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GENERALFINANCE

3Q23 Results

November 13, 2023

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Agenda

- **Main 3Q 2023 Results**
- **Focus on Asset Quality and Digital Factoring**
- **3Q 2023 Results: Balance Sheet, P&L, Funding and Capital**
- **Closing Remarks**
- **Annexes**

Main 3Q 2023 Results

Strong and long term oriented shareholder base

Placement of CAI's stake

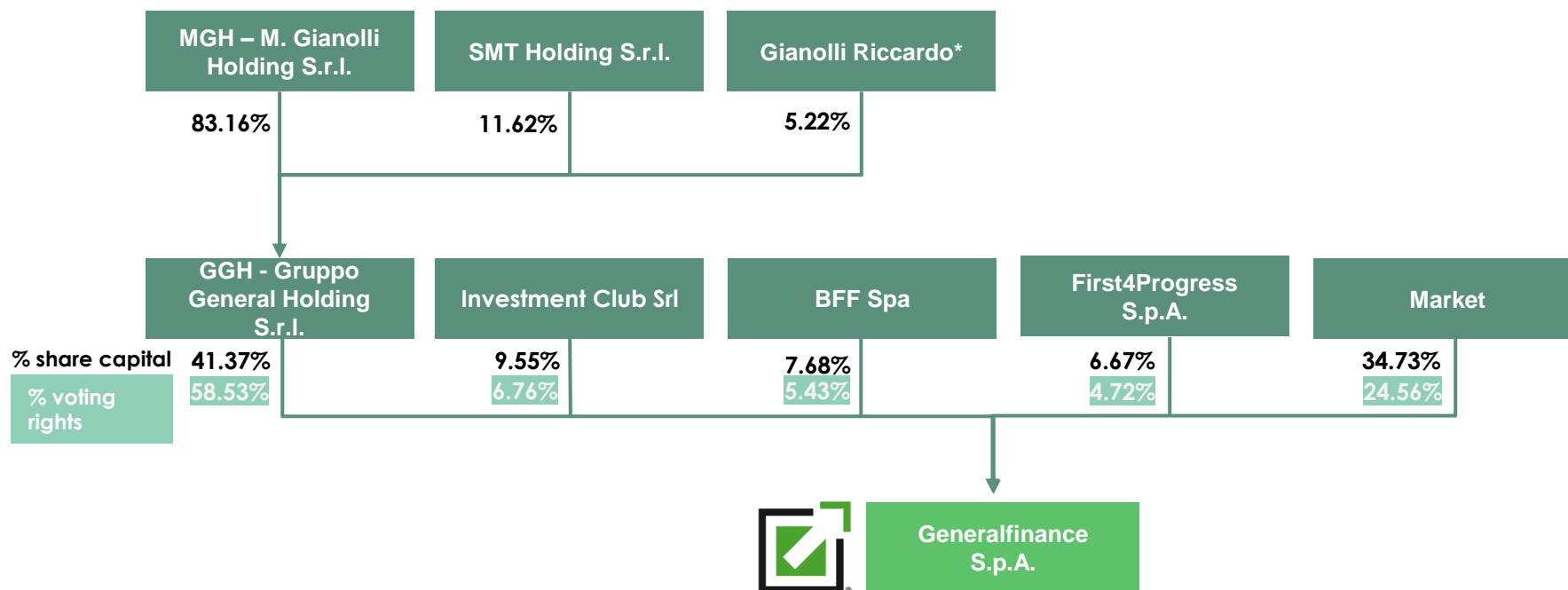
**4th October
2023**

€ 15.0 M

DEAL VALUE ⁽¹⁾

DAY OF THE PLACEMENT

Updated shareholders' structure

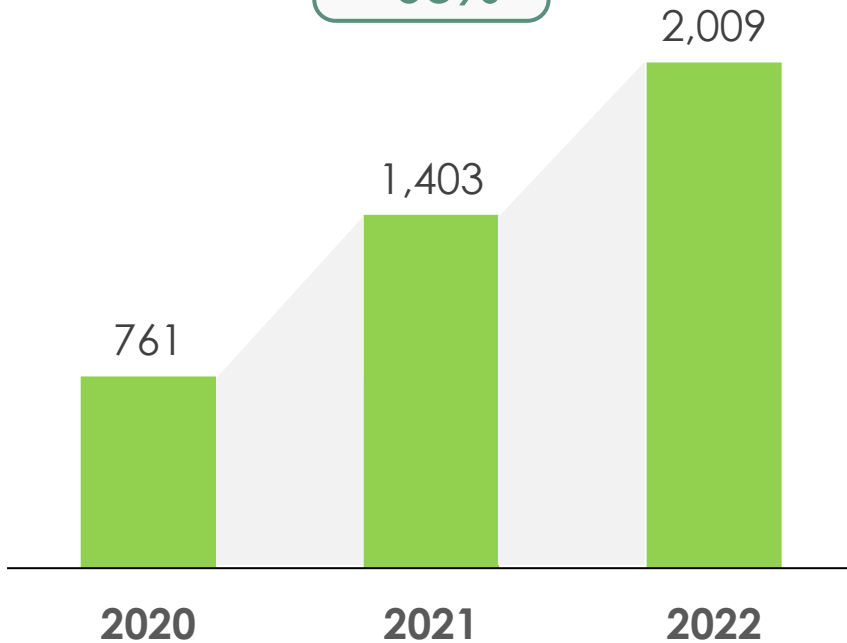


Turnover witnessing a strong growth story

Growth in Turnover Volume (€M)

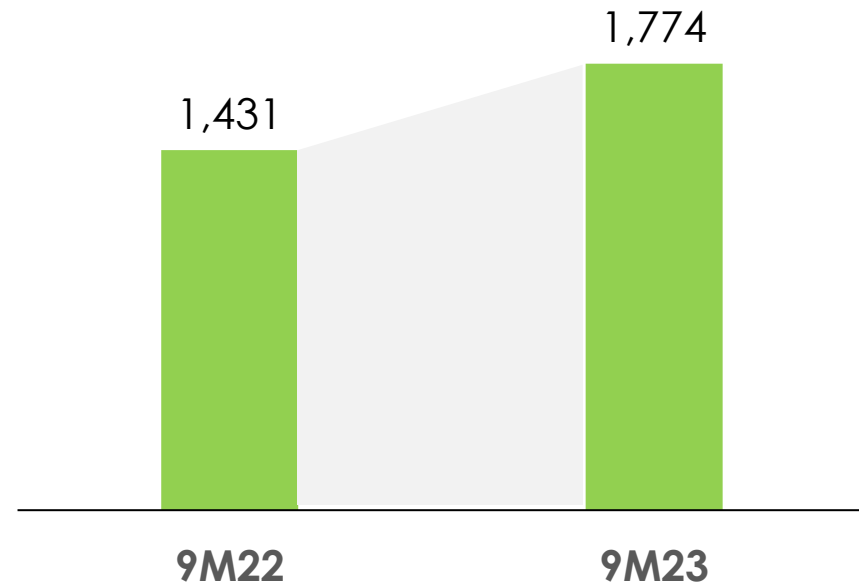
Data in €mln

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



Data in €mln

**VAR. YOY
22-23
+24%**



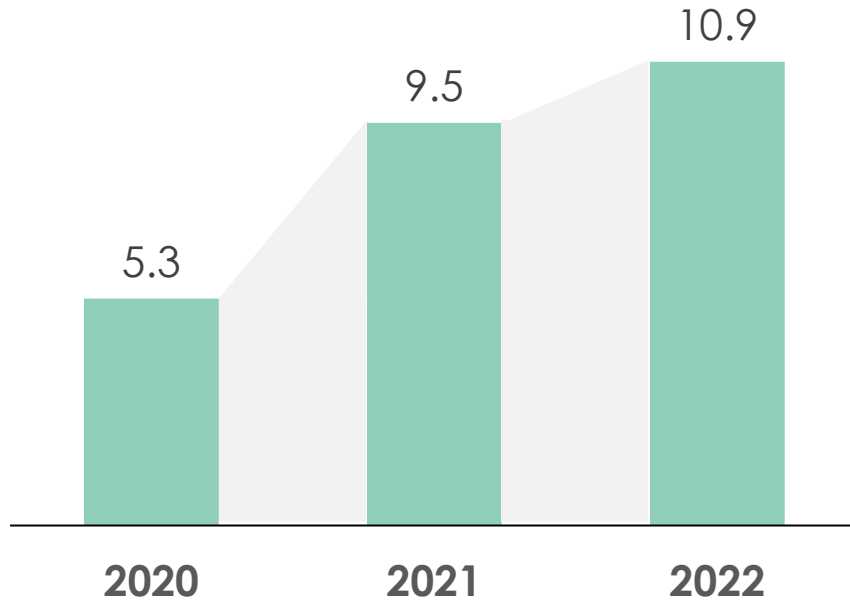
2023 annual growth rate (24%) above the market average (-1%)

Net Income: high profitability from the operations

Growth in net income (€M)

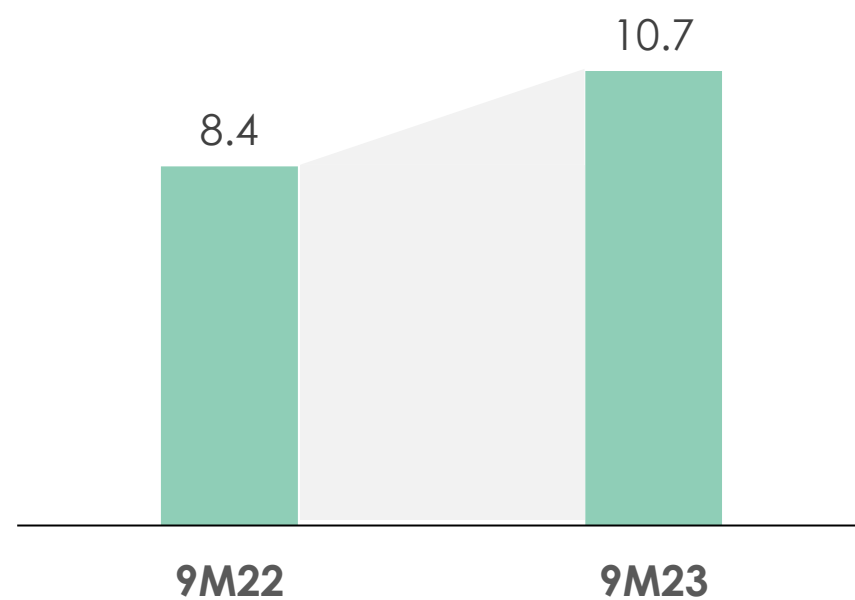
Data in €mln

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



Data in €mln

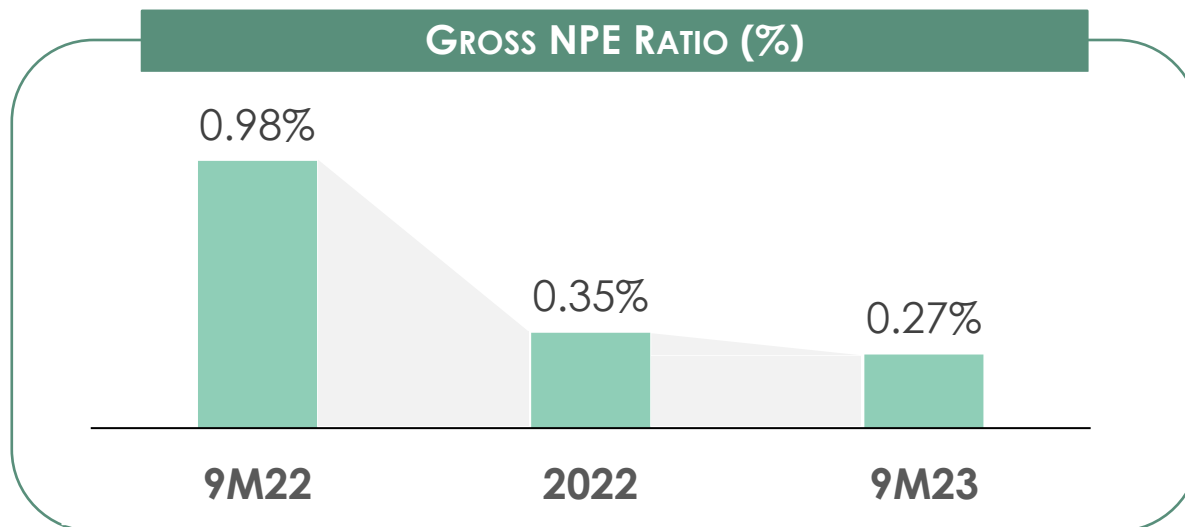
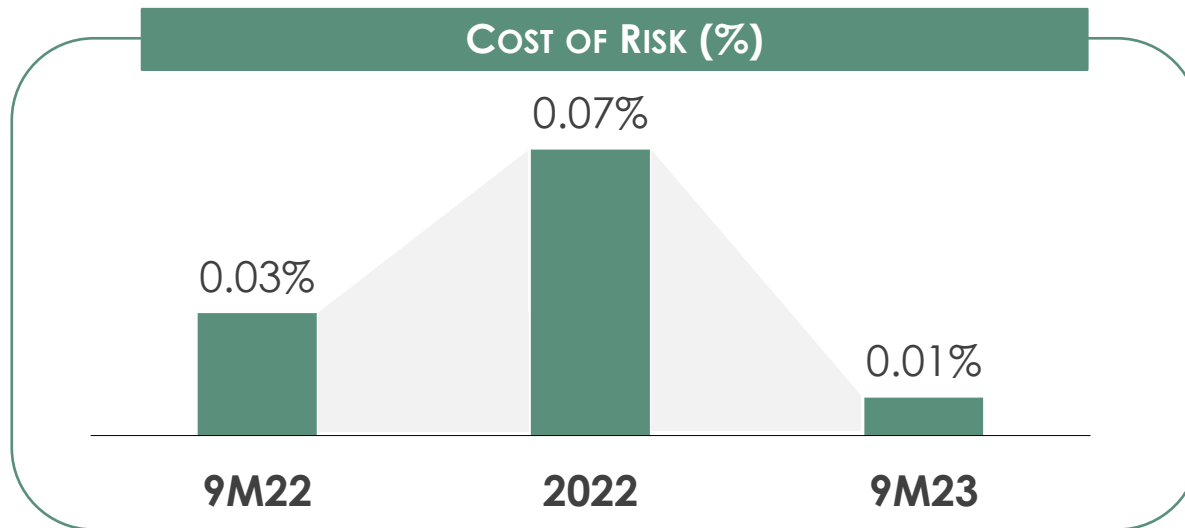
**VAR. YOY
22-23
+27%**



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



DEFINITION OF DEFAULT (DoD)

In 4Q 2023 expected increase in past due exposure, due to a new interpretation regarding the «Definition to Default, DoD» provided by Bank of Italy to the Company for pro-solvedo transaction, after the inspection conducted in 4Q 2022.

Specifically, the Authority clarified that the trigger for the count of the past due day starts when the past due is above 1% of the exposure (and above the absolute value of 100 or 500 euro depending on the counterparty), notwithstanding the nominal value of the portfolio of receivables and the cushion between the nominal value and the exposure of the company.

In relation to the new interpretation of the DoD, we expect the **Gross NPE Ratio to go up in the range of 1-3%**, vis-a-vis the market average (Assifact) of 3.6% at the end of Q2 2023.

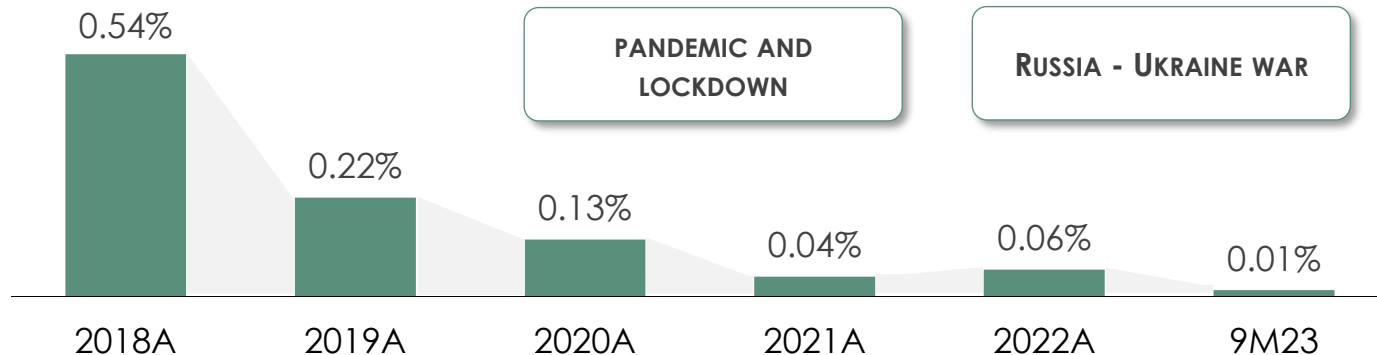
Default Rate and NPE Ratio constantly improving

DEFAULT RATE (%)

CAGR '18-'22: -42.3%

PANDEMIC AND LOCKDOWN

RUSSIA - UKRAINE WAR

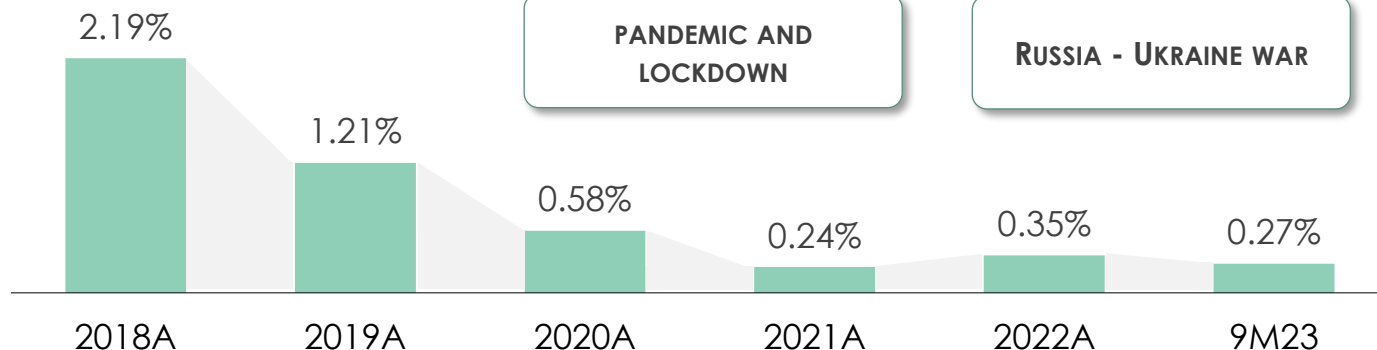


GROSS NPE RATIO (%)

CAGR '18-'22: -36.8%

PANDEMIC AND LOCKDOWN

RUSSIA - UKRAINE WAR



DEFINITION OF DEFAULT (DoD)

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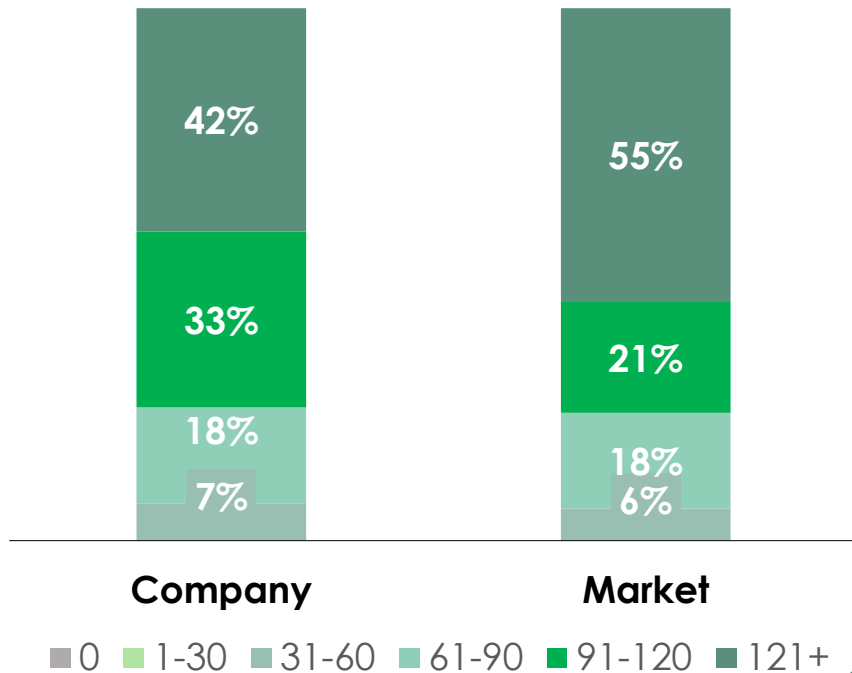
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Collection performance: a strategic delivery to our Customers

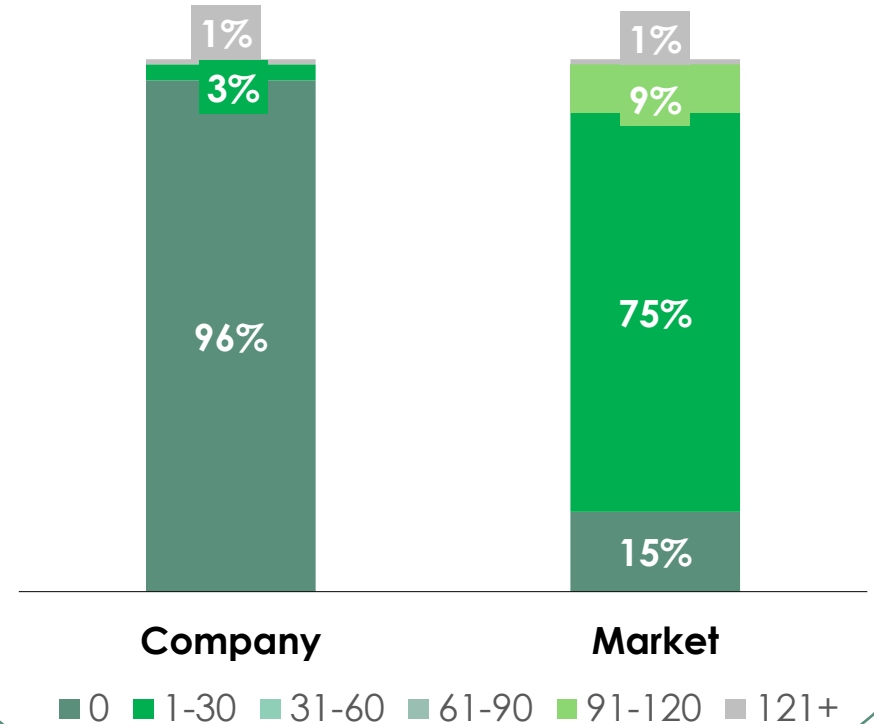
Payment Conditions (DSO)

Only **42%** of Generalfinance's portfolio has payment conditions exceeding 120 days (vs **55% of the market**)



Payment Delays (days)

96% of Generalfinance's portfolio has **no payment delays** (vs **15% of the market**)



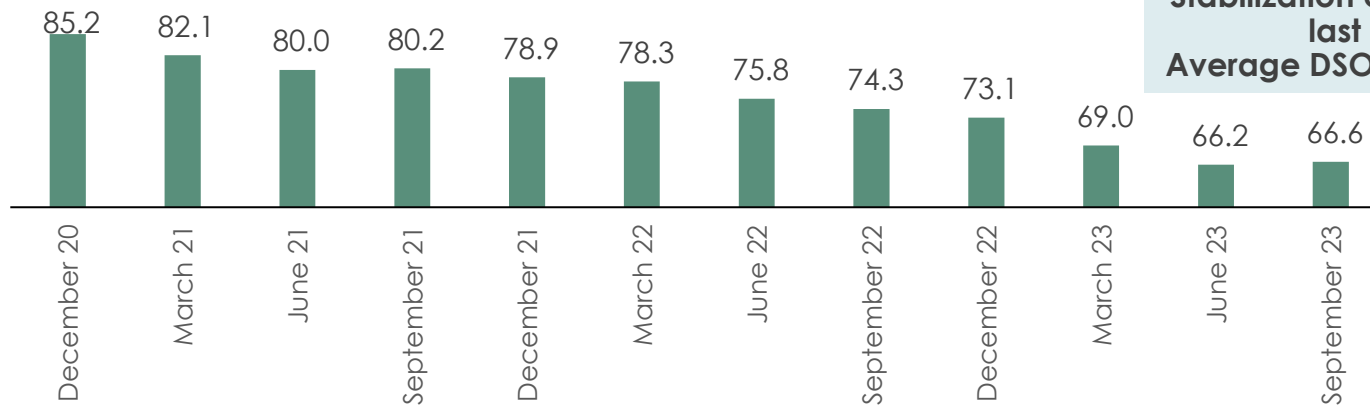
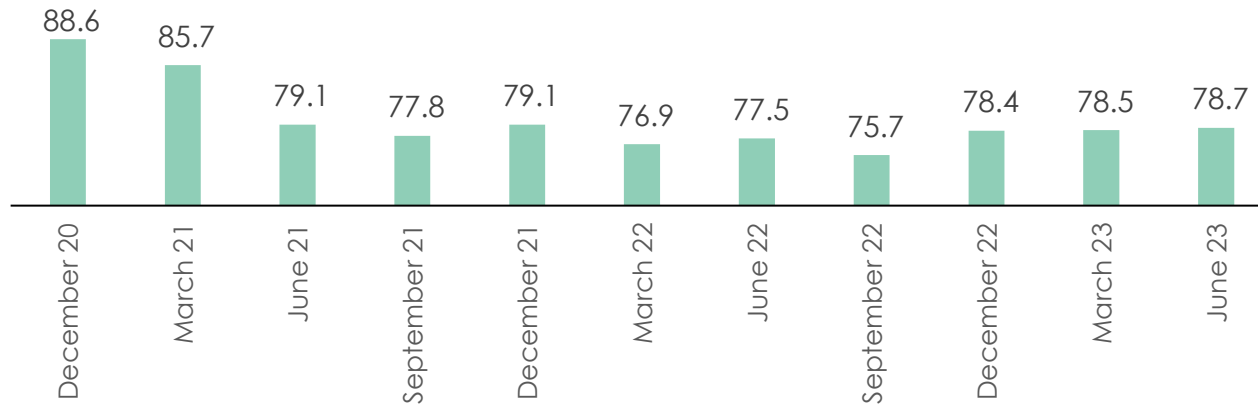
Generalfinance boasts a portfolio quality, both in terms of Payment Conditions and Payment Delays, better than the rest of the market



Source: iTrade data as of September 30, 2023

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

Days Sales Outstanding (DSO) – Receivables from private companies

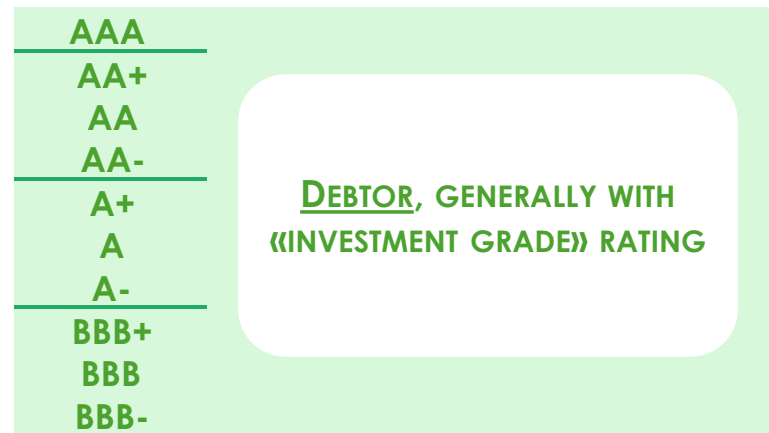


Source: Assifact monthly and quarterly statistics; excluding public sector.

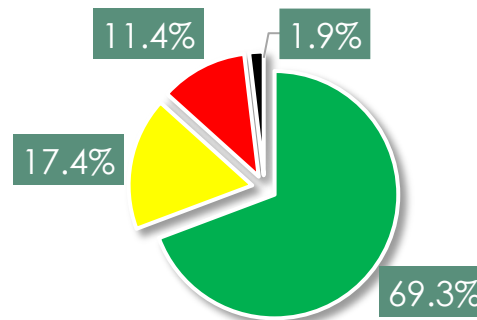


A unique business model, leveraging the factoring features

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)

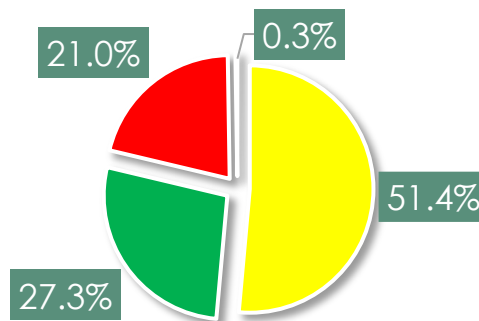


Turnover 9M23 – per Debtor

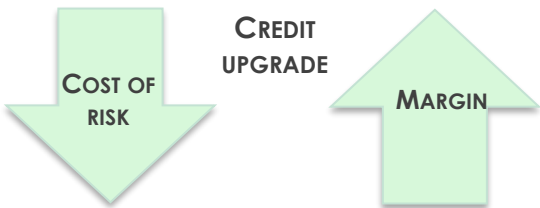


Green score equal to **69%**

Turnover 9M23 – per Seller



Green score equal to **27%**



GF SCORE



HIGHLIGHTS FOR GENERALFINANCE¹

PRODUCTS

- ✓ Pro-solvendo factoring (c. **81%** of turnover; vs 21% Assifact average)
- ✓ Pro-soluto factoring (c. **19%** of turnover; vs 79% Assifact)
- ✓ Reverse factoring
- ✓ C. **80%** of turnover covered by insurance with Allianz Trade
- ✓ **80%** LTV Pro solvendo in 9M 2023, adjustable according to credit risk

CUSTOMERS

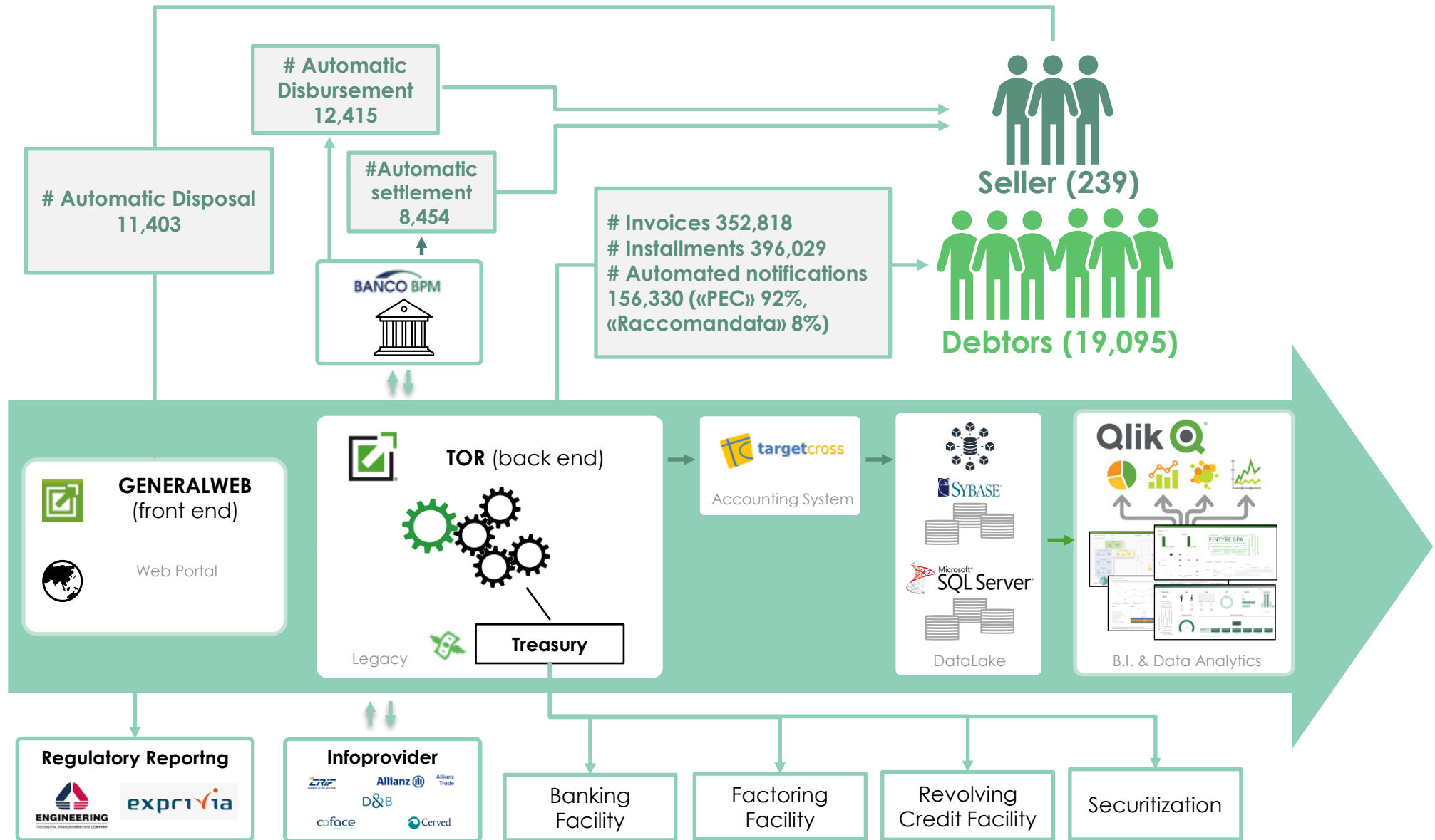
- ✓ High ratio Debtor/Seller (~**80** vs **8** of Assifact average²)
- ✓ Average Seller **retention about 6 years**

63% 37%

■ Distressed ■ Bonis

Notes: 1) Generalfinance data refers to September 30, 2023 (LTM); Assifact data refers to June 30, 2023; 2) Assifact data net of household debtors.

A strategic asset: the proprietary digital platform



Data LTM, as of September 2023

3Q 23 Results: Balance Sheet, P&L, Funding and Capital

Main KPIs behind our business

Income Statement (€m)	2020A	2021A	2022A	CAGR '20-'22	9M22	9M23	YoY%
Interest Margin	4.1	6.2	7.3	33.2%	5.7	5.9	3.4%
Net Commission	13.1	17.7	23.6	34.1%	17.1	19.6	14.6%
Net Banking Income	17.2	23.9	30.9	33.9%	22.8	25.5	11.8%
Net value adjustments / write-backs for credit risk	(0.7)	(0.2)	(1.2)	30.0%	(0.3)	(0.1)	(54.1%)
Operating Costs	(8.4)	(9.8)	(13.2)	25.4%	(9.8)	(9.7)	(1.7%)
Net Profit	5.3	9.5	10.9	42.9%	8.4	10.7	26.5%

(€m)	2020A	2021A	2022A	CAGR '20-'22	9M22	9M23	YoY%
Turnover	760.7	1,402.9	2,009.4	62.5%	1,430.6	1,773.8	24.0%
Allocated Amount	562.0	1,118.5	1,674.0	72.6%	1,183.0	1,482.1	25.3%
LTV	73.9%	79.7%	83.3%	6.2%	82.7%	83.6%	1.0%
LTV Pro-solvendo	73.9%	78.6%	81.6%	5.1%	81.4%	79.6%	-2.3%

Net Banking Income / Average Loan (%)	11.2%	9.6%	8.7%	(11.5%)	9.2%	8.8%	(4.4%)
Interest Margin / Net Banking Income (%)	23.8%	26.0%	23.5%	(0.5%)	24.9%	23.1%	(7.5%)
Cost Income Ratio	48.7%	40.9%	42.7%	(6.4%)	43.1%	37.9%	(12.1%)
ROE (%)	30.9%	42.0%	23.7%	(12.4%)	24.5%	27.7%	13.1%

Balance Sheet (€m)	2020A	2021A	2022A	CAGR '20-'22	9M22	9M23	YoY%
Cash & Cash Equivalents	24.2	33.5	43.7	34.3%	56.1	80.3	43.3%
Financial Assets	176.5	321.0	385.4	47.8%	336.1	383.2	14.0%
Other Assets	9.5	10.8	14.7	24.8%	11.4	13.2	15.8%
Total Assets	210.2	365.3	443.8	45.3%	403.6	476.7	18.1%
Financial Liabilities	175.4	314.6	368.4	44.9%	327.1	394.3	20.5%
Other Liabilities	12.2	18.7	18.6	23.1%	22.2	20.4	(7.9%)
Total Liabilities	187.6	333.3	387.0	43.6%	349.3	414.7	18.7%
Shareholder's Equity	22.6	32.0	56.8	58.6%	54.3	62.0	14.2%



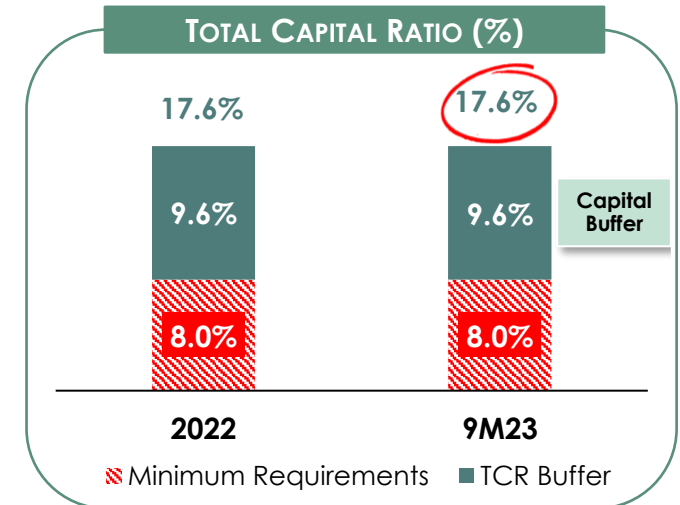
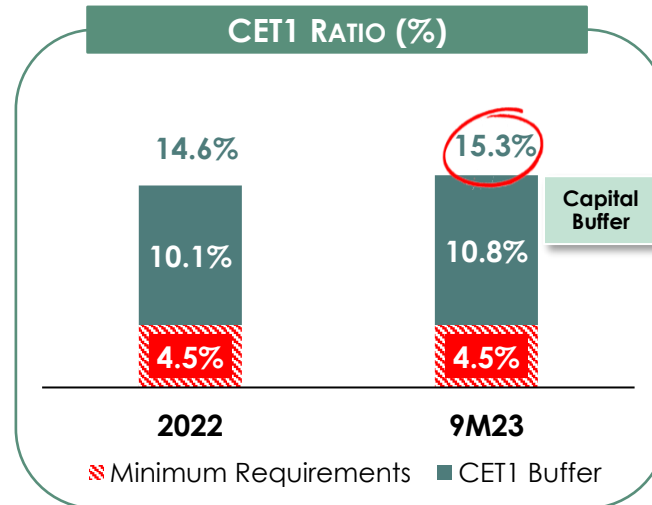
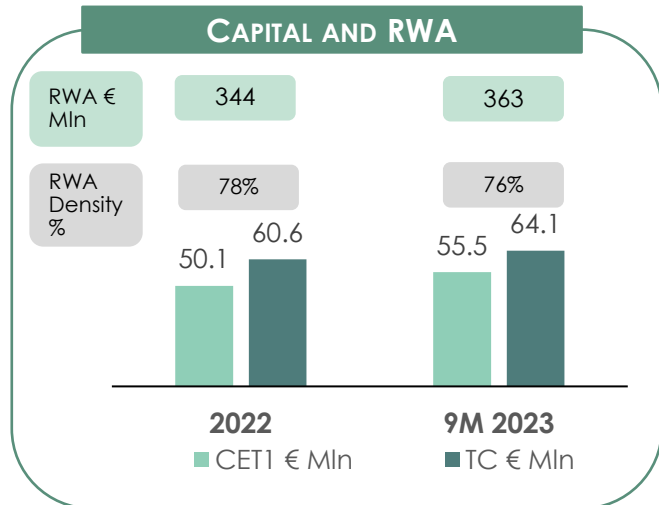
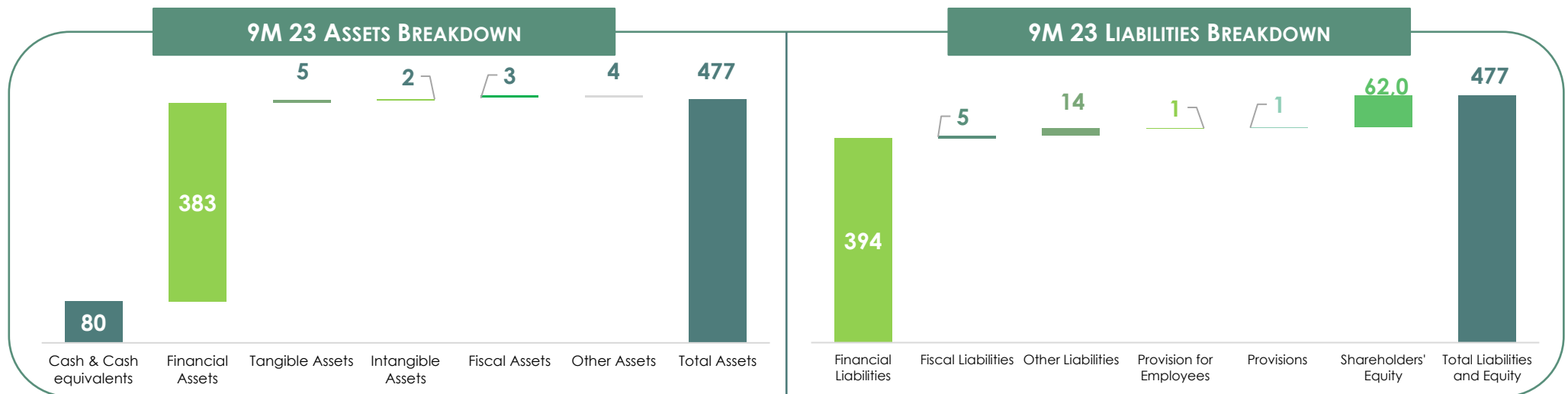
Note: Turnover includes Future receivables

ROE = Net Profit / (Equity - Net Profit)

LTV: Pro Solvendo

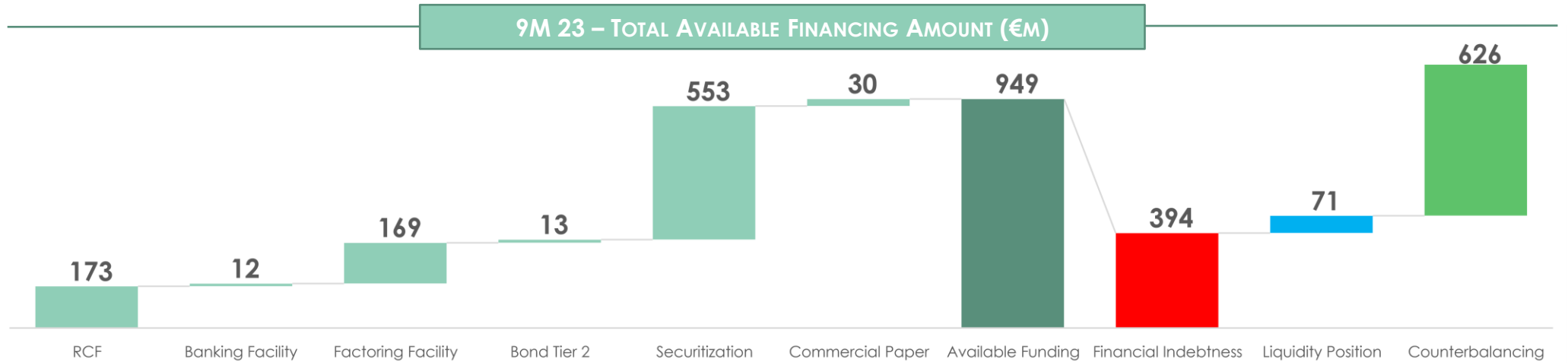
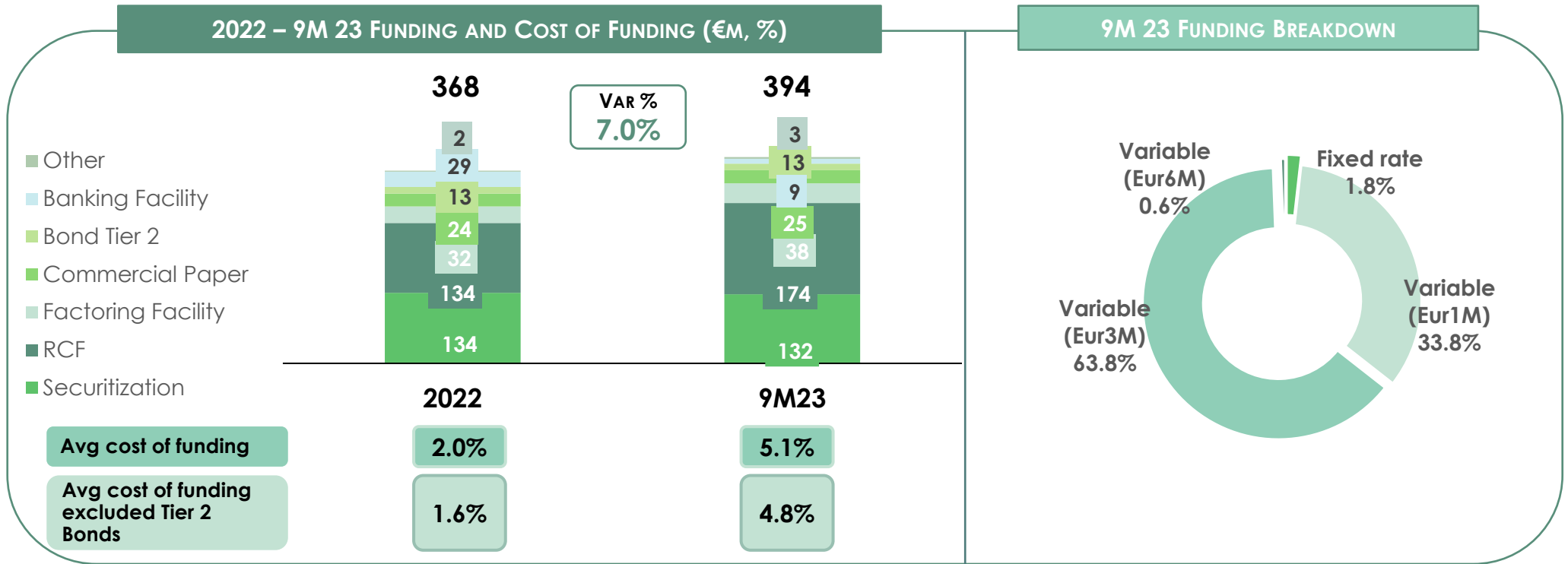
Net Profit 2022 Adj: 12.1 €mln; Net Profit 9M22 Adj: 9.2 €mln

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



Expected limited impact from the new interpretation regarding the «Definition to Default, DoD» provided by Bank of Italy to the Company for pro-solvedo transaction, see slide 9-10

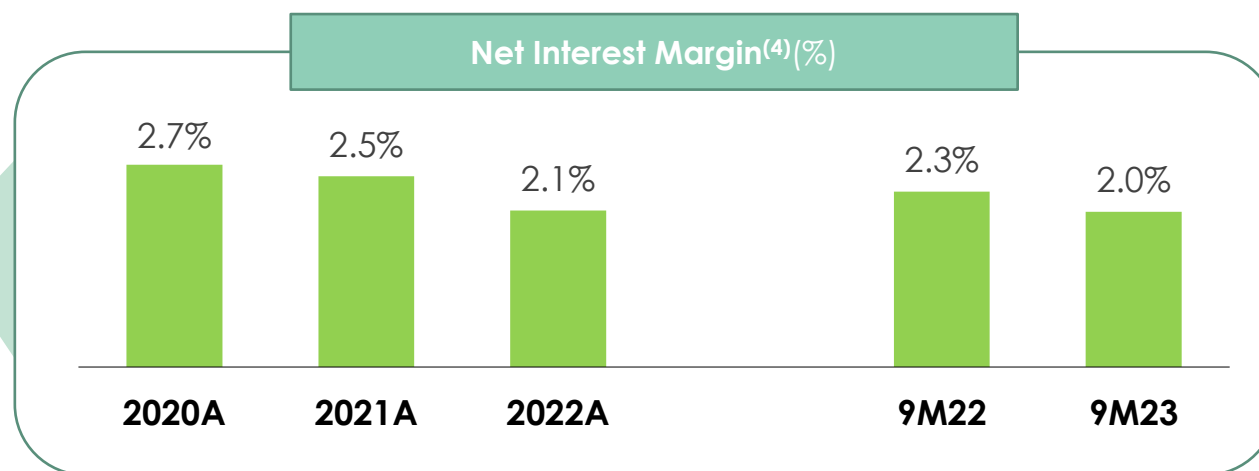
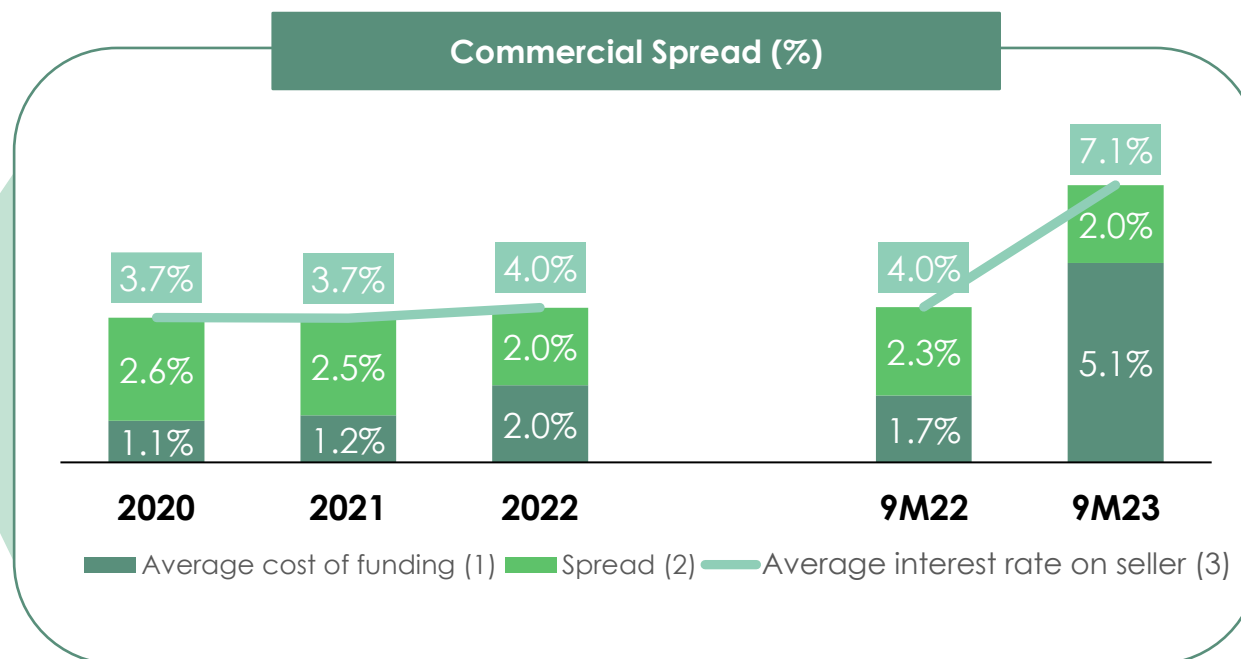
...coupled with a robust funding and liquidity position



Note: Commercial Papers included in «Fixed Rate»
Liquidity Position: excluding pledge accounts amounting to 9.3 €mln

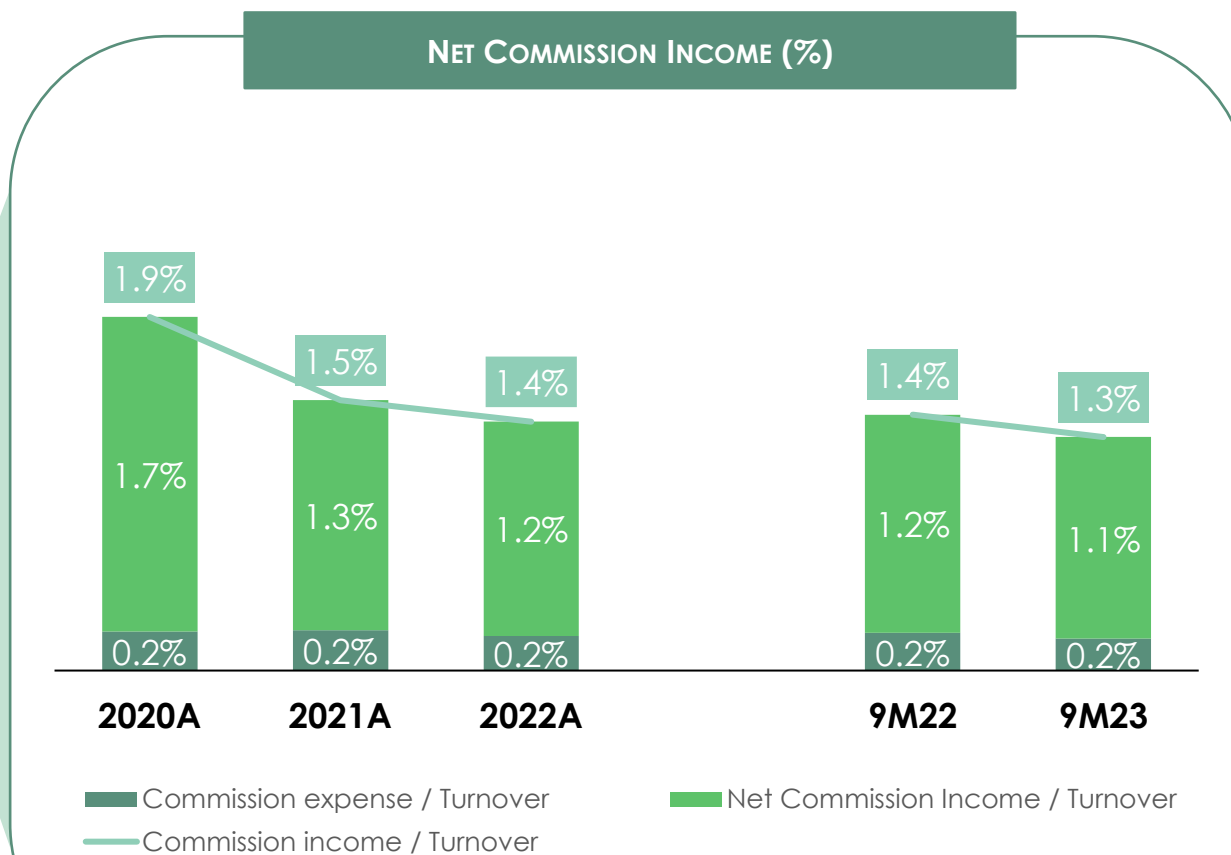
Net interest Income, «hedged» against further interest rate rises

- Net Interest Income ~**23%** of the Net Banking Income
- Almost all **funding** available at **variable rates (Euribor 1M, 3M and 6M)**
- All the factoring contracts have been renegotiated, changing the calculated interest rate from fixed to **variable (based on Euribor 3M)**



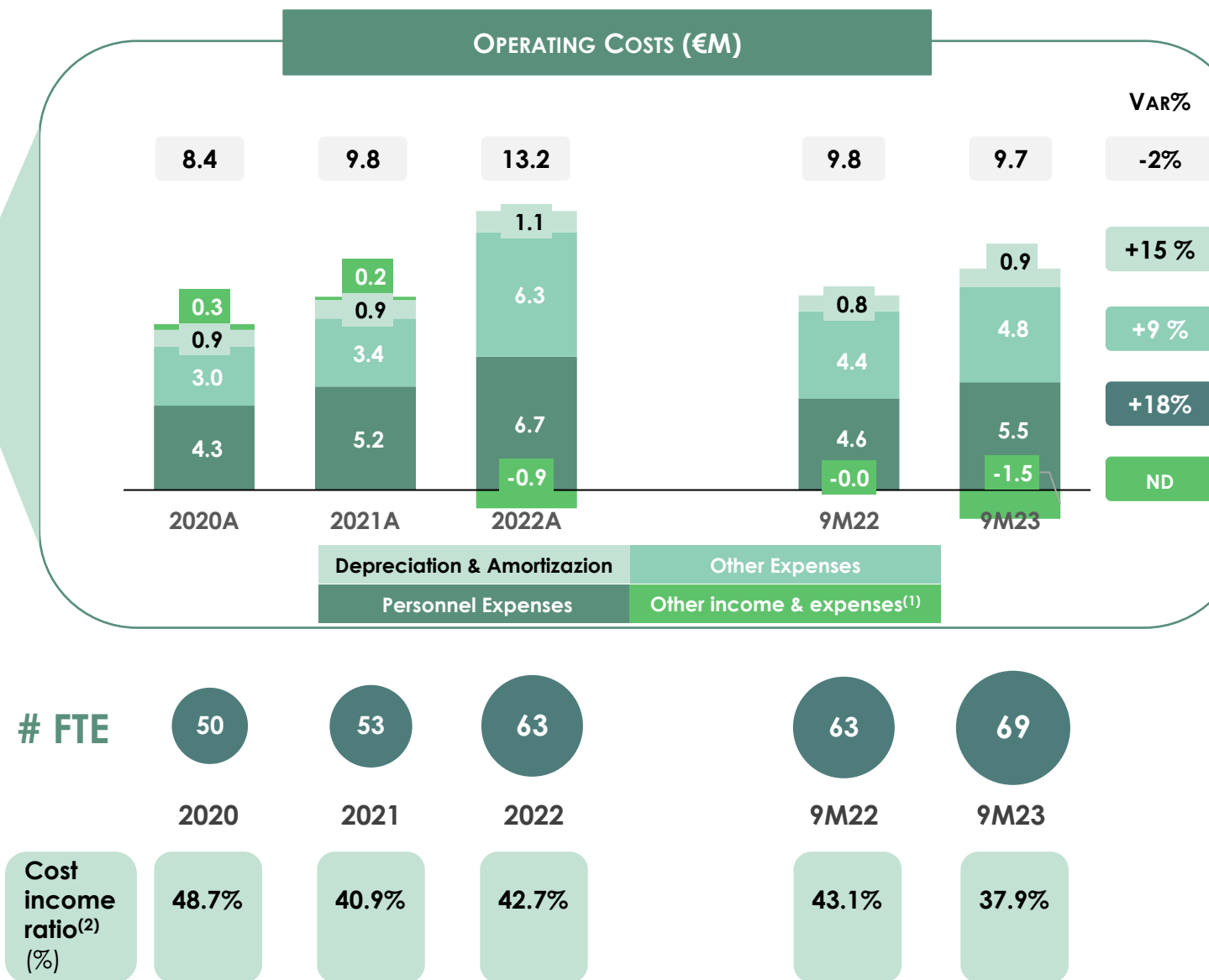
Net commission income, the primary source of profitability

- Net Commission Income ~77% 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

- **#69 FTE** as of 9M 2023
- **#Cost income remaining at excellent levels** due to the high **efficiency** of the operating machine and the **economy of scale (IT proprietary platform)**



Note: (1) other net revenues and risk charges; (2) Operating Costs / Net Banking Income.
 Operating costs 9M 2022 Adjusted (net of costs related to IPO): 8.6 €mln
 Cost income ratio 9M 2022 Adjusted (net of costs related to IPO): 37.9%

Closing Remarks

Closing Remarks

2023 first 9 months of the year confirms a growing trend, in line with full year budget:

- New shareholders base very positive for future growth, zeroing “overhang risk” associated with our stock and potentially helping new projects (expansion abroad)
- Macroeconomic evolution and more difficult environment for SME lending support our strategy
- Excellent asset quality confirms Generalfinance conservative risk policy, even taking in consideration the new DoD interpretation as anticipated in slide 9-10
- 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 and diversified funding structure to support future growth
- Strong Capital ratios (CET1 Ratio > 15%) allowing a sound capital buffer for growth even exceeding strategic plan horizon
- Expanding Generalfinance abroad: further steps towards the conclusion of the analysis over foreign market
- Net Income 2023 guidance: >16M; potential effects of new DoD (provisions) to take into account in Q4 2023

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Annexes



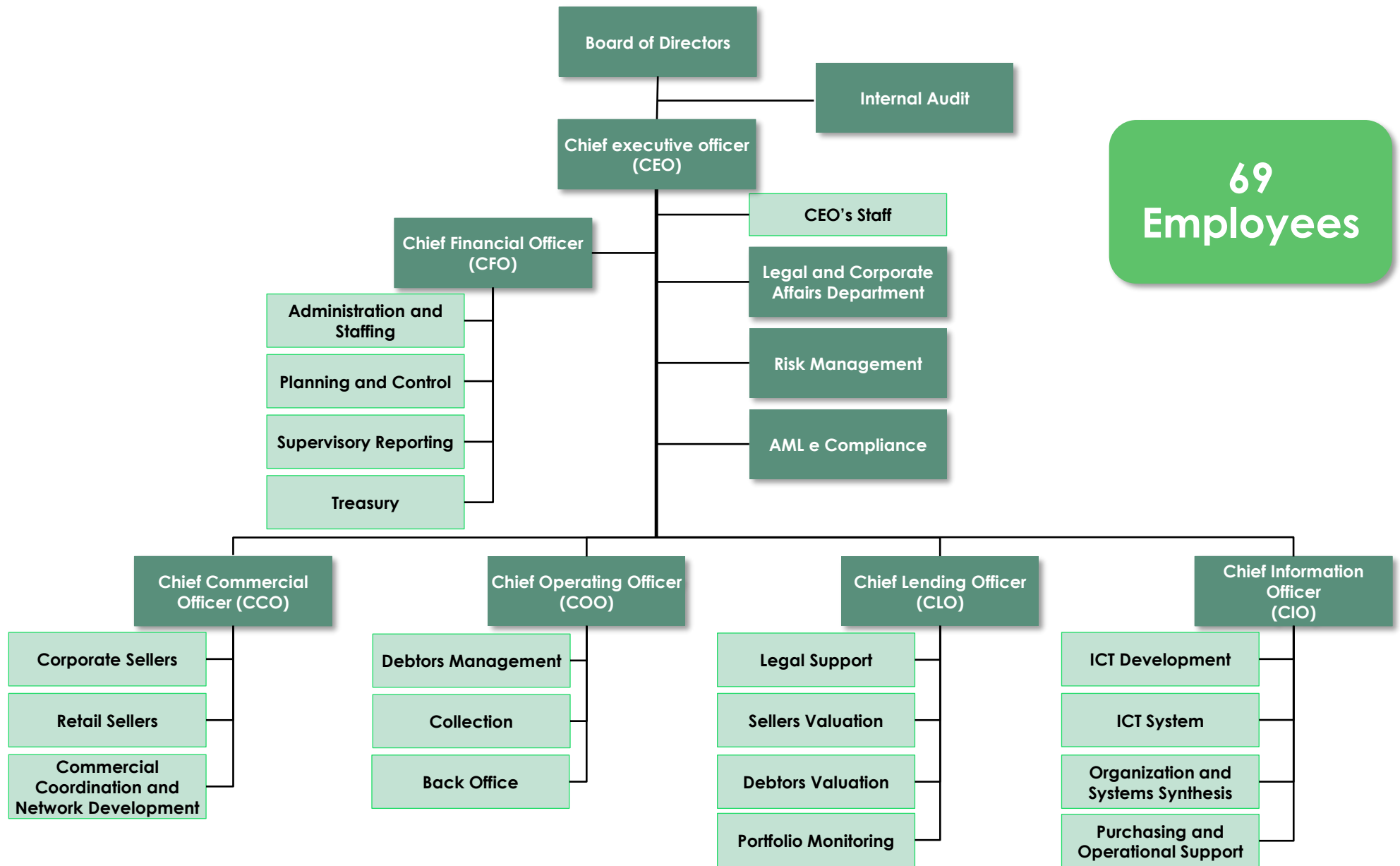
Income Statement

Income Statement (€m)	9M22	9M23	YoY%
Interest income and similar income	9.8	20.5	108.8%
Interest expense and similar charges	(4.1)	(14.6)	253.6%
INTEREST MARGIN	5.7	5.9	3.4%
Fee and commission income	20.0	22.7	13.2%
Fee and commission expense	(3.0)	(3.1)	5.0%
NET FEE AND COMMISSION INCOME	17.1	19.6	14.6%
Dividends and similar income	0.0	0.0	(100.0%)
Net profit (loss) from trading	(0.0)	0.0	(293.2%)
Net results of other financial a/l measured at fv	0.0	0.0	(100.0%)
NET INTEREST AND OTHER BANKING INCOME	22.8	25.5	11.8%
Net value adjustments / write-backs for credit risk	(0.3)	(0.1)	(54.1%)
a) Financial assets measured at amortised cost	(0.3)	(0.1)	(54.1%)
NET PROFIT (LOSS) FROM FINANCIAL MANAGEMENT	22.5	25.3	12.7%
Administrative expenses	(9.1)	(10.3)	13.6%
a) Personnel expenses	(4.6)	(5.5)	17.7%
b) Other administrative expenses	(4.4)	(4.9)	9.4%
Net provision for risks and charges	(0.0)	(0.0)	0.0%
b) Other net provisions	(0.0)	(0.0)	0.0%
Net value adjustments / write-backs on pppe	(0.6)	(0.6)	8.3%
Net value adjustments / write-backs on int. Ass.	(0.2)	(0.3)	31.1%
Other operating income and expenses	0.0	1.6	3530.4%
OPERATING COSTS	(9.8)	(9.7)	(1.7%)
PRE-TAX PROFIT (LOSS) FROM CURRENT OPERATIONS	12.7	15.7	23.9%
Income tax for the year on current operations	(4.2)	(5.0)	18.6%
PROFIT (LOSS) FOR THE YEAR	8.4	10.7	26.5%

Balance Sheet

Balance Sheet (€m)	2022A	9M23	Var% YTD
Cash and cash equivalents	43.7	80.3	83.6%
Financial assets measured at fair value through p/l	0.0	0.0	14.7%
Financial assets measured at amortised cost	385.4	383.2	(0.6%)
Equity investments	0.0	0.0	-
Property, Plan and Equipment (PPE)	4.9	5.1	4.7%
Intangible assets	2.0	2.3	14.4%
Tax assets	4.6	2.7	(40.7%)
a) current	4.1	2.2	(46.3%)
b) deferred	0.5	0.5	15.1%
Other assets	3.2	3.1	(2.5%)
TOTAL ASSETS	443.8	476.7	7.4%
Financial liabilities measured at amortised cost	368.4	394.3	7.0%
a) payables	331.2	356.8	7.8%
b) outstanding securities	37.2	37.4	0.6%
Tax liabilities	4.9	5.1	4.2%
Other liabilities	11.6	12.6	8.1%
Severance pay	1.3	1.4	7.5%
Provision for risk and charges	0.8	1.3	64.0%
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	33.3%
Profit (loss) for the year	10.9	10.7	(2.0%)
TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY	443.8	476.7	7.4%

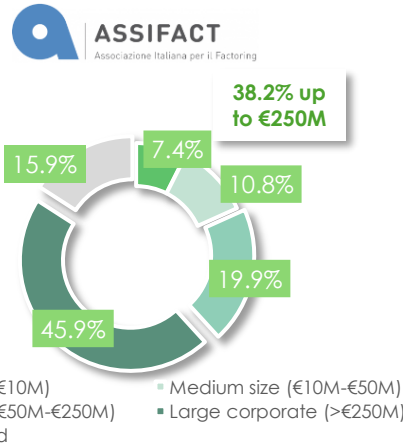
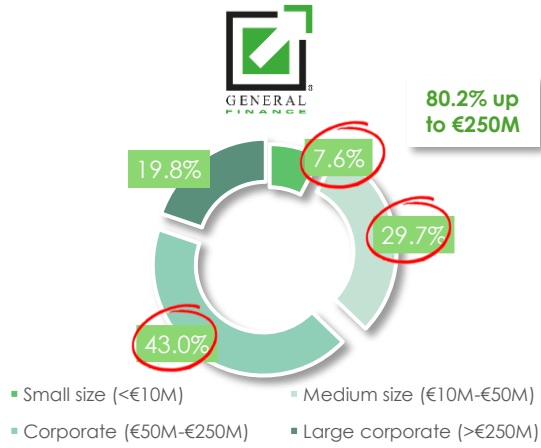
An organization oriented to risk control and business



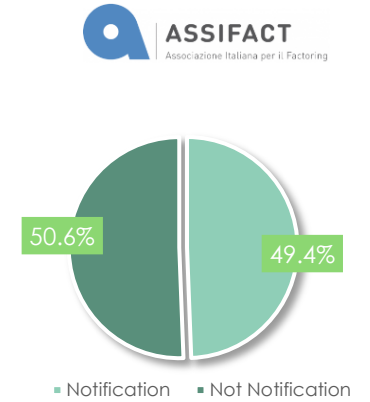
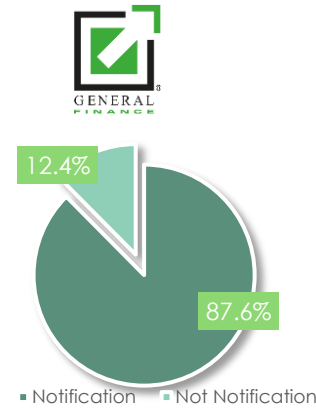
Organizational chart as of September 30, 2023

Turnover breakdown vs system average 1/2

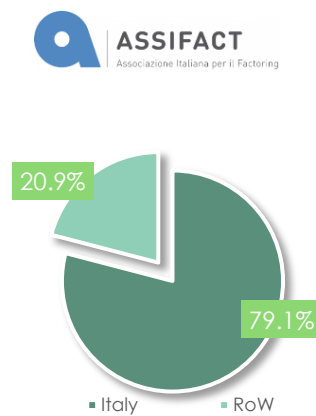
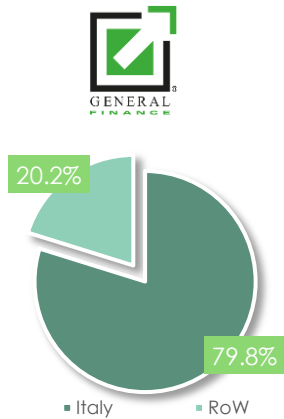
SELLERS' DIVERSIFICATION BY DIMENSION



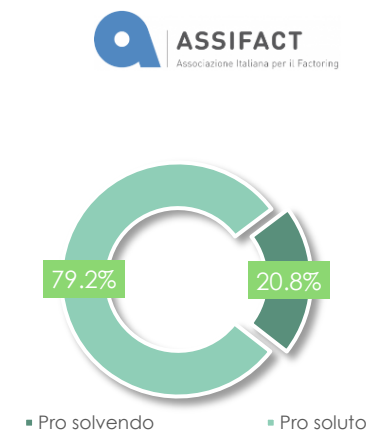
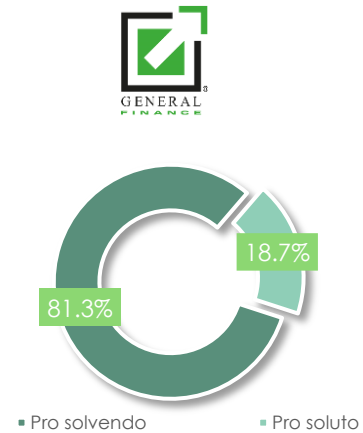
FACTORING BY NOTIFICATION STATUS



NATIONAL VS INTERNATIONAL TURNOVER

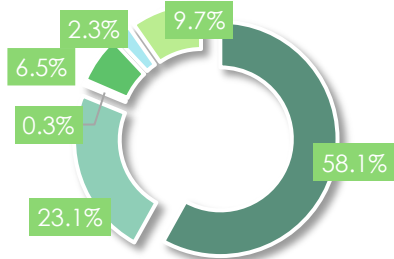


TURNOVER BY PRODUCT

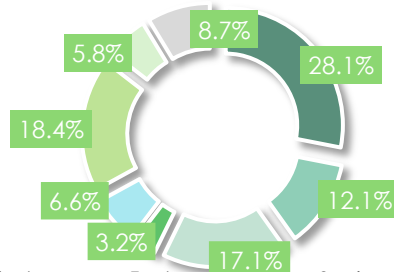


Turnover breakdown vs system average 2/2

SELLERS' DIVERSIFICATION BY SECTOR



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

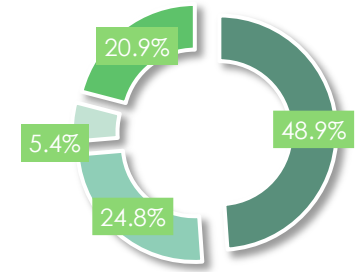


- Manufacture
- Trade
- Services
- Transportation
- Construction
- Others
- Foreign
- Not classified

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 September 30, 2023

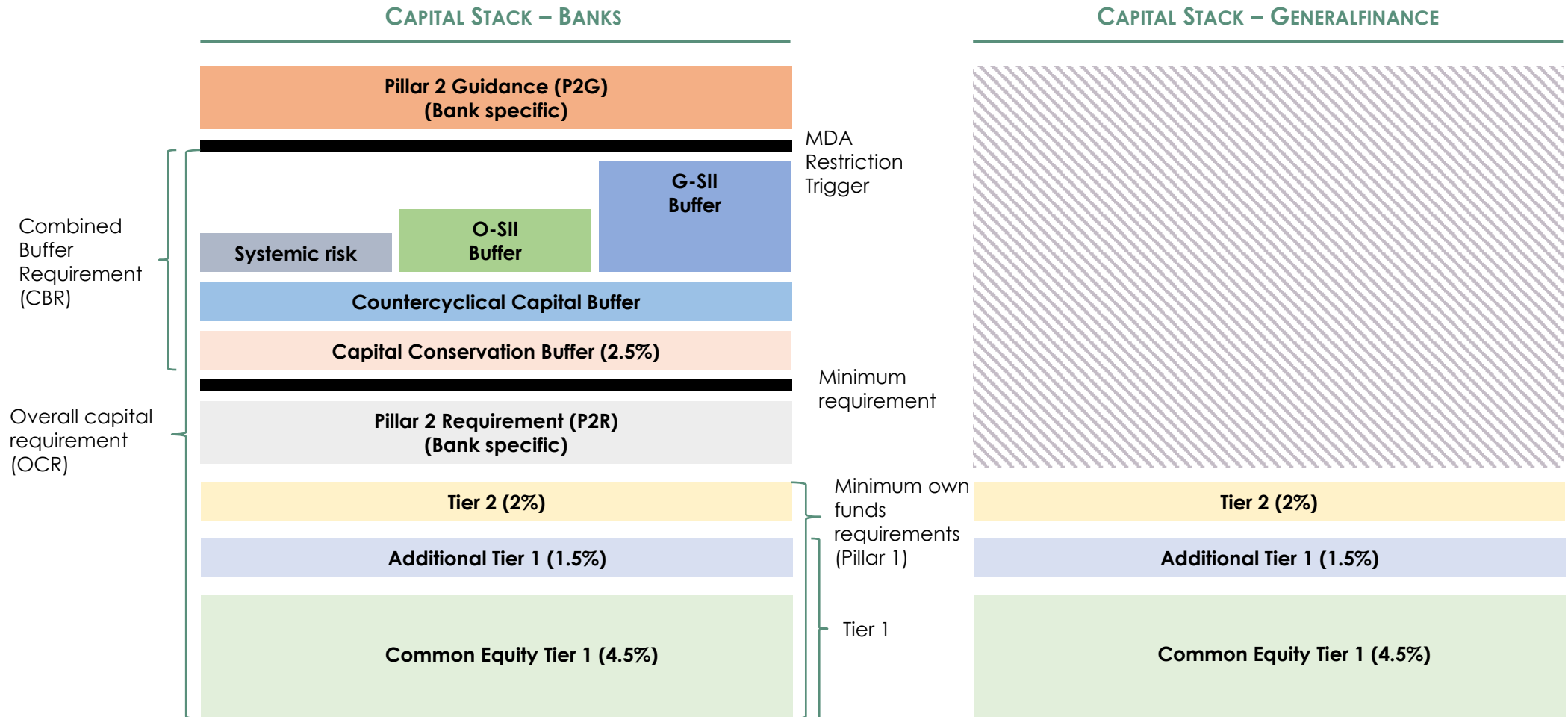
Assifact's Turnover data refers to June 30, 2023

1) Household debtors have not been included

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)	68	e	
Contractual interest rate	7.50%	f	
Interest revenues	1150.7	$g = (c \times f \times (e+2)) / 365$	Prepayment
DSO	70	h	
Monthly commission rate	0.45%	i	
Commission revenues	1050.00	$l = a \times i \times (h/30)$	Prepayment
Total revenues	2200.7	$m = g + l$	Prepayment
Net disbursed amount	77,799.3	$n = c - m$	
Delay in payment (days)	5	o	
Delay in payment interest rate	8.00%	p	
Delay in payment commission rate	0.50%	q	
Delay in payment interest revenues	87.7	$r = (c \times p \times o) / 365$	Cash basis
Delay in payment commission revenues	83.3	$s = a \times q \times (o/30)$	Cash basis
Delay in payment total revenues	171.0	$t = r + s$	Cash basis
Non-advance amount	20,000	$u = a - c$	
Net settlement	19,829.0	$v = u - t$	

Capital Stack – A capital light lending business



Source: Management

1°
giorno di
quotazione

BORSA ITALIANA Euronext



GENERALFINANCE

3Q23 Results

BORSA



November 13, 2023