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GENERALFINANCE

2023 Results



February, 2024

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Agenda

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

Main 2023 Results

Strong and long term oriented shareholder base

Placement of CAI's stake

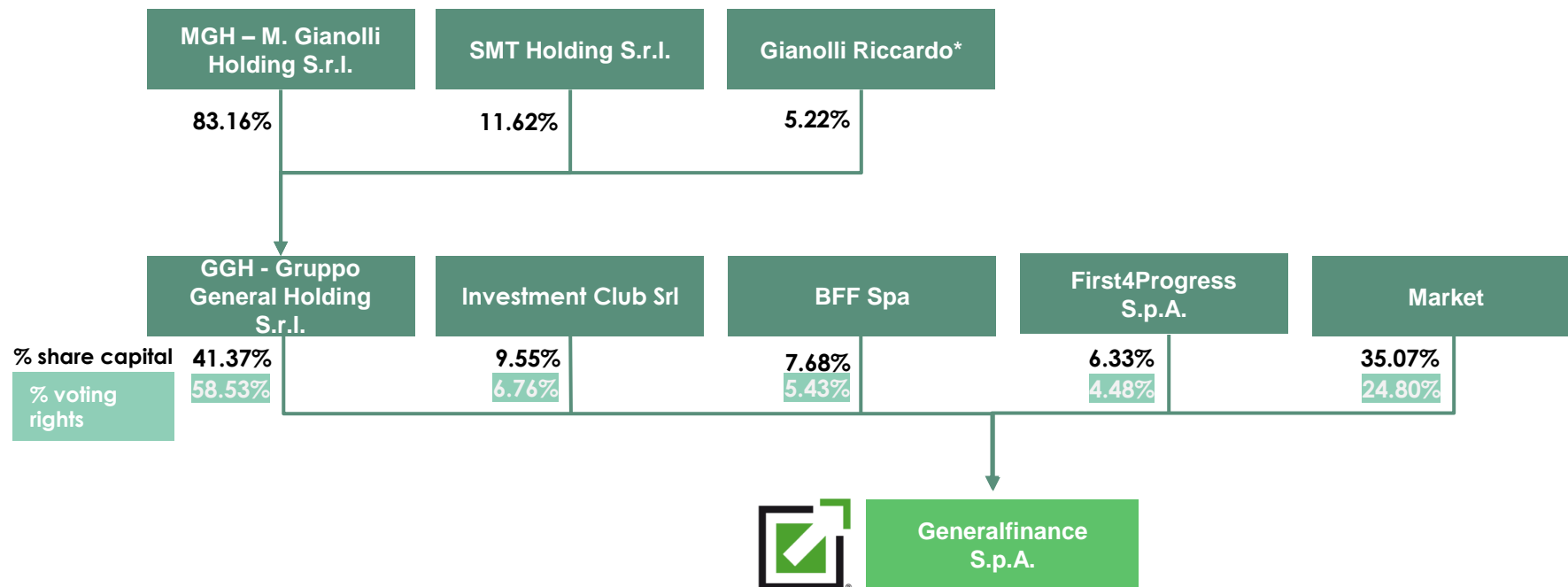
**4th October
2023**

€ 15.0 M

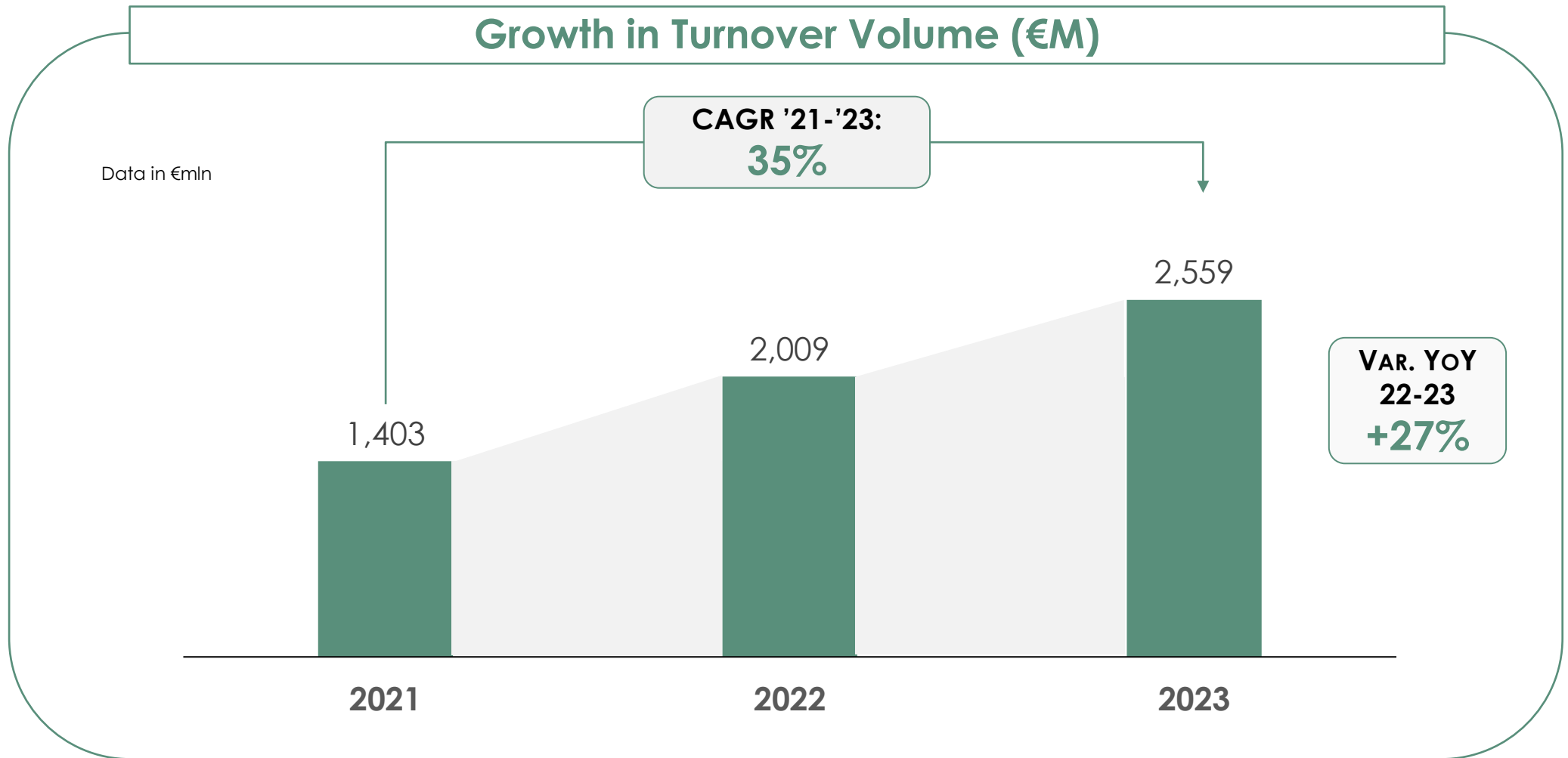
DEAL VALUE ⁽¹⁾

DAY OF THE PLACEMENT

Updated shareholders' structure



Turnover witnessing a strong growth story



2023 annual growth rate (27%) significantly higher than the market average (+1%)

Net Income: high profitability from the operations

Growth in net income (€M)

Data in €mln

CAGR '21-'23:
26%

9.5

10.9

15.1

VAR. YOY
22-23
+38%

2021

2022

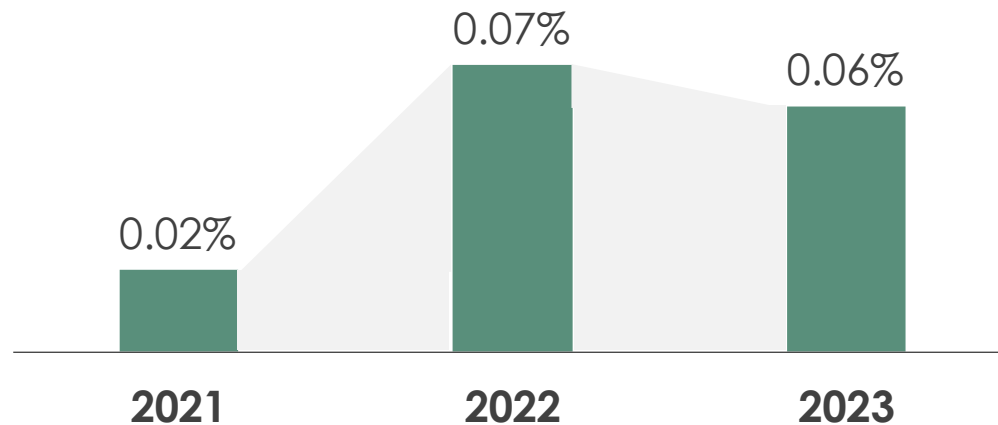
2023

Improvement in profitability level in the last 3 years

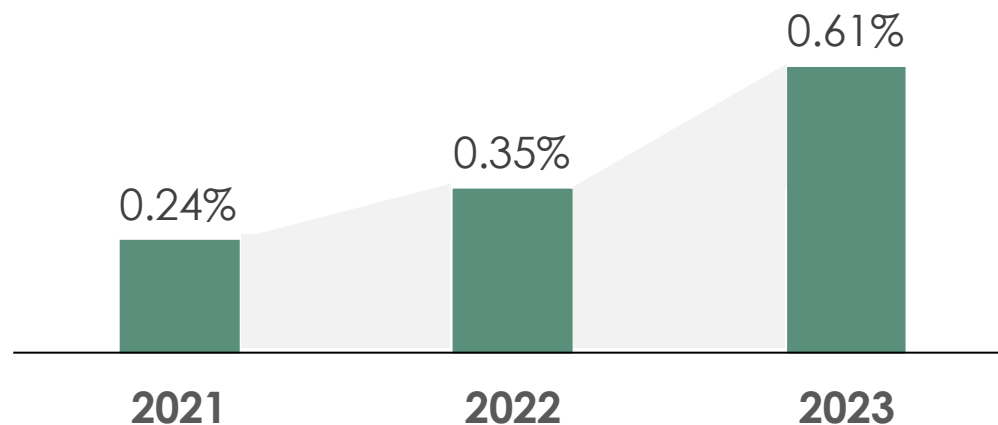
Focus on Asset Quality and Digital Factoring

A low risk model with a best in class asset quality

COST OF RISK (%)



GROSS NPE RATIO (%)



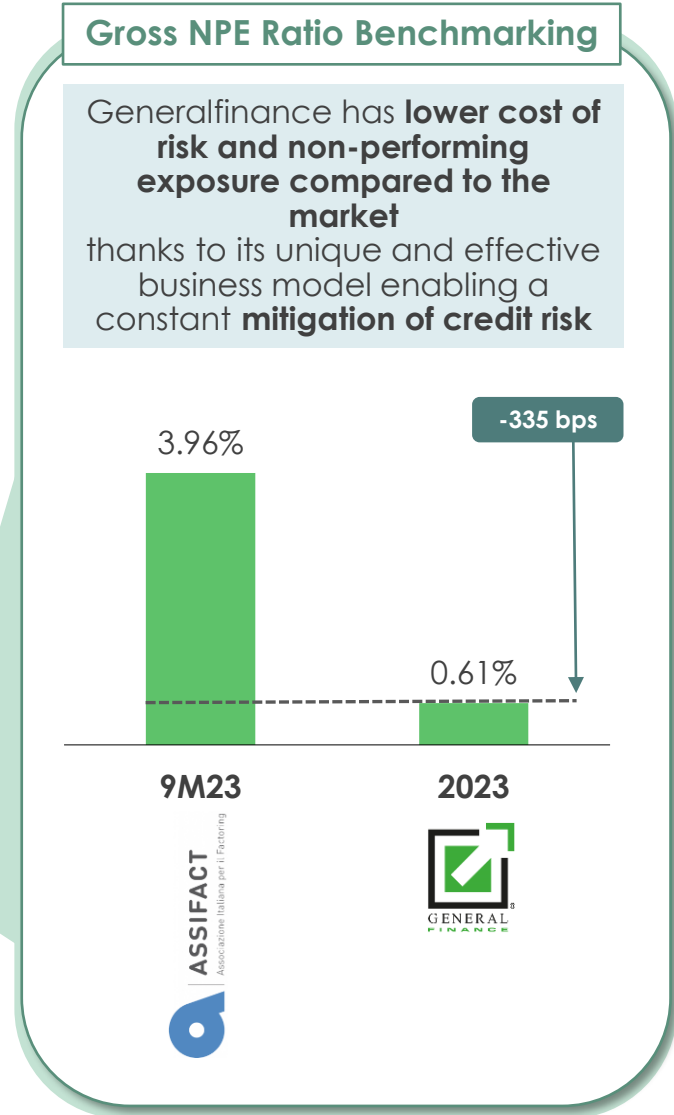
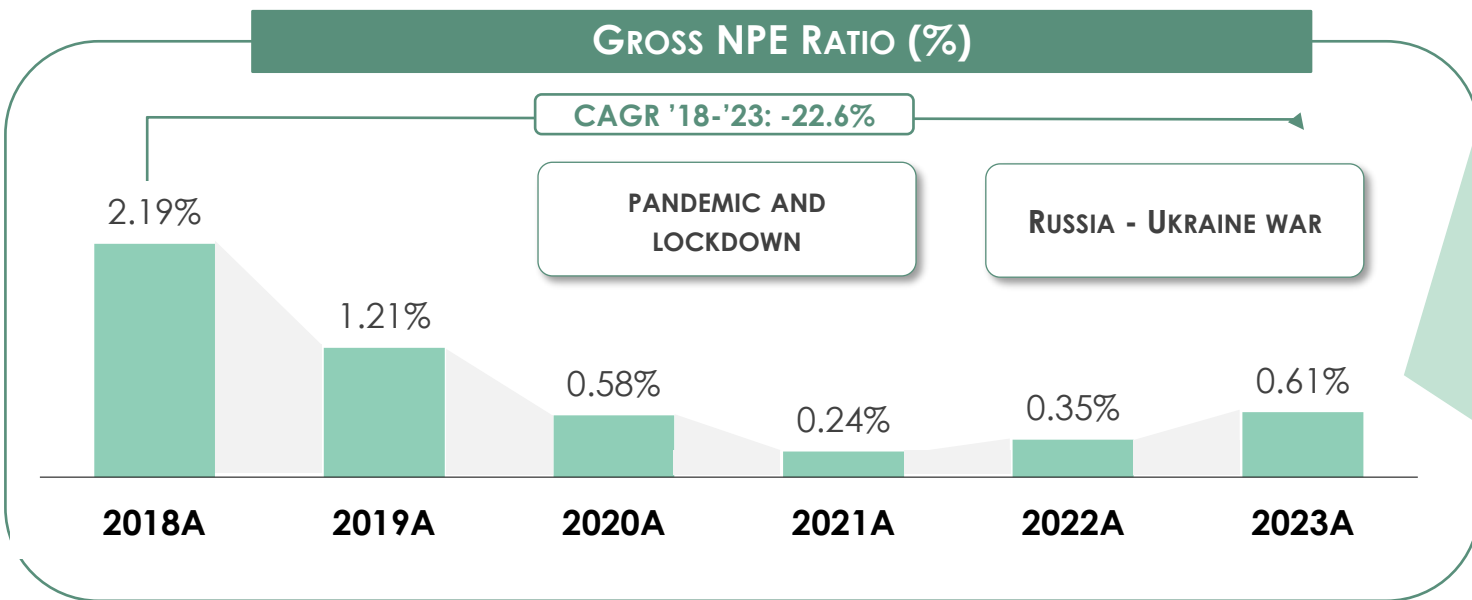
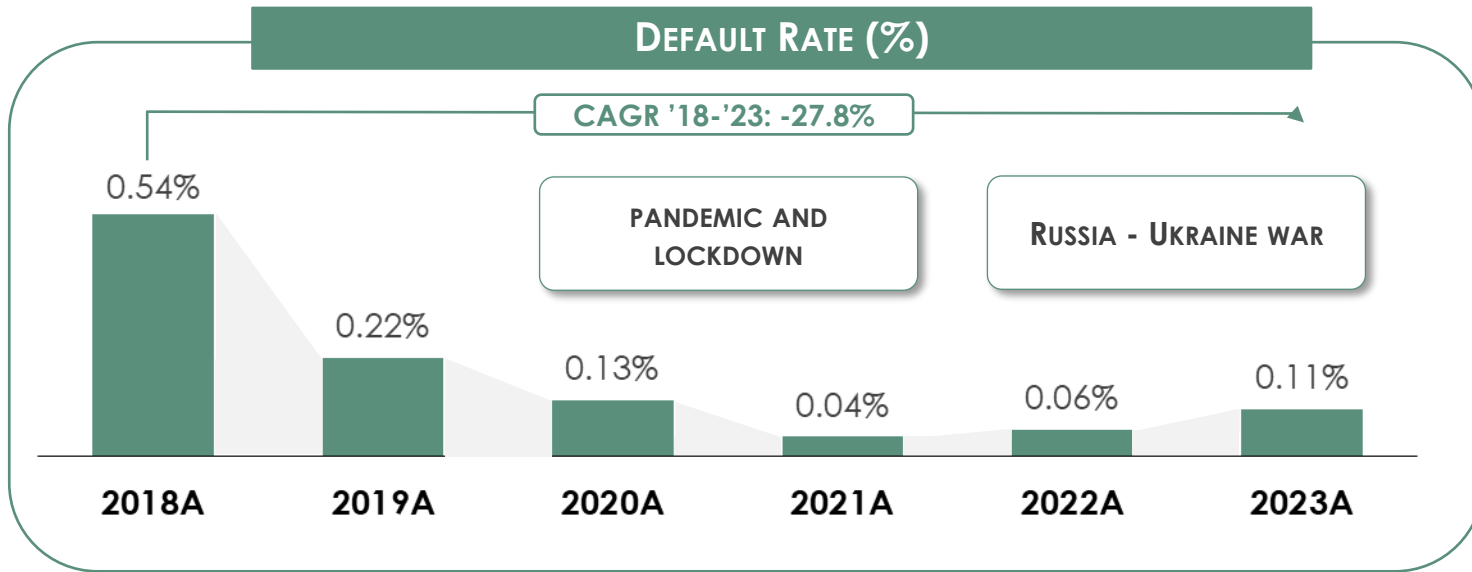
DEFINITION OF DEFAULT (DoD)

In accordance with the interpretation provided for pro-solvendo transactions by the Bank of Italy following the 2022 inspection, **in 4Q 2023 Generalfinance has applied a new definition of default (DoD) under which past due amounts are to be counted from the moment they exceed 1% of the relevant exposure (and are higher than 100 euro or 500 euro depending on the type of the counterparty), even if there is a buffer between the nominal value of the receivable and the company's exposure.**

However, there was no impact in Q4 2023 deriving from the application of the new DoD, thanks to a proactive collection and credit management activities on certain exposures.

However, due to the new DoD, it is possible that past due amounts may experience greater volatility in the future.

Default Rate and NPE Ratio constantly improving

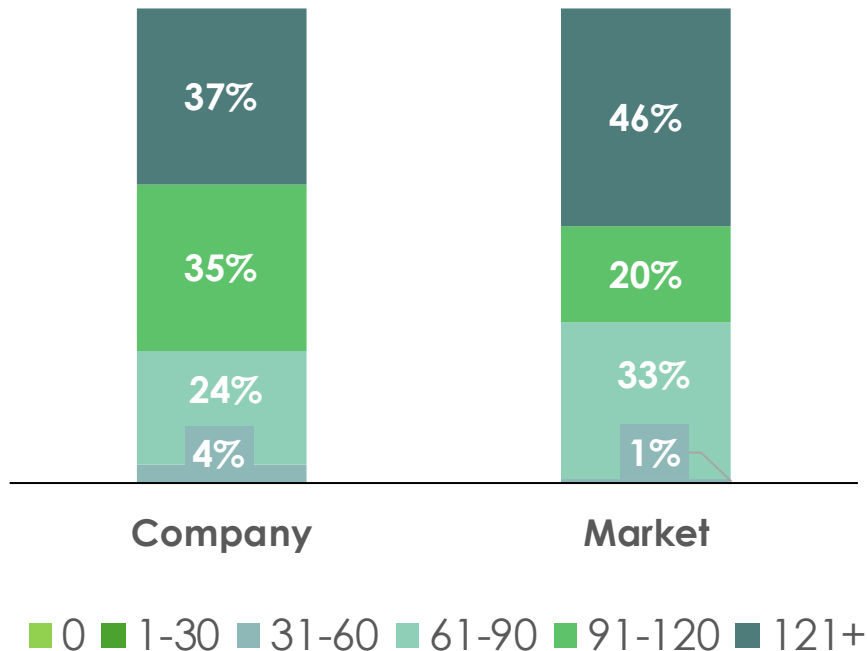


Default rate: NPE inflow of the year / loans disbursement flow of the year
 Assifact NPE Ratio (%) as at September, 30 2023

Collection performance: a strategic delivery to our Customers

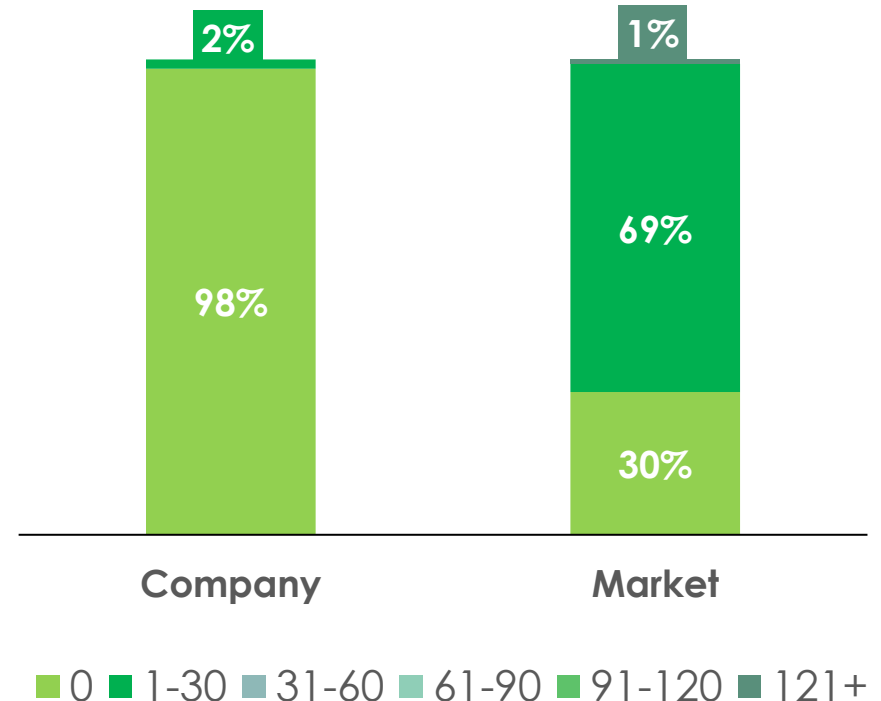
Payment Conditions (DSO)

Only **37%** of Generalfinance's portfolio has payment conditions exceeding 120 days (**vs 46% of the market**)



Payment Delays (days)

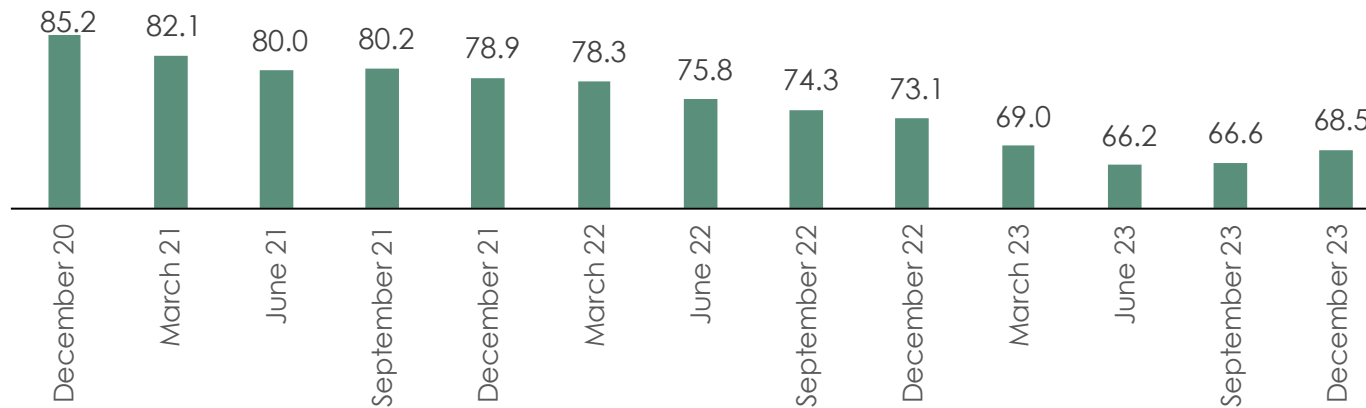
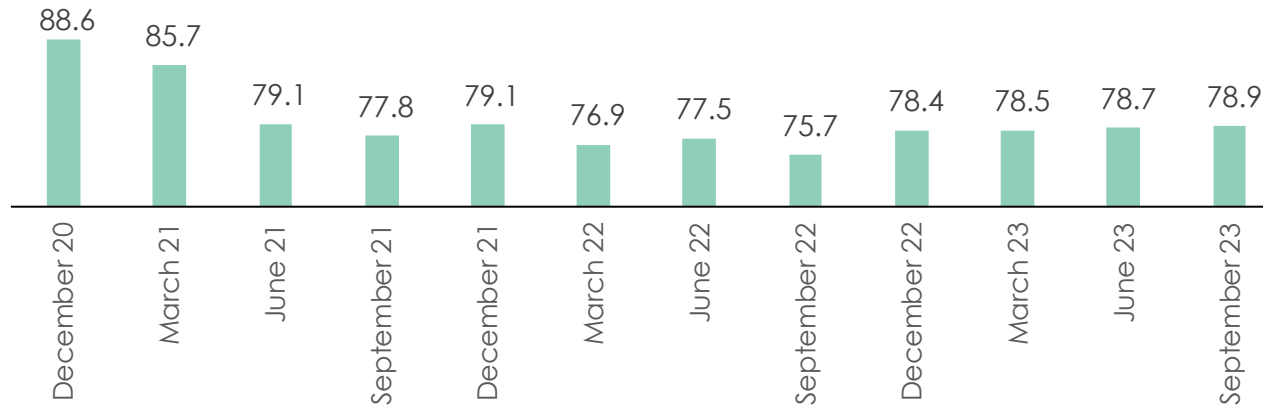
98% of Generalfinance's portfolio has **no payment delays** (**vs 30% of the market**)



Generalfinance boasts an excellent portfolio quality, both in terms of Payment Conditions and Payment Delays

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

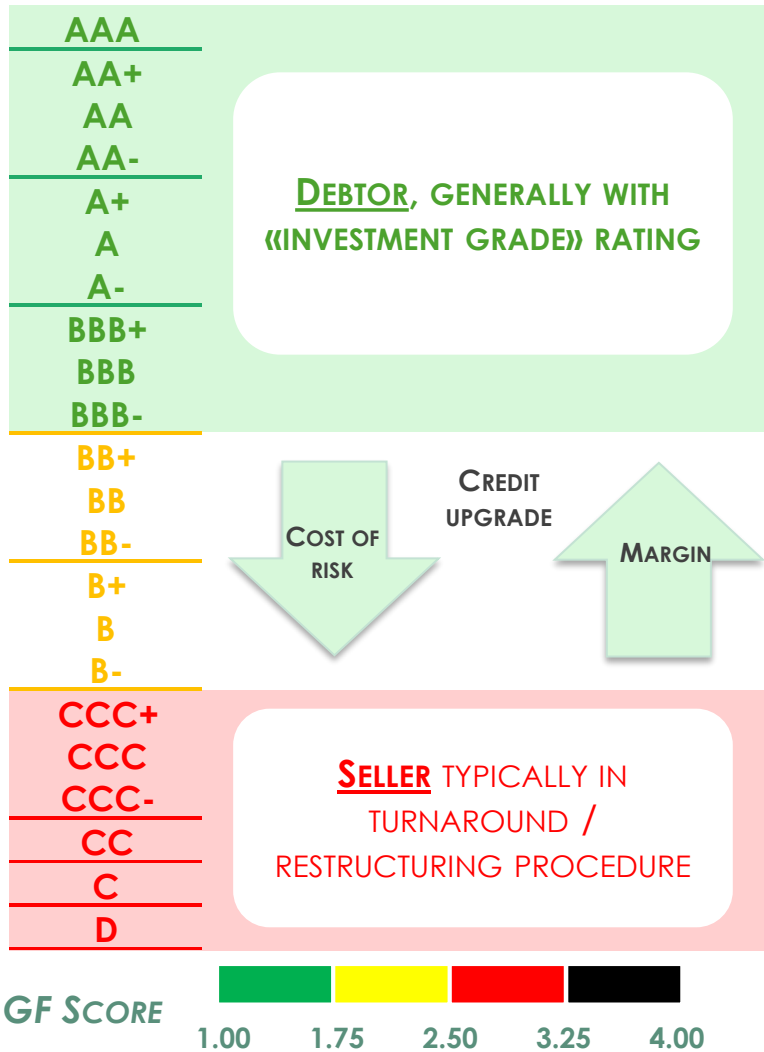
Days Sales Outstanding (DSO) – Receivables from private companies



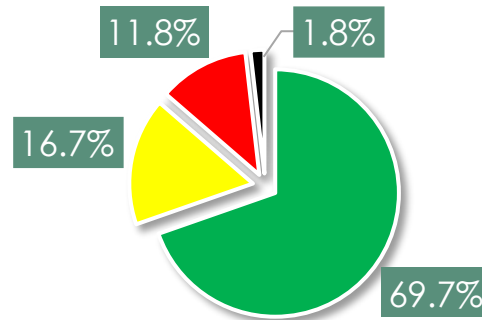
Source: Assifact monthly and quarterly statistics; excluding public sector.

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")

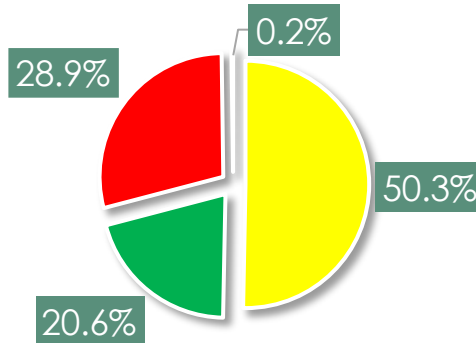


Turnover 2023 – per Debtor



Green score equal to **69.7%**

Turnover 2023 – per Seller



Green score equal to **20.6%**

HIGHLIGHTS FOR GENERALFINANCE¹

PRODUCTS

- ✓ Pro-solvendo factoring (c. **76%** of turnover; vs 21% Assifact average)
- ✓ Pro-soluto factoring (c. **24%** of turnover; vs 79% Assifact)
- ✓ Reverse factoring

CREDIT RISK MITIGATION

- ✓ C. **79%** of turnover covered by insurance with Allianz Trade (83% Pro-soluto, 78% Pro-Solvendo)
- ✓ **80%** LTV Pro solvendo in 2023, adjustable according to credit risk

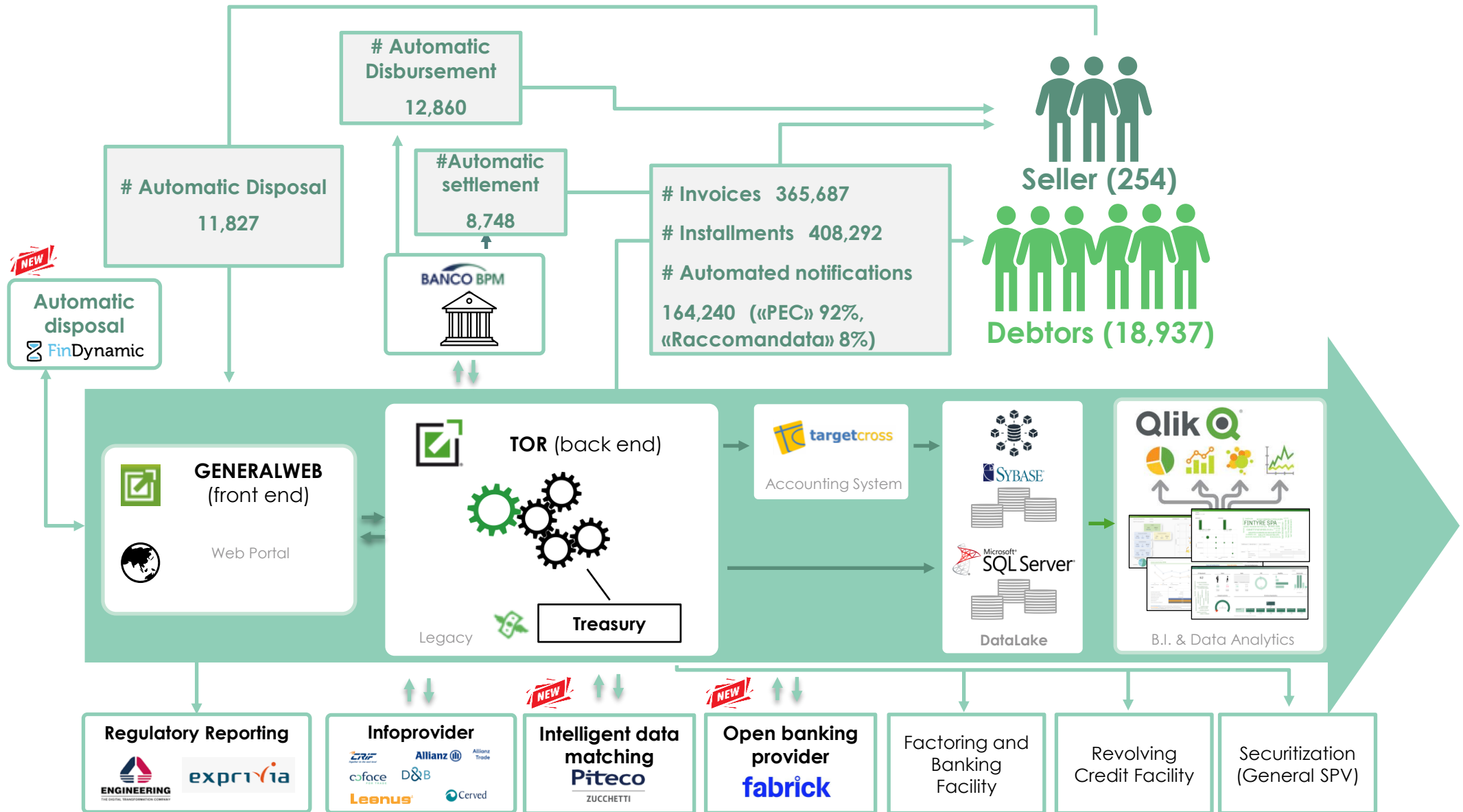
CUSTOMERS

- ✓ High ratio Debtor/Seller (~**75** vs **7** of Assifact average²)
- ✓ Average Seller **retention about 6 years**

■ Distressed ■ Bonis

Notes: 1) Generalfinance data refers to December 31, 2023 (LTM); Assifact data refers to September 30, 2023; 2) Assifact data net of household debtors.

A strategic asset: the proprietary digital platform



Data LTM, as of December 2023

2023 Results: Balance Sheet, P&L, Funding and Capital

Main KPIs behind our business

Income Statement (€m)	2021A	2022A	2023A	YoY%	CAGR '21-'23
Interest Margin	6.2	7.3	9.0	23.6%	20.0%
Net Commission	17.7	23.6	27.2	15.4%	24.0%
Net Banking Income	23.9	30.9	36.2	17.3%	23.0%
Net value adjustments / write-backs for credit risk	(0.2)	(1.2)	(1.3)	4.8%	141.2%
Operating Costs	(9.8)	(13.2)	(12.9)	(1.9%)	15.0%
Net Profit	9.5	10.9	15.1	38.4%	26.2%

(€m)	2021A	2022A	2023A	YoY%	CAGR '21-'23
Turnover	1,402.9	2,009.4	2,559.3	27.4%	35.1%
Allocated Amount	1,118.5	1,674.0	2,161.4	29.1%	39.0%
LTV	79.7%	83.3%	84.5%	1.4%	2.9%
LTV Pro-solvendo	78.6%	81.6%	79.7%	-2.4%	0.7%

Net Banking Income / Average Loan (%)	9.6%	8.7%	8.5%	(2.3%)	(5.8%)
Interest Margin / Net Banking Income (%)	26.0%	23.5%	24.8%	5.4%	(2.4%)
Cost Income Ratio	40.9%	42.7%	35.7%	(16.4%)	(6.5%)
ROE (%)	42.0%	23.7%	29.3%	23.7%	(16.4%)

Balance Sheet (€m)	2021A	2022A	2023A	YoY%	CAGR '21-'23
Cash & Cash Equivalents	33.5	43.7	21.7	(50.5%)	(19.6%)
Financial Assets	321.0	385.4	462.4	20.0%	20.0%
Other Assets	10.7	14.7	15.9	8.0%	21.7%
Total Assets	365.3	443.8	500.0	12.7%	17.0%
Financial Liabilities	314.6	368.4	409.4	11.1%	14.1%
Other Liabilities	18.7	18.6	24.2	30.6%	13.9%
Total Liabilities	333.3	387.0	433.6	12.0%	14.1%
Shareholder's Equity	32.0	56.8	66.4	17.0%	44.2%



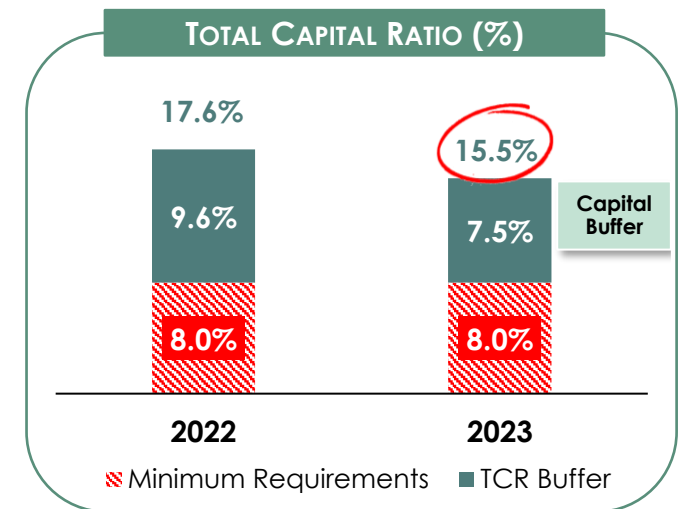
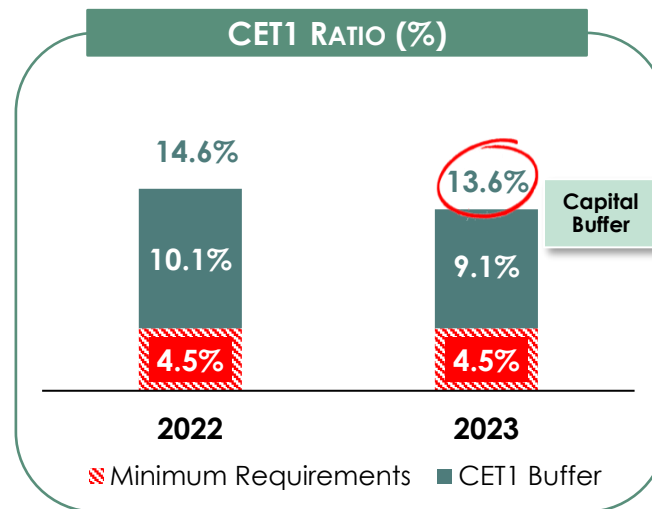
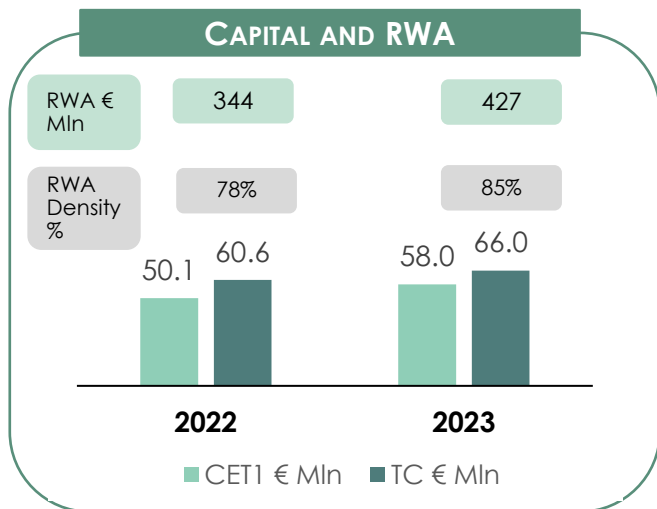
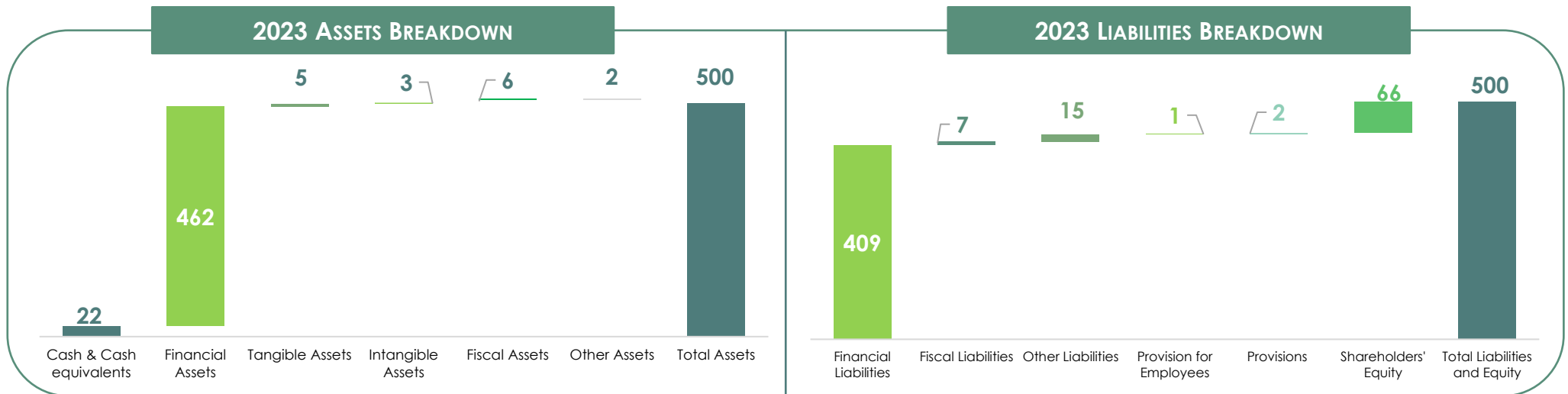
Note: Turnover includes Future receivables

ROE = Net Profit / (Equity - Net Profit)

LTV: Pro Solvendo

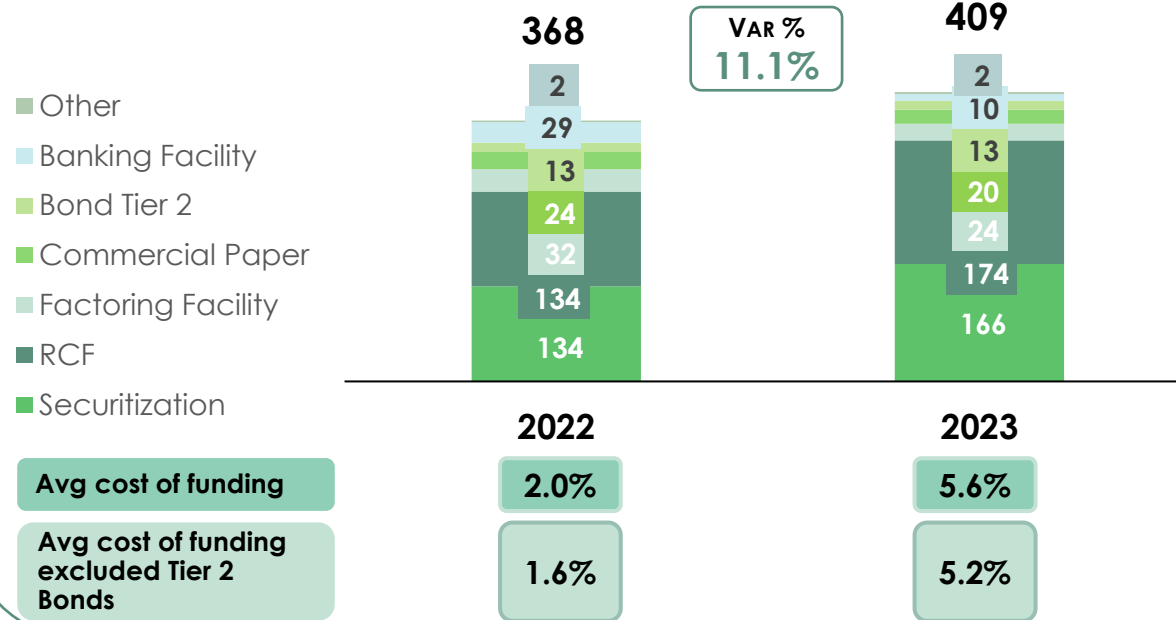
Net Profit 2022 Adj: 12.1 €mIn (YoY% +25% adj), net of IPO costs

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

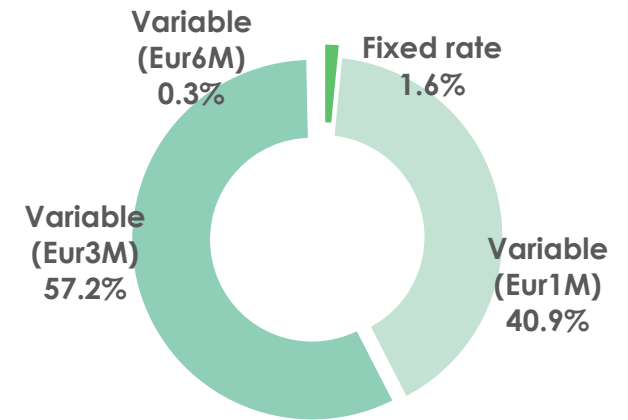


...coupled with a robust funding and liquidity position

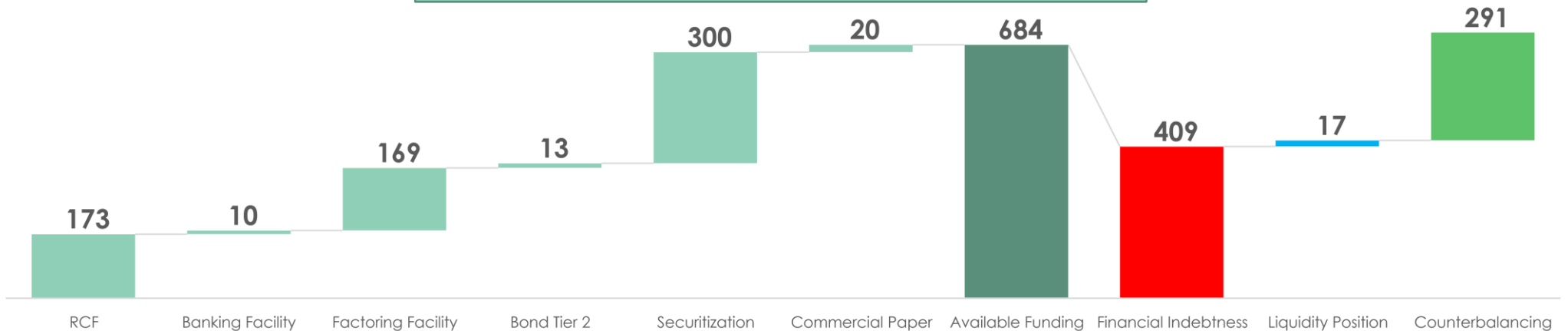
2022 – 2023 FUNDING AND COST OF FUNDING (€M, %)



2023 FUNDING BREAKDOWN



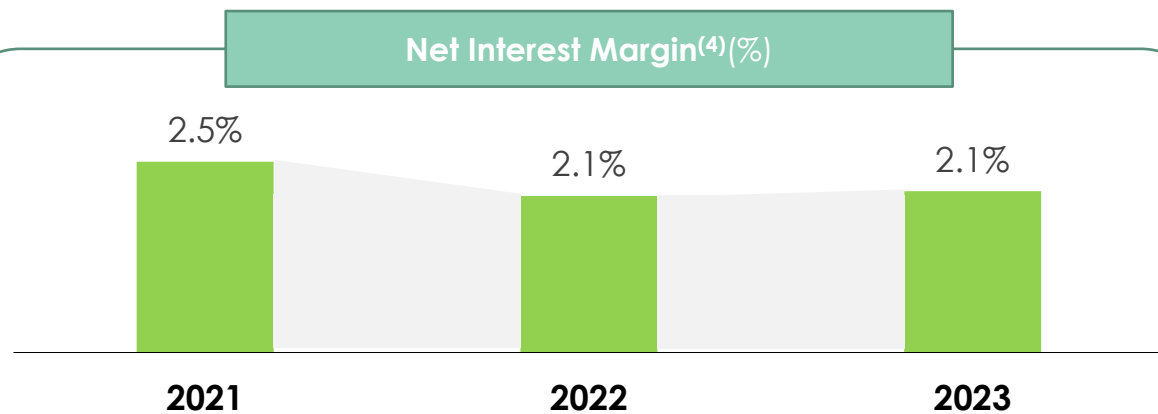
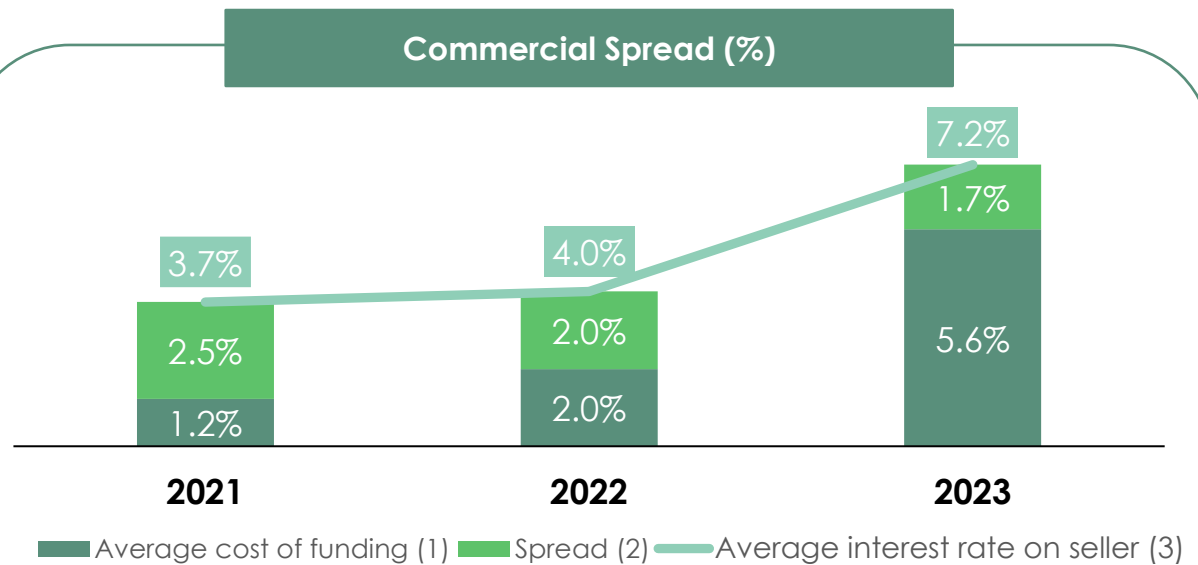
2023 – TOTAL AVAILABLE FINANCING AMOUNT (€M)



Note: Commercial Papers included in «Fixed Rate»
 Liquidity Position: excluding pledged accounts equal to 5.0 €mln
 Securitization: included only for an amount equal to the credit lines approved by banks

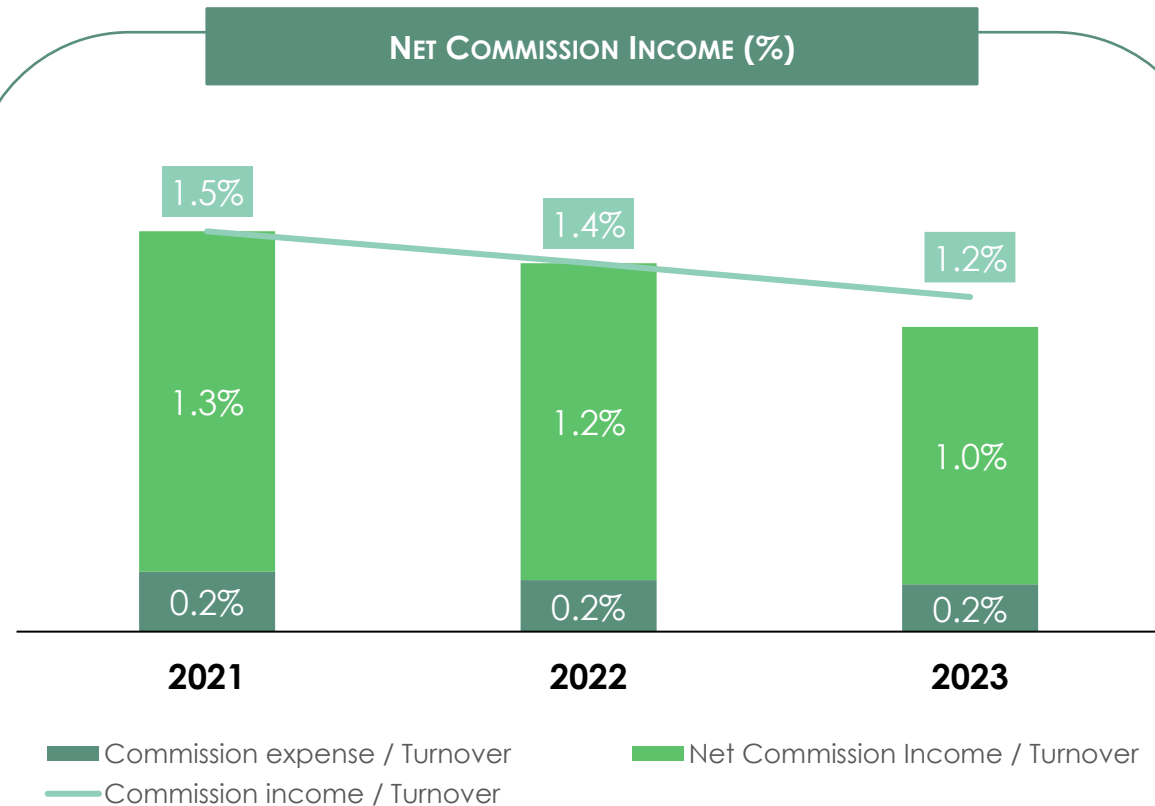
Net interest Income fully «hedged» against interest rates volatility

- Net Interest Income ~**25%** 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**)



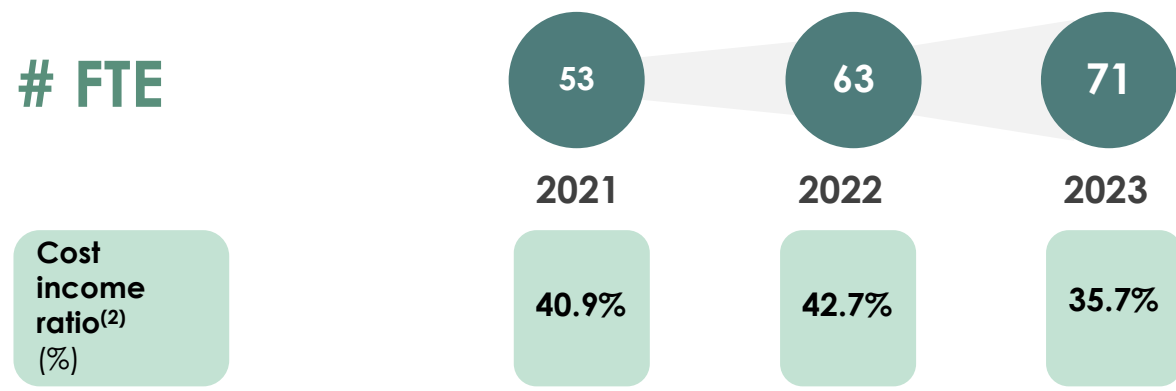
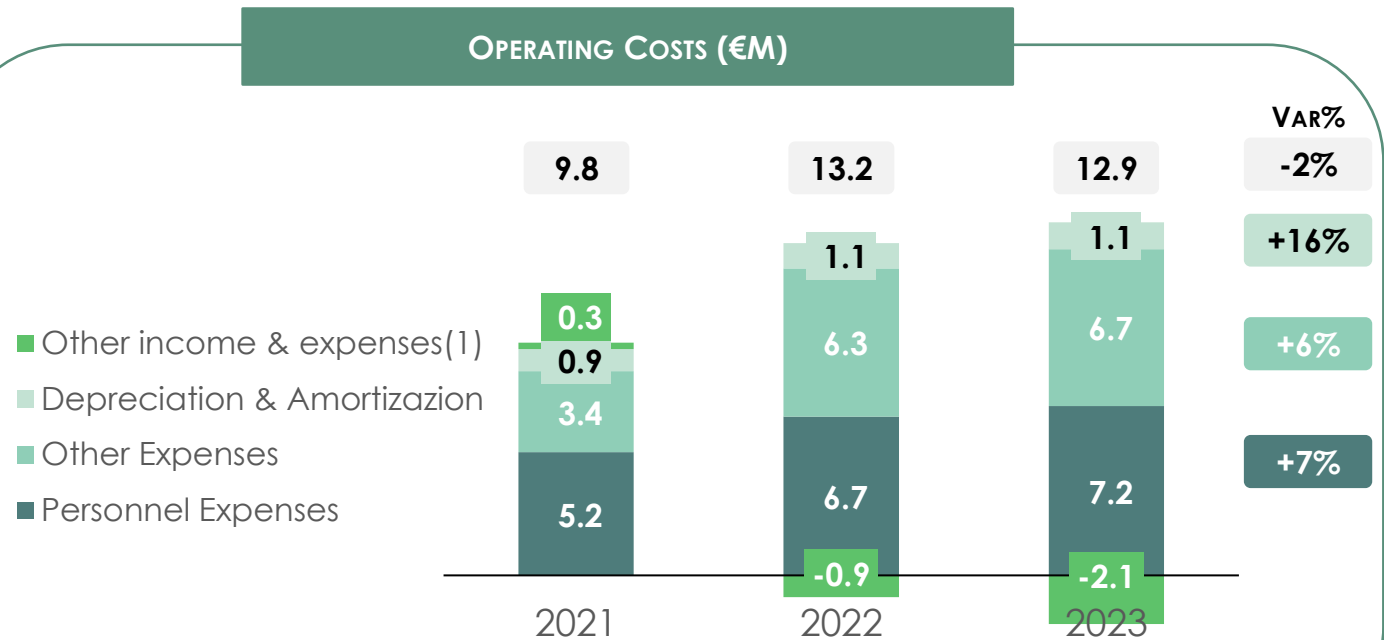
Net commission income, the primary source of profitability

- Net Commission Income **~75%** of the Net Banking Income
- Commission Income/Turnover slightly lower YoY, taking into consideration 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

- **#71 FTE** as of 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 2022 Adjusted (net of IPO costs): 11.6 €mln
 Cost income ratio 2022 Adjusted (net of IPO costs): 37.7%

Closing Remarks

A well balanced Dividend Policy

SHARE PERFORMANCE (29 JUNE 2022 – 22 FEBRUARY 2024)



Distribution of Net Profit (€)	2023
Net Profit	15,067,393
Number of shares	12,635,066
Dividend per share	0.59
Total dividends	7,454,689
Retained earnings	7,612,704
Payout ratio	49.5%
Dividend Yield	6.1%

**DIVIDEND
YIELD
6.1%**

Note: dividend yield calculated as dividend / average share price of the last 10 days, as of 22th Feb 2024

Closing Remarks

2023 year confirms a growing trend, substantially in line with the business plan:

- Profitability level showing significant growth: net profit up +38% (+25% on adjusted basis)
- Excellent asset quality confirms our conservative risk policy, even taking into consideration the new DoD interpretation
- Further reduction of the cost income ratio, expected to drop again thanks to the very good operating leverage
- An updated organization oriented to risk control and business
- Macroeconomic evolution and more difficult environment for SME lending support our strategy
- New shareholders base very positive for future growth, zeroing “overhang risk” associated with our stock and potentially helping new projects (expansion abroad)

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: further steps towards the conclusion of the analysis over foreign market
- Net Income 2024 guidance: >20M; potential effects of new DoD (provisions) to take into account

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Annexes



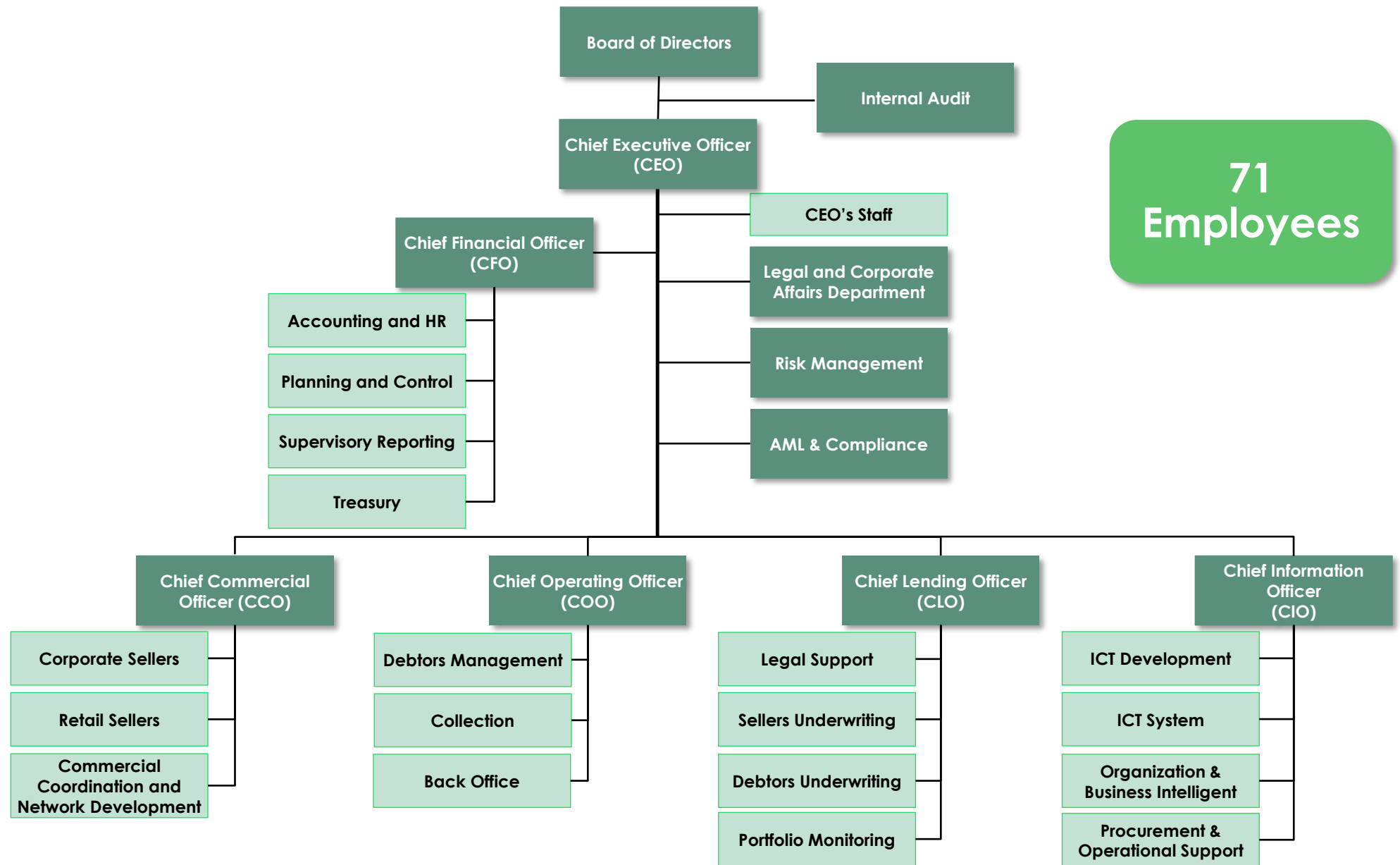
Income Statement

Income Statement (€m)	2022A	2023A	YoY%
Interest income and similar income	14,0	30,6	118,3%
Interest expense and similar charges	(6,7)	(21,6)	220,4%
INTEREST MARGIN	7,3	9,0	23,6%
Fee and commission income	27,3	31,7	15,6%
Fee and commission expense	(3,8)	(4,5)	17,2%
NET FEE AND COMMISSION INCOME	23,6	27,2	15,4%
Dividends and similar income	0,0	0,0	(100,0%)
Net profit (loss) from trading	(0,0)	0,0	(308,0%)
Net results of other financial a/l measured at fv	0,0	(0,0)	(117,5%)
NET INTEREST AND OTHER BANKING INCOME	30,9	36,2	17,3%
Net value adjustments / write-backs for credit risk	(1,2)	(1,3)	4,8%
a) Financial assets measured at amortised cost	(1,2)	(1,3)	4,8%
NET PROFIT (LOSS) FROM FINANCIAL MANAGEMENT	29,7	34,9	17,8%
Administrative expenses	(13,0)	(13,9)	6,2%
a) Personnel expenses	(6,7)	(7,2)	6,6%
b) Other administrative expenses	(6,3)	(6,7)	5,7%
Net provision for risks and charges	(0,1)	(0,1)	242,1%
b) Other net provisions	(0,1)	(0,1)	242,1%
Net value adjustments / write-backs on pppe	(0,7)	(0,7)	8,7%
Net value adjustments / write-backs on int. Ass.	(0,4)	(0,4)	31,9%
Other operating income and expenses	1,0	2,2	135,5%
OPERATING COSTS	(13,2)	(12,9)	(1,9%)
PRE-TAX PROFIT (LOSS) FROM CURRENT OPERATIONS	16,5	22,0	33,6%
Income tax for the year on current operations	(5,6)	(6,9)	24,2%
PROFIT (LOSS) FOR THE YEAR	10,9	15,1	38,4%

Balance Sheet

Balance Sheet (€m)	2022A	2023A	Var% YoY
Cash and cash equivalents	43,7	21,6	(50,5%)
Financial assets measured at fair value through p/l	0,0	0,0	13,2%
Financial assets measured at amortised cost	385,4	462,4	20,0%
Equity investments	0,0	0,0	-
Property, Plan and Equipment (PPE)	4,9	5,0	2,6%
Intangible assets	2,0	2,6	27,1%
Tax assets	4,6	5,7	24,2%
a) current	4,1	5,1	23,4%
b) deferred	0,5	0,6	31,8%
Other assets	3,2	2,7	(13,4%)
TOTAL ASSETS	443,8	500,0	12,7%
Financial liabilities measured at amortised cost	368,4	409,4	11,1%
a) payables	331,2	376,8	13,8%
b) outstanding securities	37,2	32,6	(12,3%)
Tax liabilities	4,9	7,1	44,6%
Other liabilities	11,6	14,0	21,2%
Severance pay	1,3	1,5	11,7%
Provision for risk and charges	0,8	1,6	93,3%
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	25,5%
Profit (loss) for the year	10,9	15,1	38,4%
TOTAL LIABILITIES AND SHAREHOLDERS'S EQUITY	443,8	500,0	12,7%

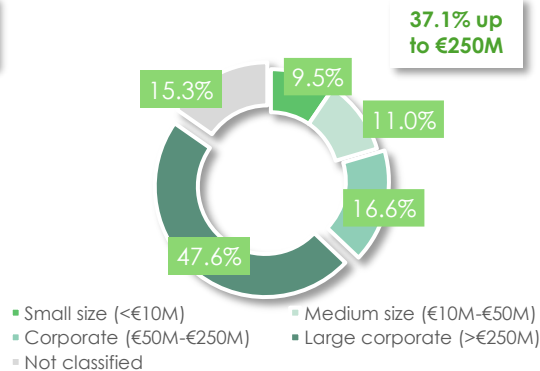
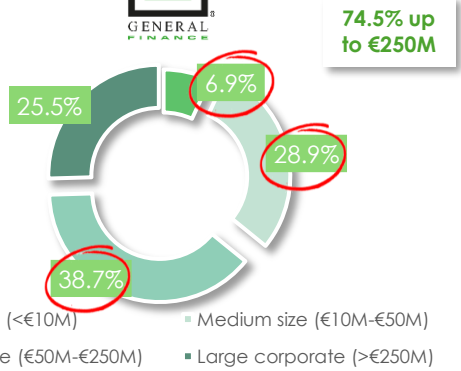
An organization oriented to risk control and business



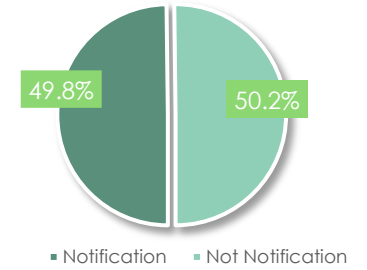
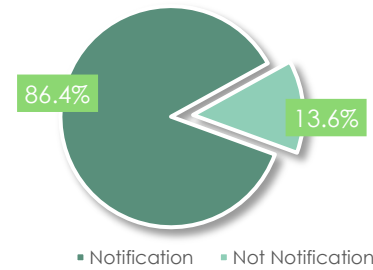
**71
Employees**

Turnover breakdown vs system average 1/2

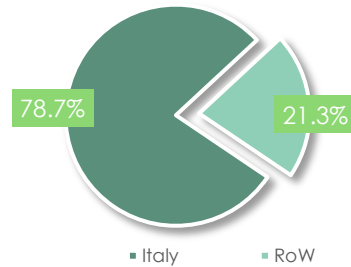
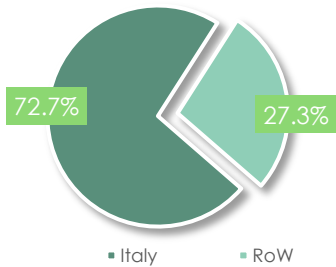
SELLERS' DIVERSIFICATION BY DIMENSION



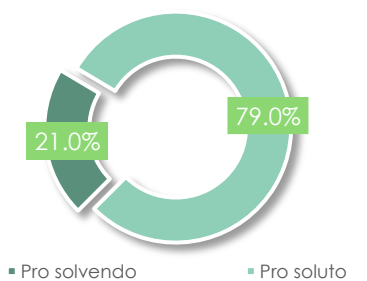
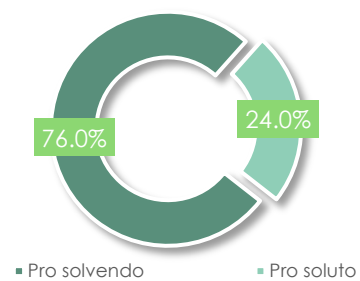
FACTORING BY NOTIFICATION STATUS



NATIONAL VS INTERNATIONAL TURNOVER



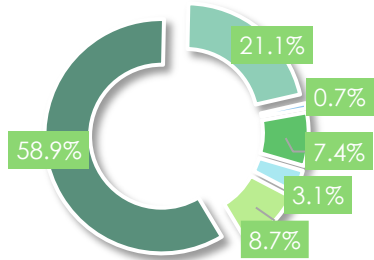
TURNOVER BY PRODUCT



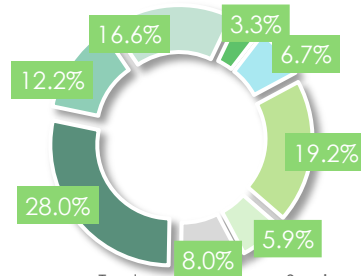
Generalfinance's Turnover data refers to December 31, 2023
Assifact's Turnover data refers to September 30, 2023

Turnover breakdown vs system average 2/2

SELLERS' DIVERSIFICATION BY SECTOR

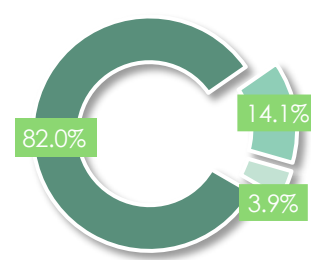


- Manufacture
- Transportation
- Trade
- Construction
- Services
- Others

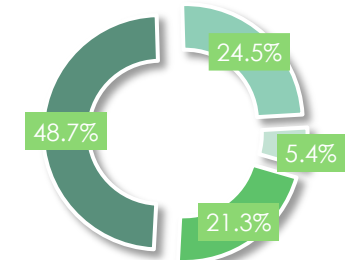


- Manufacture
- Transportation
- Trade
- Construction
- Services
- Others
- Foreign
- Not classified

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 December 31, 2023

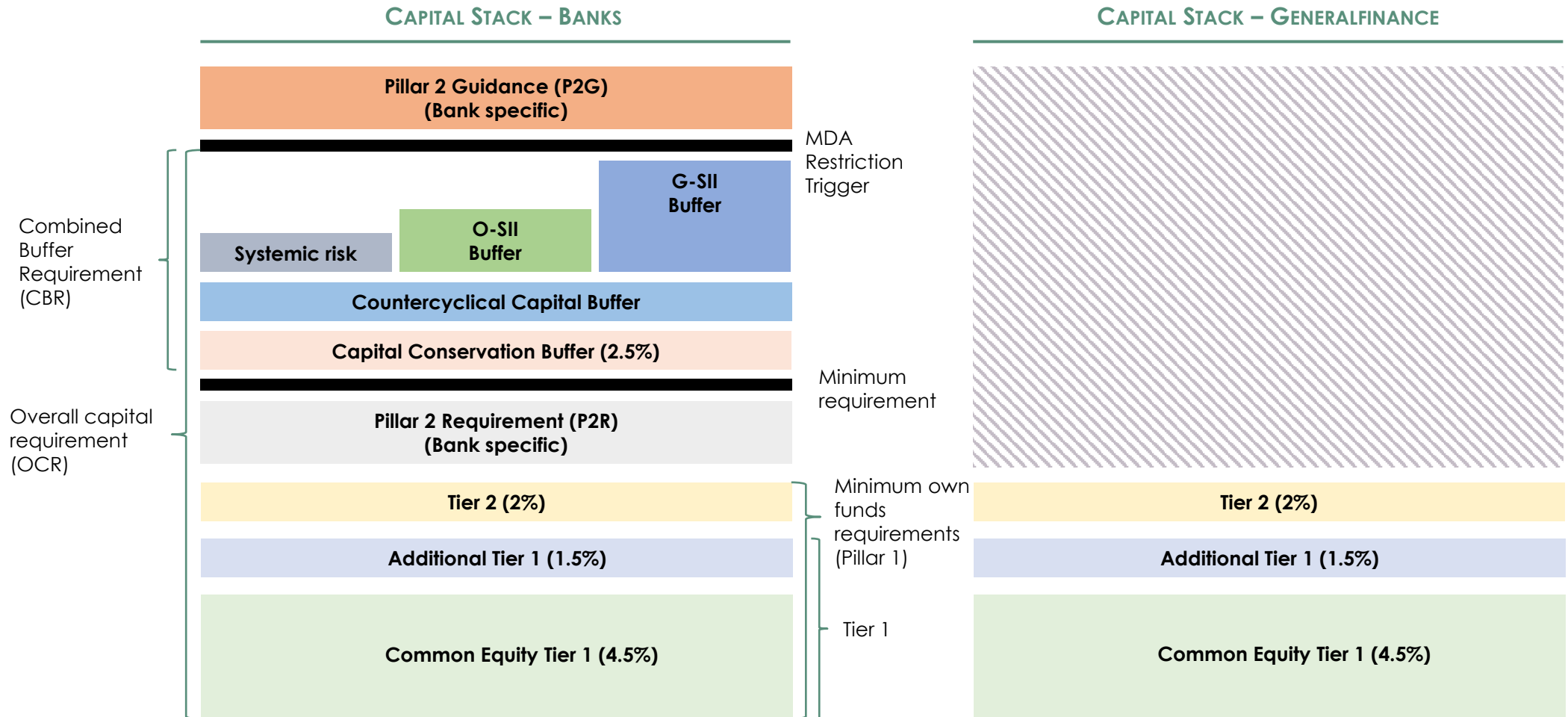
Assifact's Turnover data refers to September 30, 2023

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 2023 Results



February, 2024