2	21.6	33.7%
Valuation reserves	0.1	0.1	47.1%
Profit (loss) for the year	10.9	6.7	(38.5%)
TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY	443.8	470.0	5.9%

An organization oriented to risk control and business

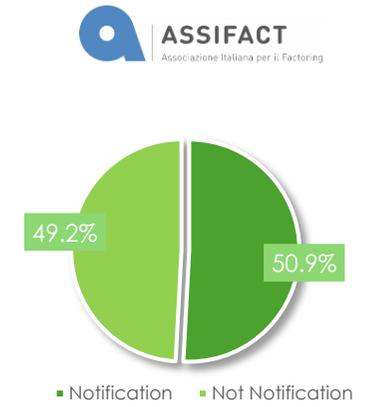
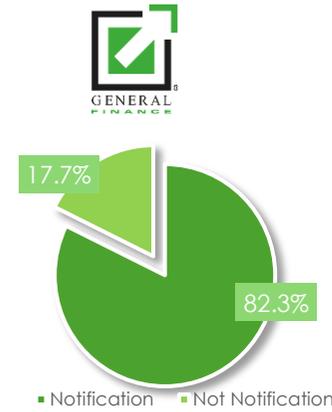
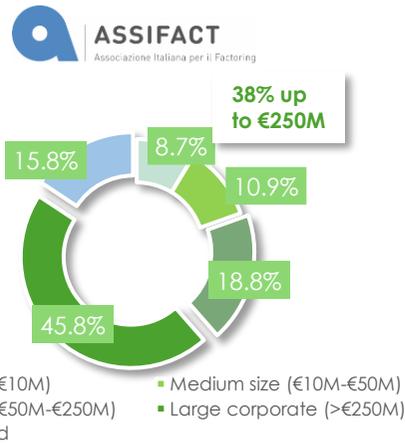
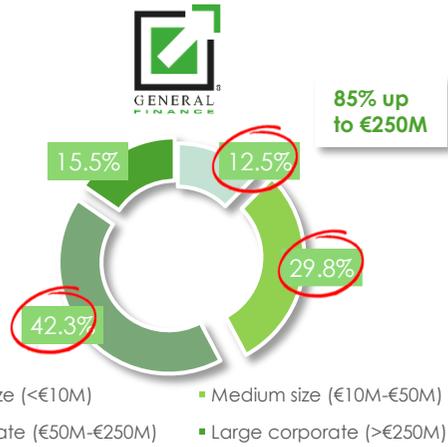


Organizational chart as of June 30, 2023

Turnover breakdown vs system average 1/2

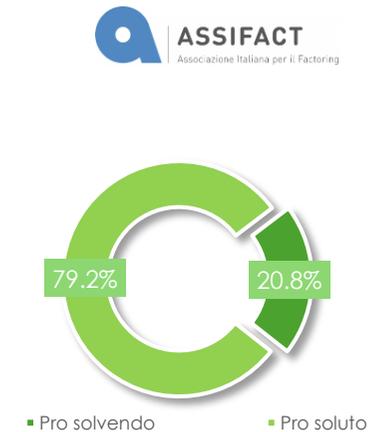
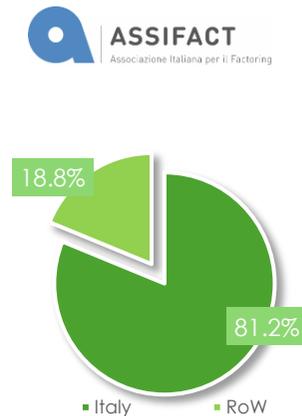
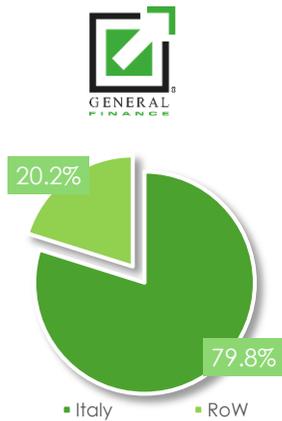
SELLERS' DIVERSIFICATION BY DIMENSION

FACTORING BY NOTIFICATION STATUS



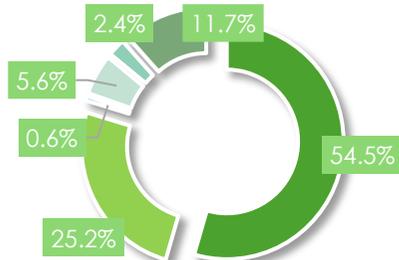
NATIONAL VS INTERNATIONAL TURNOVER

TURNOVER BY PRODUCT

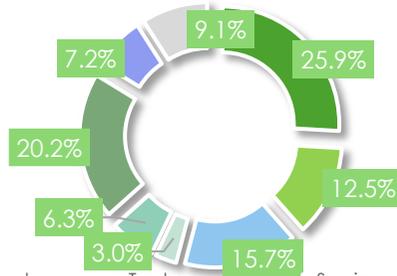


Turnover breakdown vs system average 2/2

SELLERS' DIVERSIFICATION BY SECTOR



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

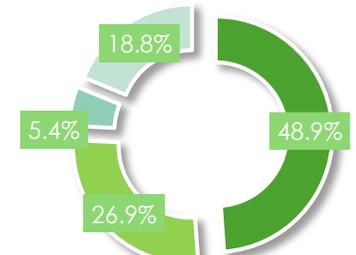


- Manufacture
- Trade
- Services
- Transportation
- Construction
- Others
- Foreign
- Not classified

SELLERS' DIVERSIFICATION BY GEOGRAPHY



- Northern Italy
- Center of Italy
- Southern Italy



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

HIGHER NUMBER OF DEBTORS PER SELLER



Generalfinance's Turnover data refers to June 30, 2023

Assifact's Turnover data refers to March 31, 2023

1) Household debtors have not been included



IPO and updated shareholder base

IPO main results

29th June 2022

FIRST DAY OF TRADING

€ 38.5 M

CAPITAL RAISED¹

€ 20.2 M

CAPITAL INCREASE

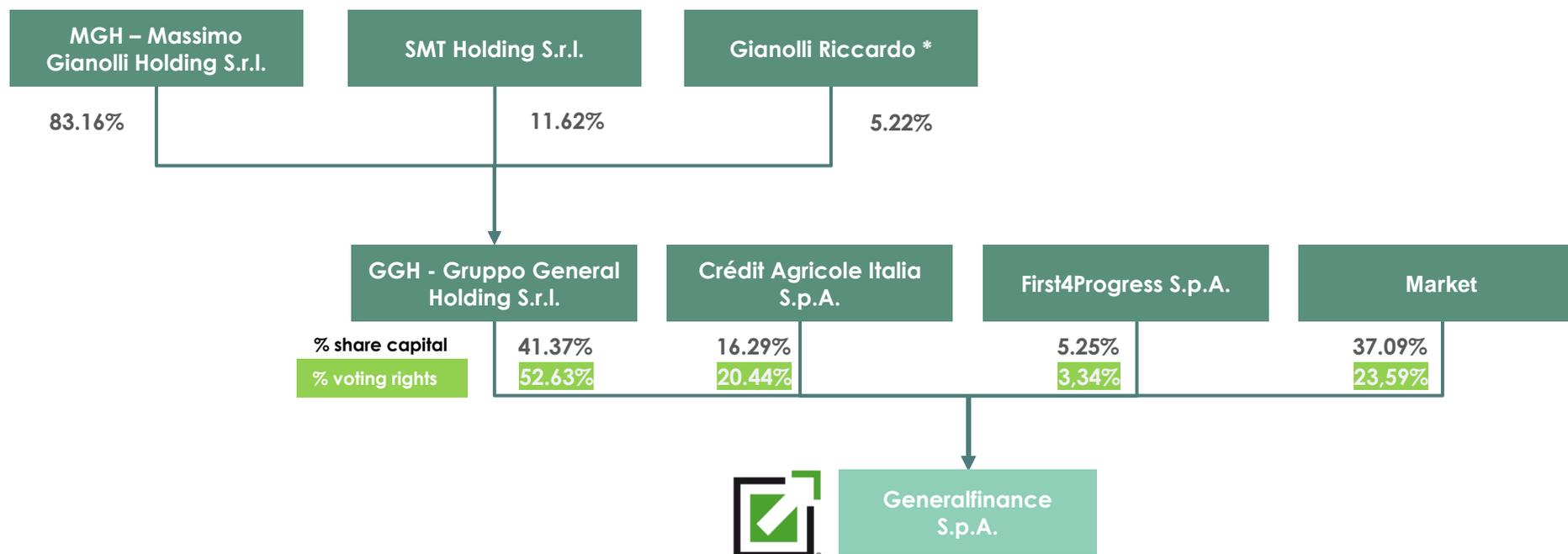
€ 65.8 M

TOTAL DEMAND

€ 91.0 M

MARKET CAPITALIZATION
AT IPO

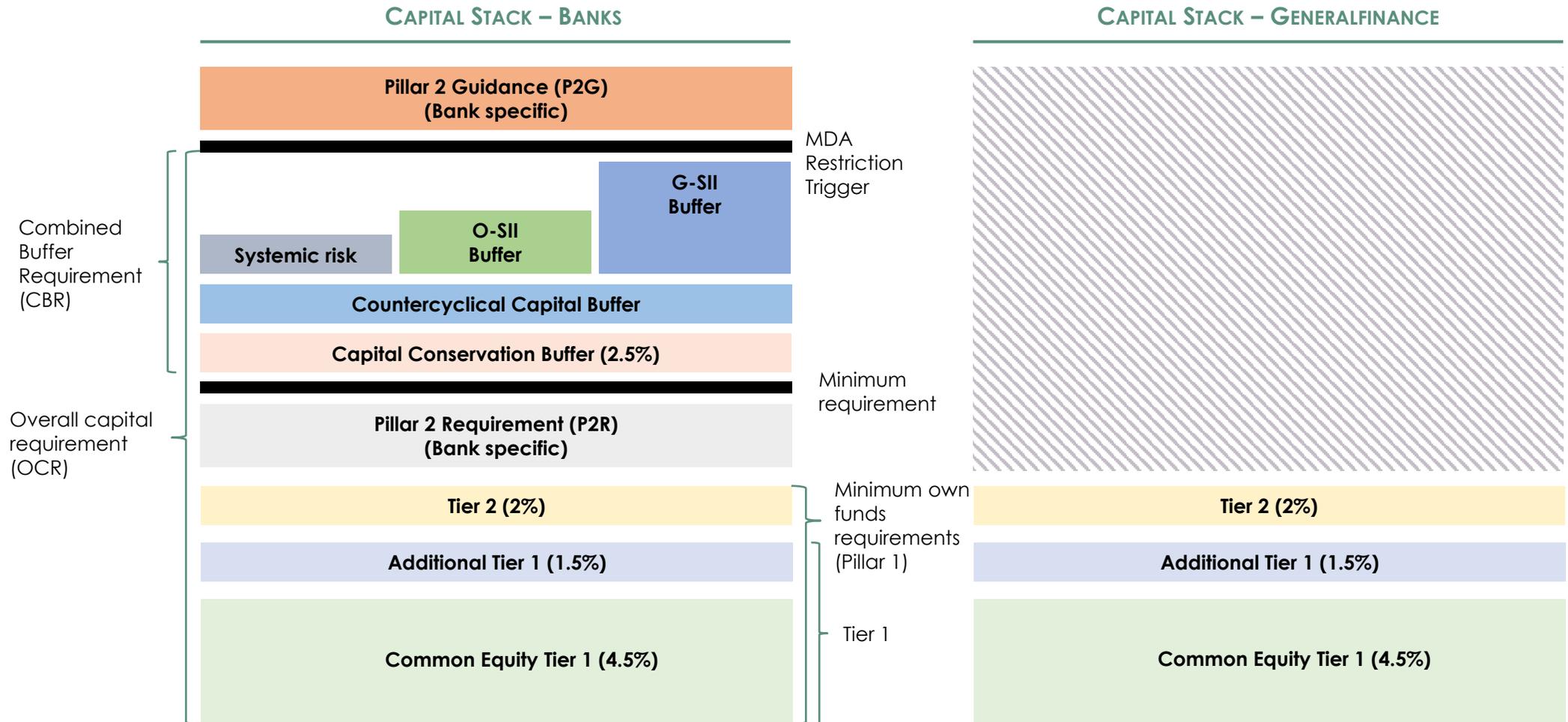
Shareholders' structure



Revenues' generation – example

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

Capital Stack – A capital light lending business



Source: Management



1°
giorno di
quotazione
BORSA ITALIANA Euronext



GENERALFINANCE

1H23 Results

