

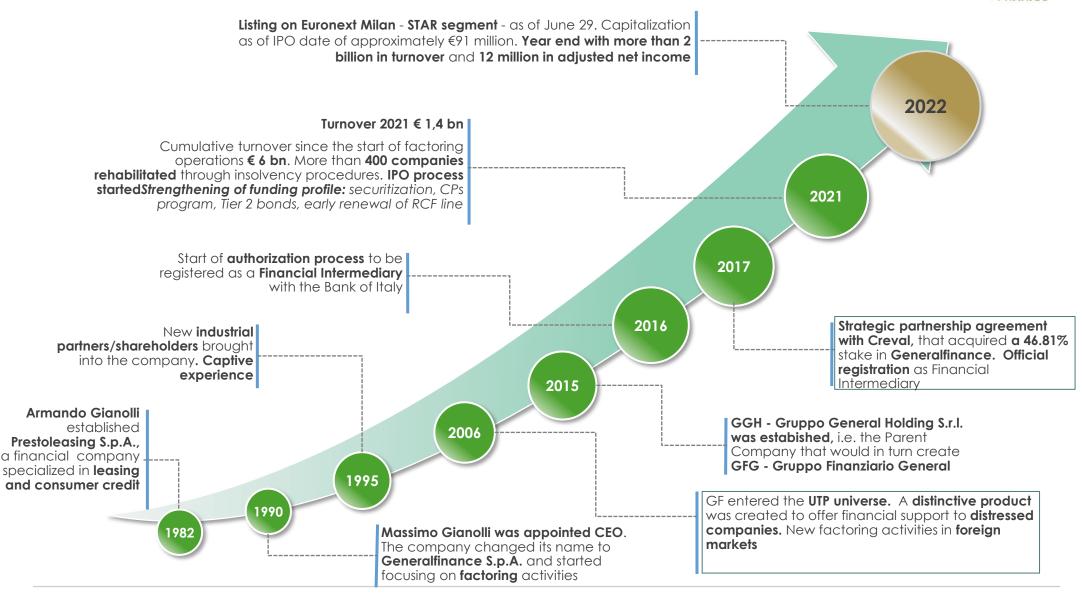
Generalfinance - Overview



Company Milestones

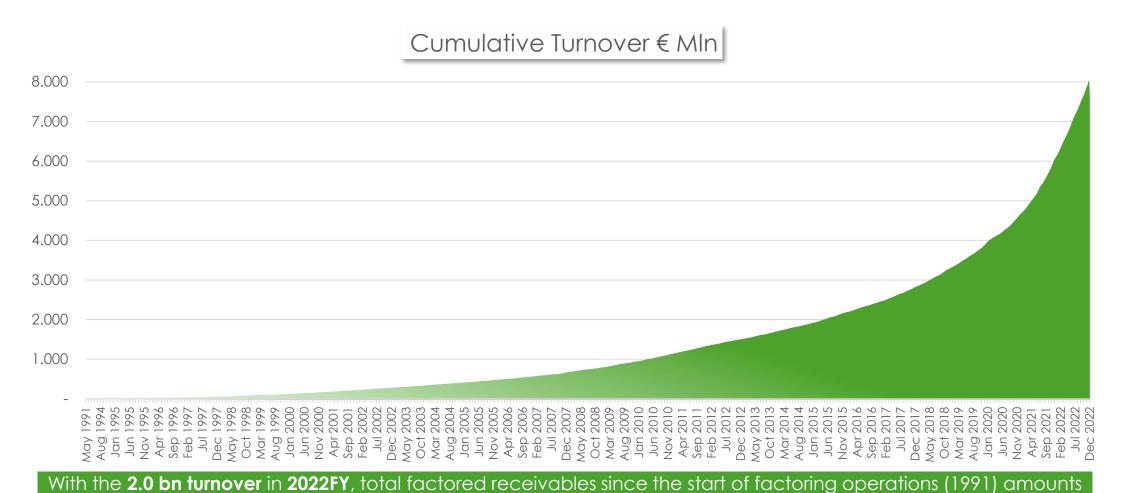








Company Milestones - Turnover



to approximately 8 bln



II factoring

- Factoring is a flexible tool for the management of working capital, it offers 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).
- The law is aimed to regulate and validate the following:
 - ✓ Enable the Assignor to sell (assign) receivables, also future ones;
 - ✓ Ensure the assignability of receivables to a Factor, even in bulk;
 - ✓ Make it easier for the Assignor to oppose disposal to Third Parties.
- Through the assignment, the Client transfers the receivables arising from its own business activity to a Factor, who:
 - ✓ manages their collection and accounting;
 - ✓ can provide protection in the event of default of the Assigned Debtor (Buyer);
 - ✓ can advance all or part of the purchase price of the assigned receivables (Prepayment)



Factoring: a Combination of Three Services



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 a Factor's core business)
- ✓ Greater **efficiency** (the factor benefits from economies of scale)

3

In the **credit insurance** service, the Factor analyzes the **specific features of the assigned receivables** and can issue a solvency guarantee)





In the credit financing service, the Factor differs from a bank in that it analyzes the assigned receivables/debtors in addition to performing the usual creditworthiness assessments



Business Model Breakdown

Process

Assignor and Assignee Assessment

Loan Granting

Factoring Agreement

Assignment of Receivables

Disbursement (advance)

Credit Management until Collection

Balance Settlement

Service provided

Recourse **Factoring**

(~91% of turnover)

- ~83% Notification of Assignment
- ~ 7% Acceptance of assignment
- Revolving credit facilities with 24-month letters
- Limited exposure to Contracts / Orders

Double recourse

On the «Debtor»

• The **Debtor** generally shows a **much** higher creditworthiness than the Assignor and can generate sufficient cashflow to repay the receivables acquired by Generalfinance

On the «Seller»

- Companies that are formally distressed (~69% of the business) or 'performing' under financial stress (~31% of their business1). The Assignor retains the guarantee of successful payment of the assigned receivables
- Low LTV (~83%), which mitigates the transaction credit risk through a contractually agreed compensation in the event of

Insurance coverage of approximately 75% of turnover, through a strategic partnership with Euler Hermes, a global leader in credit insurance

Non-Recourse Factoring (~9% of turnover)



Credit Process Overview

Phase	Client Acquisition	Assessment & pre-qualification	3 Proposal	Negotiation and underwriting	Credit decision	Credit management	Monitoring
Ire	 Acquisition of new Clients Collection of Client data to check sales, turnover, customers, suppliers, etc.) Generate Client Report 	 Customer assessment (economic and financial analysis, AML checks, Summary Report Process assessment (for distressed procedures) Debtor assessment (data collection, creditworthiness check) 	 Overall file assessment (review of Summary Report and other relevant documents) Definition of a non-binding proposal, to be shared with the Client 	 Forwarding of proposal to Client Discussion of any amendments within the decision-making scope of the Sales Office Sign-off of terms and conditions by the Client 	 Additional data collection on the Assignor Review of Assignor/Assign ee assessment Credit decision on the maximum amount disbursable to Assignor and credit facilities to Debtors Signing of contract 	management with Assignor and Assigned	 Monitoring of factored receivables Monitoring of credit risk Management of outstanding receivables Monitoring of collections Reporting on information flows between corporate bodies
GF Structure	 Commercial management 	Credit management	 New Business Committee 	 Commercial management 	- Credit Committee	 Credit management 	Credit management



Our Business Model in a Nutshell

	Moody's	S&P	Fitch	
	Aaa	AAA	AAA _	
	Aa1	AA+	AA+	
	Aa2	AA	AA	
	Aa3	AA-	AA-	
Investment Grade	A1	A+	A+	Generalfinance debtor, generally
Investment drade	A2	Α	A	with «investment» grade rating
	A3	A-	A-	
	Baa1	BBB+	BBB+	
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
	Ba1	BB+	BB+	
	Ba2	BB	BB	
	Ba3	BB-	BB-	Credit Upgrade trough the factoring operation plus the asset allocation at Seller's portfolio level
	B1	B+	B+	operation plus the asset allocation at Seller's portfolio level
	B2	В	В	× ≥
Non-Investment Grade	B3	B-	B-	
	Caa1	CCC+	CCC+	
	Caa2	CCC	CCC	Generalfinance seller,
	Caa3	CCC-	CCC-	typically in «default»
	Ca	CC	CC	(turnaround in restructuring procedure)
	С	С	С	(tarriar ouria in rooti dotaring prootidate)
Default	С	D	D	



IPO and updated shareholder base





Notes: (1) Including Greenshoe Shareholding structure based on information available from the issuer

*Gianolli Riccardo: Usufruct

Core Business: Distressed Companies (1/2)

Support provided to Italian distressed companies, as follows:

- Certified recovery plans pursuant to art. 67 of Finance Law
- Debt restructuring agreements pursuant to art. 182 bis of Finance Law / 57 CCII
- Arrangements with creditors pursuant to art. 160 ss. of Finance Law / 44 -84 CCII (provided business continuity is shown)
- Extraordinary administration of large insolvent companies
- Newly established companies (Newco) resulting from corporate restructuring/reorganization
- Negotiated crisis settlements
- Phase of negotiation of crisis regulation instruments

Support provided when transactions happen under financial stress and are not regulated by the Financial Law

Supporting for example:

- Companies with limited access to traditional banking
- Companies with high leverage and low margins

31% of corporate turnover*

69% of corporate

turnover*

* Turnover at December 31 2022



Core business: Distressed Companies (2/2)

Areas of intervention and characteristics

Assignors
Only Italian,
Private Companies

- ✓ Manufacturing industry, services, trade
- ✓ NO real estate, investment holding companies, and industries that do not have trade receivables arising from the provision of goods or services

Assignees

<u>Italian and Foreign,</u>

<u>Private Companies</u>

and PA

- Performing 'investment-grade' companies in the manufacturing, trade and service sectors
- ✓ Regions, Ministries and certified receivables from Local Health Authorities (ASL)
- Foreign assigned debtors, excluding high-risk or uninsurable countries
- High risk fractioning at the level of the individual Assigned
 Debtor

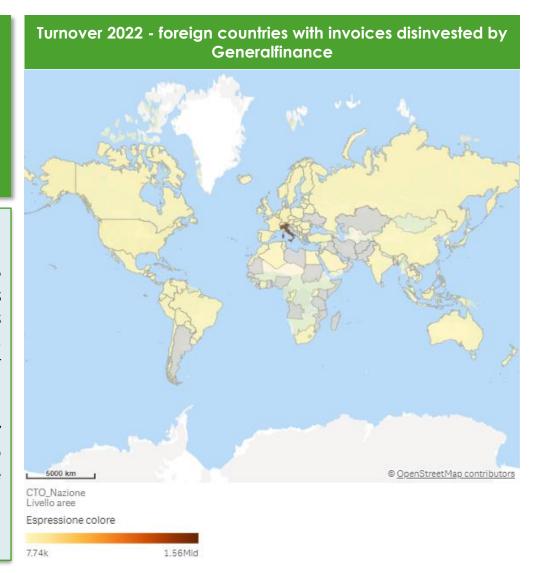


Core business: International factoring

Support for internationalization

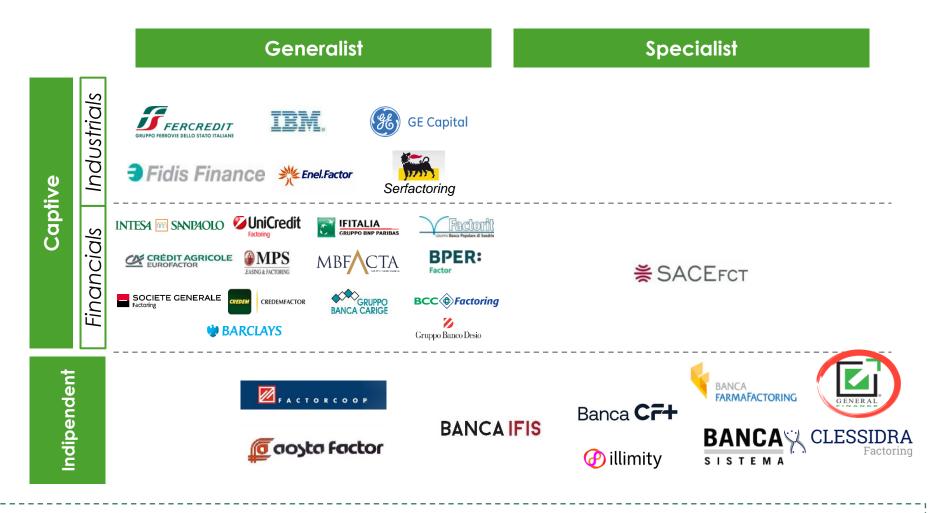
Generalfinance - also thanks to the historical partnership with Allianz Trade - is able to support manufacturing companies in all the main countries of the world, disinvesting invoices and managing credit collection (international factoring).

In 2022, approximately 22% of turnover disinvested by the Company was related to Foreign Assigned Debtors, mainly in Europe and North America.





Competitive Positioning



Generalfinance is an independent player focusing on distressed debt financing

Source: Generalfinance

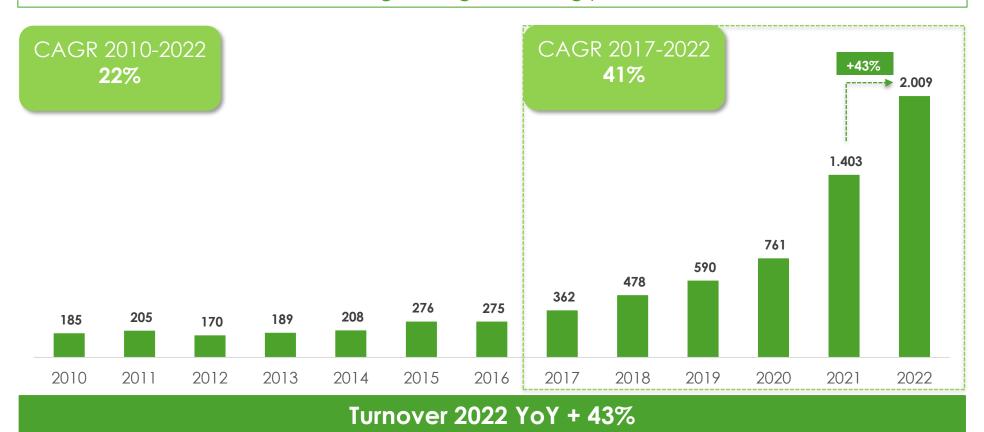


Generalfinance – Financial Results



Turnover - historical series

Steady growth in turnover volume, particularly from 2017, following recapitalization and strengthening of funding profile



Data expressed in million of Euro



Net Profit - historical series

Positive results with **stable profit growth**, particularly from 2017, following recapitalization and strengthening of funding profile

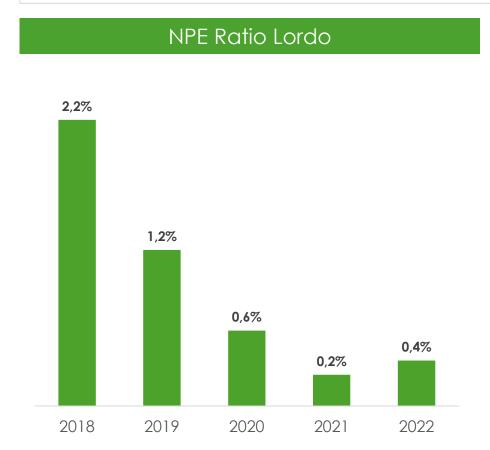


Data expressed in million of Euro Net Profit 2022 Adj

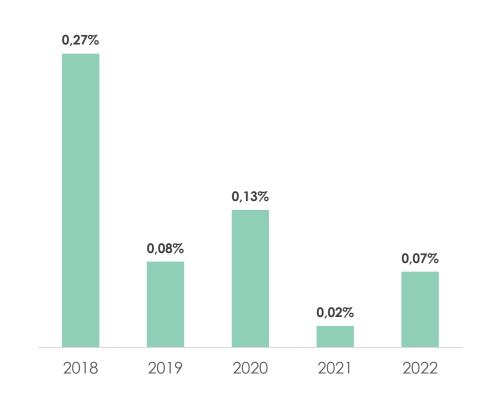


Asset Quality Evolution

Excellent risk profile with respect to both the cost of risk and the level of non-performing credits



Costo del rischio



NPE Ratio: Gross impaired credits / Gross credits

Cost of risk: Value adjustments / Annual advance granted



The main KPIs behind our business

Income Statement (€m)	2020A	2021A	2022A	YoY	CAGR '20-'22
Interest Margin	4,1	6,2	7,3	17,7%	33,4%
Net Commission	13,1	17,7	23,6	33,3%	34,2%
Net Banking Income	17,2	23,9	30,9	29,3%	34,0%
Operating Costs	(8,4)	(9,8)	(11,6)	18,4%	17,5%
Net Profit	5,3	9,5	12,1	27,4%	51,1%
KPI (€m)	2020A	2021A	2022A	YoY	CAGR '20-'22
Turnover	761,0	1.403,0	2.009,0	43,2%	62,5%
Allocated Amount	562,0	1.118,0	1.674,0	49,7%	72,6%
LTV	73,9%	79,7%	83,3%	4,5%	6,2%
Net Banking Income / Average Loan (%)	 11,2%	9,6%	8,7%	(9,0%)	(11,7%)
Interest Margin / Net Banking Income (%)	23,8%	26,0%	23,5%	(9,4%)	(0,5%)
Cost Income Ratio	48,7%	40,9%	37,7%	(7,9%)	(12,1%)
ROE (%)	30,9%	42,0%	26,3%	(37,5%)	(7,8%)
CET1 Ratio	8,6%	9,4%	14,6%	55,6%	30,3%
Total Capital Ratio	8,6%	13,7%	17,6%	28,4%	43,3%
Balance Sheet (€m)	2020A	2021A	2022A	YoY	CAGR '20-'22
Cash & Cash Equivalents	24,2	33,5	43,7	30,4%	34,4%
Financial Assets	176,5	321,0	385,4	20,1%	47,8%
Other Assets	9,5	10,8	14,6	35,2%	24,0%
Total Assets	210,2	365,3	443,7	21,5%	45,3%
Financial Liabilities	175,4	314,6	368,4	17,1%	44,9%
Other Liabilities	12,2	18,7	18,5	(1,1%)	23,1%
Total Liabilities	187,6	333,3	386,9	16,1%	43,6%
Shareholder's Equity	22,6	32,0	56,8	77,5%	58,5%

Income statement data as of 2022 adjusted. ROE adj = Net Profit adj / (Equity - Net Profit adj)



Generalfinance - Contacts



www.generalfinance.it



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



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