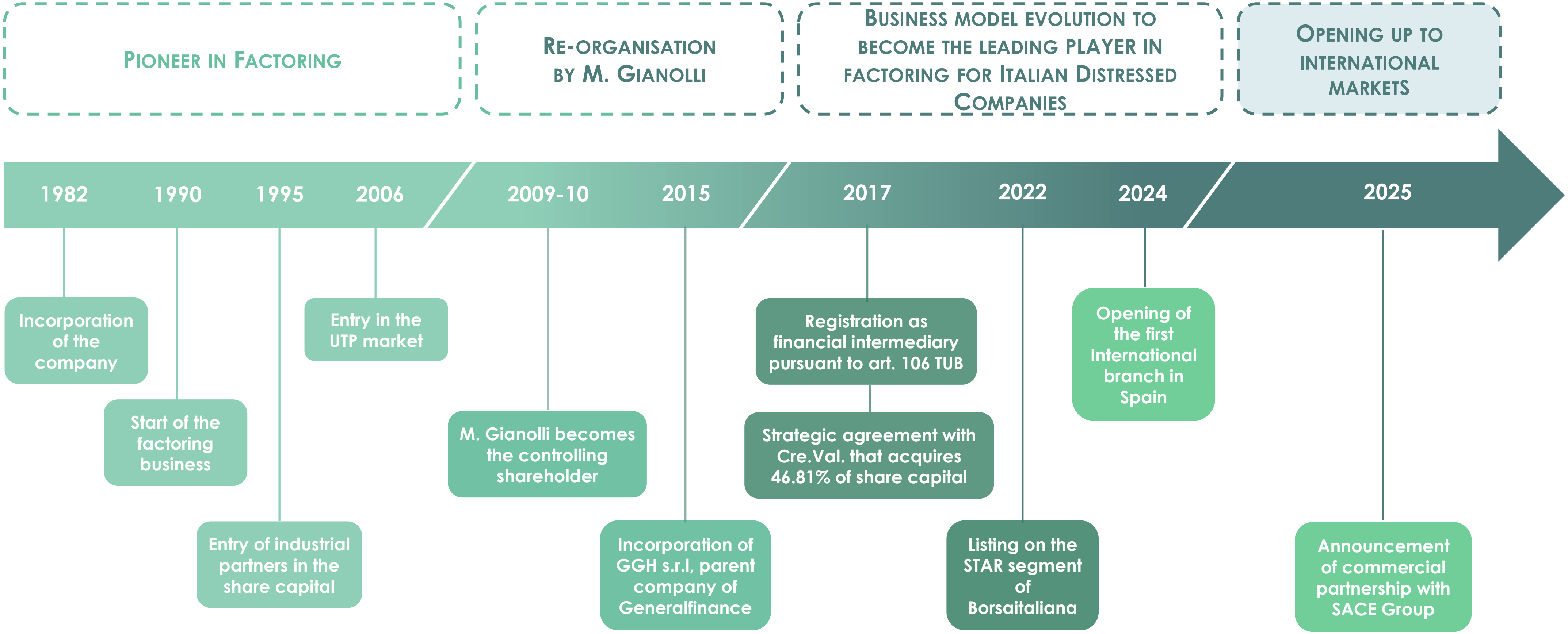
GENERALFINANCE Company Profile

Generalfinance - Overview

Generalfinance: A Long and Successful Story



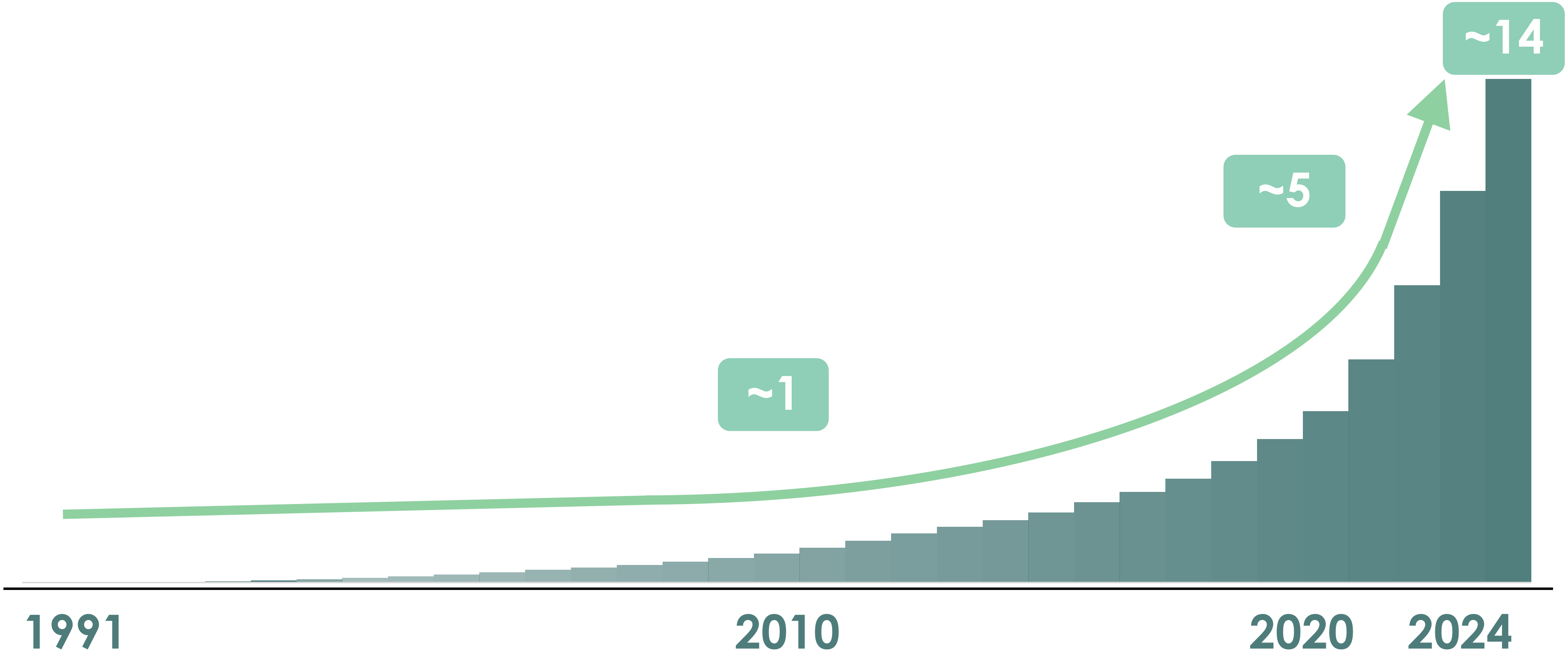
Long-standing experience, specialization and unique positioning

A Sound and Long-Term Oriented Business Model

Sustainability of financial results over >30 years

Cumulative Turnover €bn

CAGR 91' - 10'	CAGR 10' - 20'	CAGR 20' - 24'
+95%	**+15%**	**+31%**



With a €3 bn turnover in 2024, total factored receivables since the start of the factoring operations (1991) are approximately €14 bn

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:

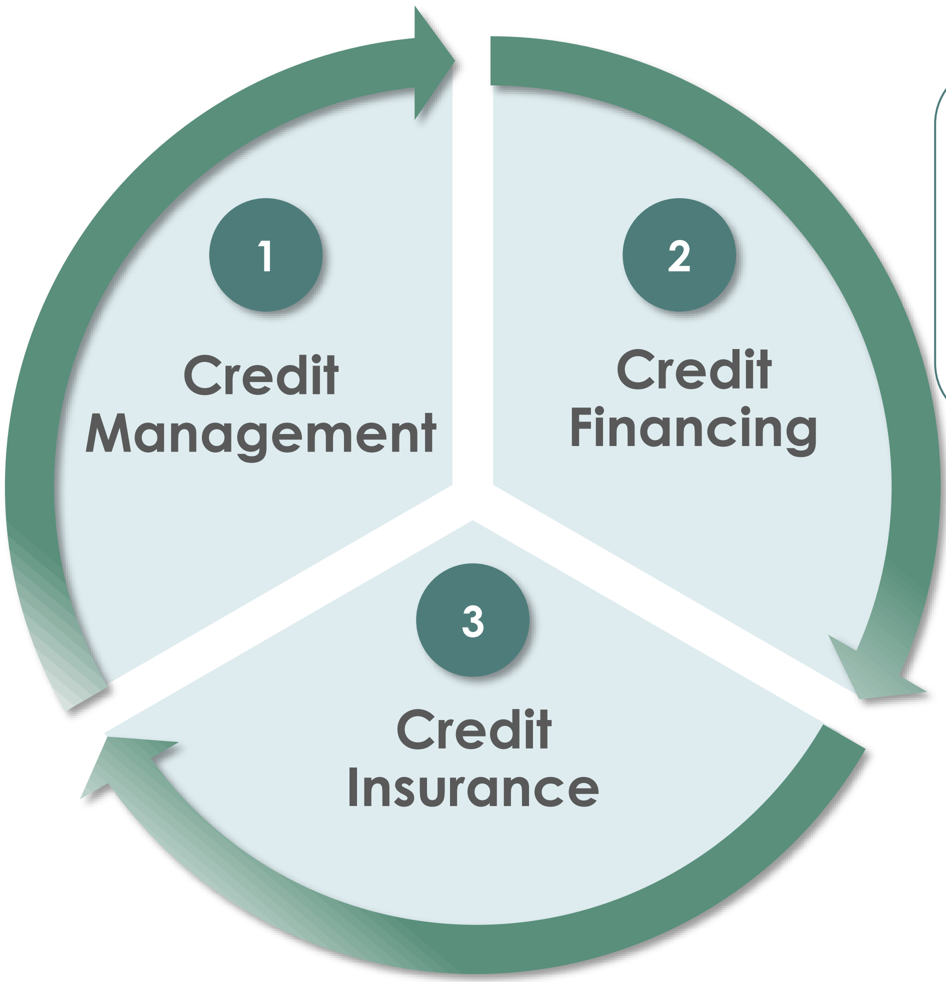
- ✓ manages **their collection** and accounting;
- ✓ can provide **protection in the event of default** of the Assigned Debtor (Buyer);
- ✓ can **advance** all or part of the purchase price of the assigned receivables (Prepayment)

Factoring: a Combination of Three Services

1

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)



2

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

3

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

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 (~76% of turnover)

- ~ 85% **Notification 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 (~43% of the business), ~3% NewCo and ~54% Performing (High risk). The Assignor retains the **guarantee** of successful payment of the assigned receivables
- **Low LTV "Recourse Factoring" (~75%)**, which mitigates the transaction credit risk through a contractually agreed compensation in the event of assigned debtor's default

Insurance coverage of approximately **79% of turnover**, through a strategic partnership with **Allianz Trade**, a **global leader** in **credit insurance**

Non-Recourse Factoring (~24% of turnover)

Data as at 2024

Credit Process Overview

	1	2	3	4	5	6	7
Phase	*Client acquisition*	*Assessment & pre-qualification*	*Proposal*	*Negotiation and underwriting*	*Credit decision*	*Credit management*	*Monitoring*
Activities	▪ **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 the Client ▪ **Discussion of any amendments** within the Sales Office decision-making scope ▪ **Sign-off** of terms and conditions **by the Client**	▪ **Additional data collection** on the Assignor ▪ **Review** of Assignor/Assignee assessment ▪ **Credit decision on the disbursable maximum amount** to Assignor and credit facilities to Debtors ▪ **Signing of contract**	▪ **Acquisition / assignment of receivables , prepayments and relevant** process management ▪ **Relationship management** with Assignor and Assigned Debtors ▪ **Collection management**	▪ **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
Investment Grade	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-Investment Grade	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
	B1	B+	B+
	B2	B	B
	B3	B-	B-
	Caa1	CCC+	CCC+
	Caa2	CCC	CCC
	Caa3	CCC-	CCC-
	Ca	CC	CC
	C	C	C
Default	C	D	D

Generalfinance debtor, generally with «investment» grade rating

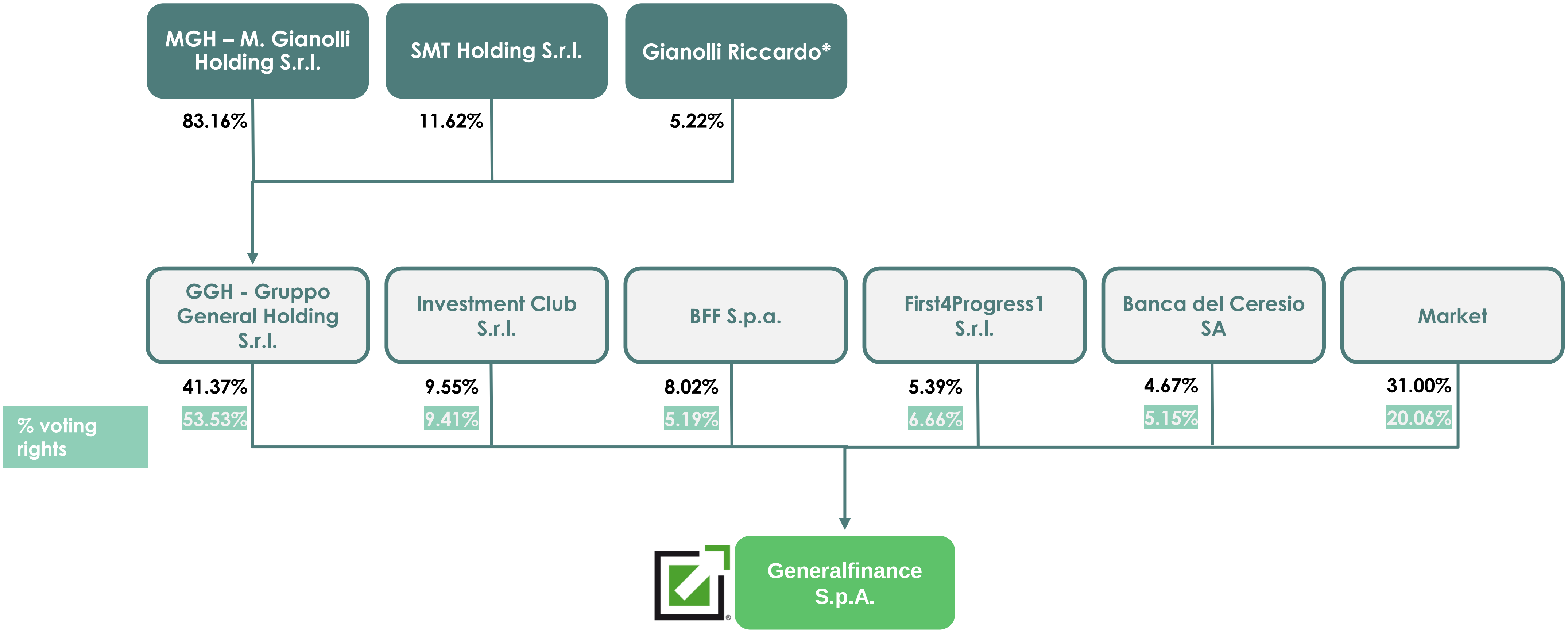
Credit Upgrade through factoring operations + asset allocation at Seller's portfolio level

NPL
Cost of risk

ROE
Margins

Generalfinance seller, typically in «default» (*turnaround* in restructuring procedure)

Shareholding Structure



Situation as at 31.12.2024
(*) 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

46%[1] of corporate turnover

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

54% of corporate turnover*

Data as at 2024
1: 43% Distressed + 3% NewCo

Core Business: Special Situation (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 **Italian and Foreign, Private Companies 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 individual Assigned Debtor**

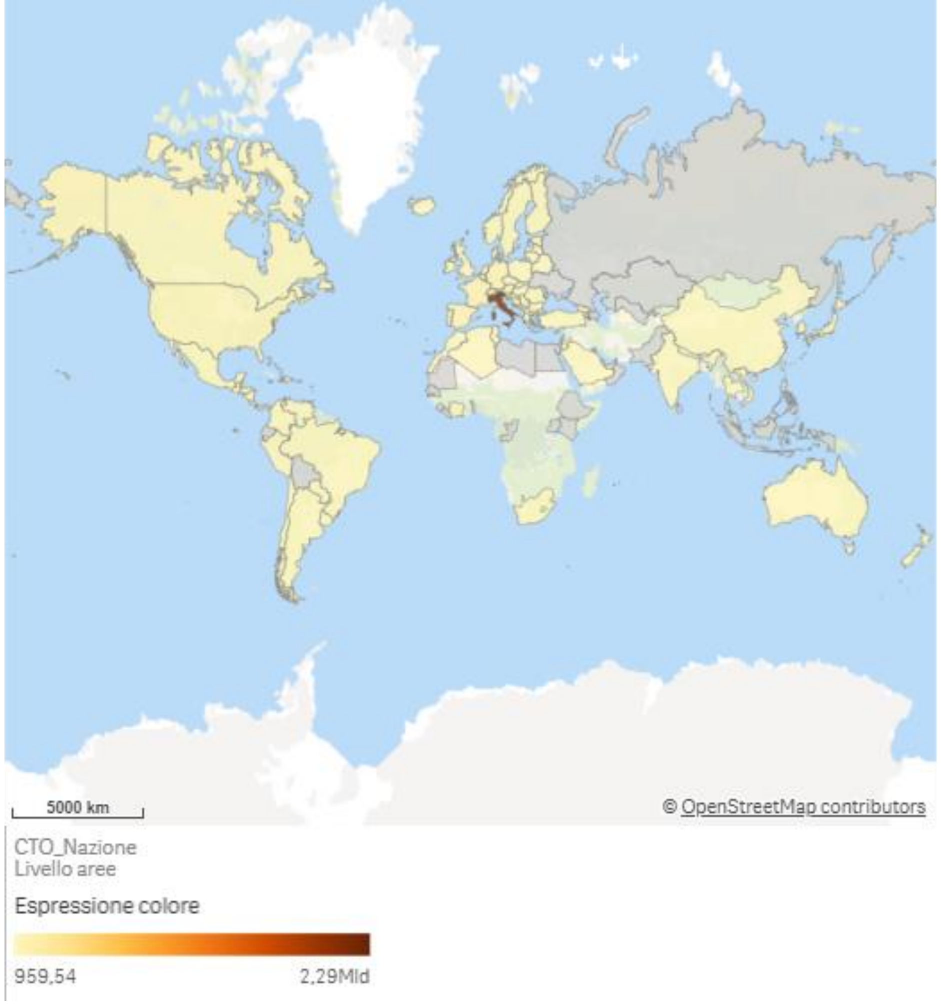
Core Business: International Factoring

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 2024, **approximately 24.4% of turnover was related to Foreign Assigned Debtors**, mainly in Europe and North America.

Turnover 2024 - foreign countries with invoices disinvested by Generalfinance



Competitive Positioning

GENERAL FINANCE

Generalist

Captive Industrials

- FERCREDIT – Gruppo Ferrovie dello Stato Italiane
- IBM
- Fidis Finance

Captive Financials

- Intesa Sanpaolo
- UniCredit Factoring
- Ifitalia BNP Paribas
- Factorit – Gruppo Banca Popolare di Sondrio
- Crédit Agricole Factoring
- MPS Leasing & Factoring
- MBFacta – Gruppo Mediobanca
- BPER: Factor
- Societe Generale Factoring
- Credem – Credemfactor
- BCC Factoring
- Barclays
- SACE FCT

Indipendent

- Factorcoop
- Banca Ifis
- Aosta Factor

Specialist

Indipendent

- Banca Progetto
- BFF
- General Finance
- Banca CF+
- Clessidra Factoring
- illimity
- Banca Sistema

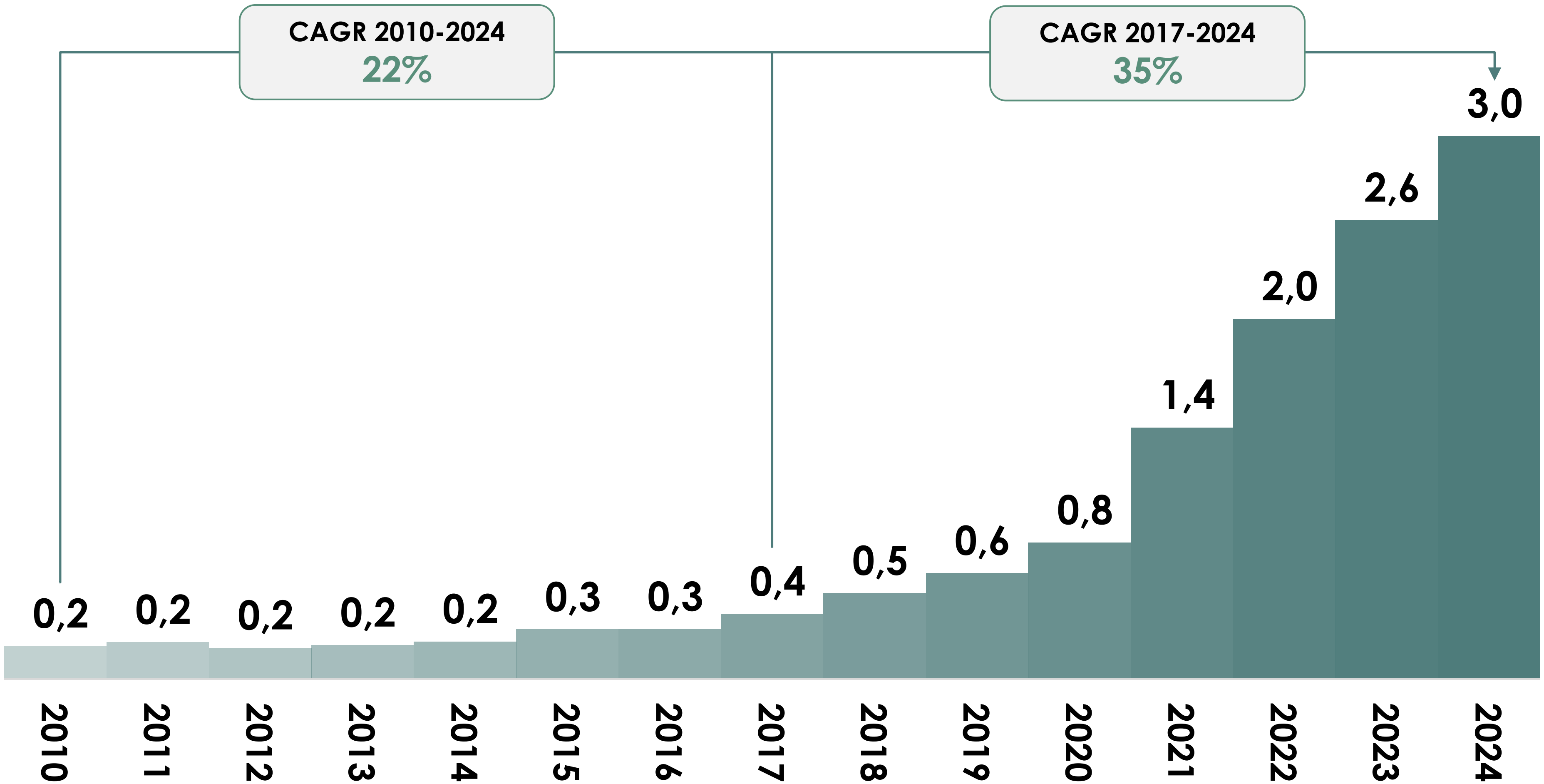
Generalfinance is an independent player focusing on distressed debt financing

Source: Management

Generalfinance – Financial Results

Turnover - Historical Data Sets

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

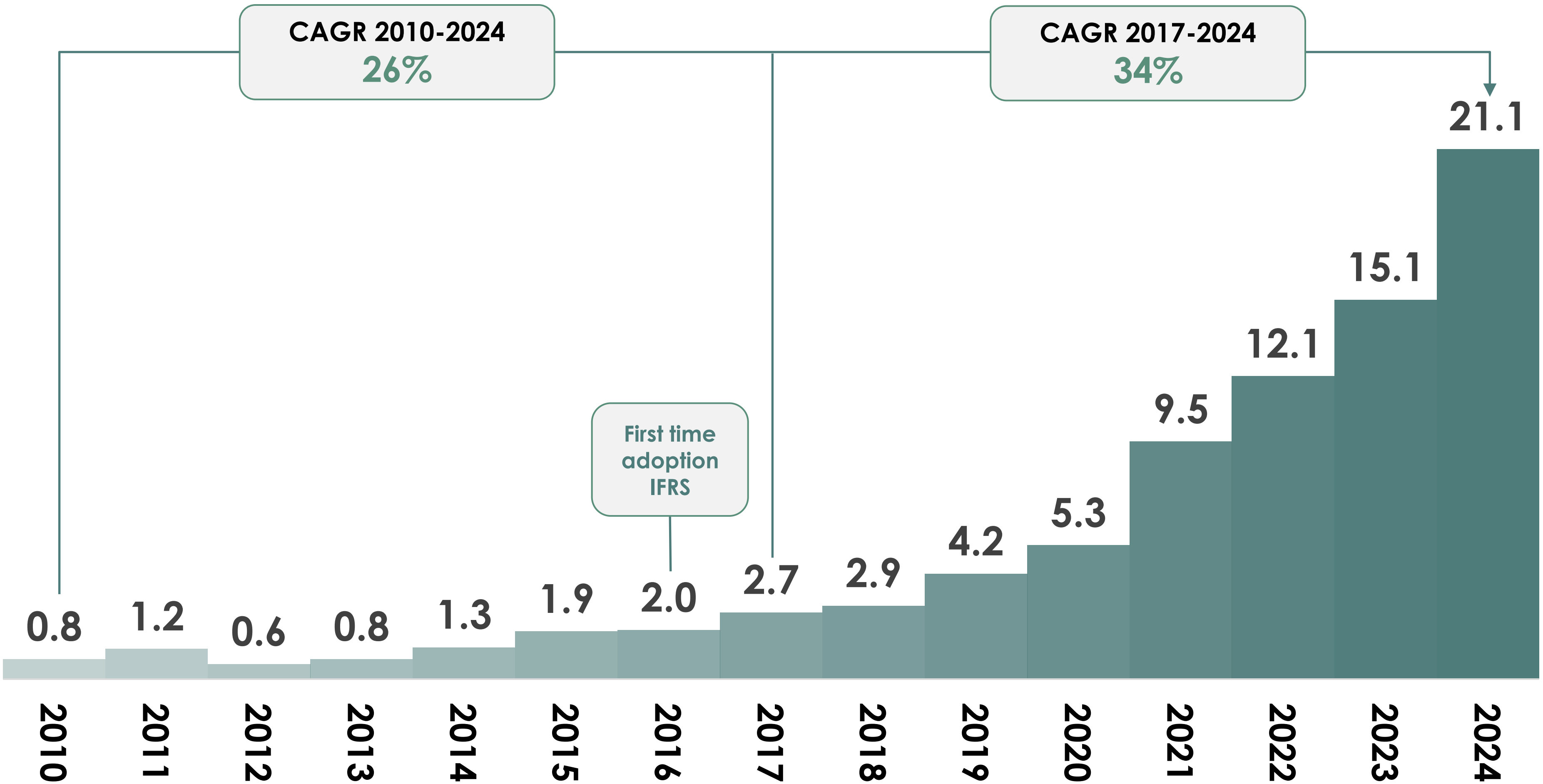


Turnover 2024 YoY + 18%

Data expressed in billion of Euro

Net Profit - Historical Data Sets

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

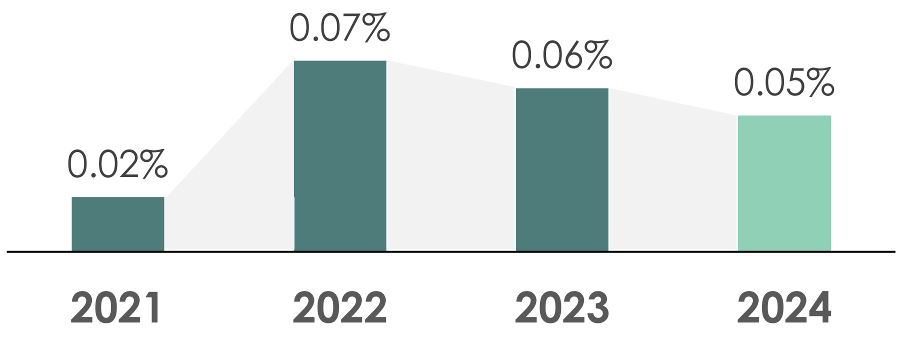


Net Profit 2024 YoY + 40%

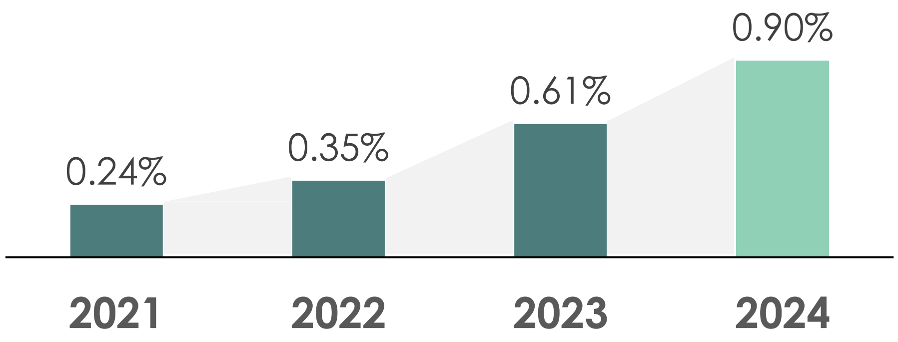
Data expressed in million of Euro
Net Profit 2022 Adj

Asset Quality Evolution

Cost of Risk (%)



Gross NPE Ratio (%)



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

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

The Main KPIs Behind Our Business

Income Statement (€m)	2021A	2022A	2023A	2024A	YoY%	CAGR '21-'24
Interest Margin	6.2	7.3	9.0	12.4	37.8%	25.7%
Net Commission	17.7	23.6	27.2	36.4	33.7%	27.2%
Net Banking Income	**23.9**	**30.9**	**36.2**	**48.8**	**34.9%**	**26.8%**
Net value adjustments / write-backs for credit risk	(0.2)	(1.2)	(1.3)	(1.2)	(7.7%)	75.1%
Operating Costs	(9.8)	(13.2)	(12.9)	(16.0)	24.0%	17.9%
Net Profit	**9.5**	**10.9**	**15.1**	**21.1**	**40.0%**	**30.7%**

(€m)	2021A	2022A	2023A	2024A	YoY%	CAGR '21-'24
Turnover	1,402.9	2,009.4	2,559.3	3,029.5	18.4%	29.3%
Disbursed Amount	1,118.5	1,674.0	2,161.4	2,393.6	10.7%	28.9%
LTV	***79.7%***	***83.3%***	***84.5%***	***79.0%***	**(6.4%)**	**(0.3%)**
LTV Pro-solvendo	***78.6%***	***81.6%***	***79.7%***	***75.9%***	***(4.8%)***	***(1.2%)***
Net Banking Income / Average Loan (%)	9.6%	8.7%	8.5%	9.1%	6.1%	(1.9%)
Interest Margin / Net Banking Income (%)	26.0%	23.5%	24.8%	25.4%	2.2%	(0.9%)
Cost Income Ratio	40.9%	42.7%	35.7%	32.9%	(8.0%)	(7.0%)
ROE (%)	42.0%	23.7%	29.3%	35.8%	21.9%	(5.2%)

Balance Sheet (€m)	2021A	2022A	2023A	2024A	YoY%	CAGR '21-'24
Cash & Cash Equivalents	33.5	43.7	21.7	122.4	465.0%	54.0%
Financial Assets	321.0	385.4	462.4	614.9	33.0%	24.2%
Other Assets	10.8	14.7	15.9	32.3	102.7%	43.8%
Total Assets	**365.3**	**443.8**	**500.0**	**769.6**	**53.9%**	**28.2%**
Financial Liabilities	314.6	368.4	409.4	635.2	55.2%	26.4%
Other Liabilities	18.7	18.6	24.2	54.3	124.1%	42.7%
Total Liabilities	**333.3**	**387.0**	**433.6**	**689.5**	**59.0%**	**27.4%**
Shareholder's Equity	**32.0**	**56.8**	**66.4**	**80.1**	**20.6%**	**35.8%**

Note: Turnover includes Future receivables
ROE = Net Profit / (Equity - Net Profit)
Cost Income Ratio: Operating Costs / Net Banking Income

Generalfinance - Contacts

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