



GENERALFINANCE, BoD APPROVES FIRST QUARTER 2021 RESULTS

***Generalfinance closed the first quarter with a net profit of 2.2 million Euro (+29% y/y)
Strong growth in distressed financing, with a turnover of €240m (+24%) and €196m of
disbursed loans (+50%)
Excellent credit quality: gross NPE ratio¹ at 0.5% and Texas Ratio² at 2.4%.***

EXCELLENT INCOME PERFORMANCE

- Operating income €5.2m, +14% vs Q1 2020
- Net profit €2.2 million, up 29% vs 2020
- *Cost/income ratio*³ down to around 37%, a clear improvement compared to 42% in Q1 2020
- ROE⁴ at 44% vs 31% for the full year of 2020, reconfirming a highly profitable business model

FURTHER CORE BUSINESS GROWTH IN DISTRESSED FINANCING

- Disbursed loans €196 million, +50% vs Q1 2020
- Turnover €240 million, + 24% vs Q1 2020. Approximately 71% of loans are covered by insurance guarantee, thanks to our long-standing strategic partnership with Euler Hermes, a world leader in credit insurance

¹ Gross NPL divided by gross loans to customers

² Net NPL divided by net tangible equity

³ Operating costs divided by operating income, adjusted for non-recurring items

⁴ Net profit divided by net equity, less net profit adjusted for non-recurring items

Milan, April 19, 2021. Generalfinance Board of Directors approved results as of March 31, 2021 - drafted in accordance with IAS/IFRS International Accounting Standards - which showed a **net profit of €2.2 million**, up significantly (+29%) compared to the same period last year, and a **net shareholders' equity of €22.7 million**, compared to €19 million recorded as of March 31, 2020.

Massimo Gianolli, Chief Executive Officer of Generalfinance, said: *'In the first quarter of this year, Generalfinance achieved an excellent earnings performance. The ROE - a key parameter for us - was 44%, confirming the high profitability and soundness of our business model. In the quarter, we recorded a robust flow of disbursements, amounting to €196 million, up 50% vs 2020. This figure highlights - better than any other indicator - our ability to grow against a backdrop of companies lacking liquidity and a target customer base still struggling to access bank loans, as banks focus on low-risk counterparties or state-guaranteed MLT financing. We expect to grow further in the coming quarters, further improving our ability to serve customers in a very important stage of recovery, providing prompt responses and customized solutions.'*

Net operating income was €5.2 million (+14% vs the same period in 2020), while net interest income stood at approximately €1.3 million, up 34% vs the first quarter of last year. Net fees and commissions were €3.9 million, up 8%. Performance-wise, net interest income and net fees were driven by a strong **turnover** growth. **Turnover was €240 million** (+24% y/y), confirming the Company's sound sales and operating performance in the considered time horizon.

Operating costs stood at €1.9 million - in line with Q1 2020 – thus highlighting the ability of Generalfinance to control administrative costs and **progressively reduce the adjusted cost/income ratio to around 37%**, showing a sizeable improvement versus 42% recorded in Q1 2020. The item 'Other administrative costs' - pertaining to Operating Costs - declined by 8% year-on-year as a consequence of constant efforts made to achieve efficiency gains and savings. After including released provisions and estimated taxes of €1.2 million, the net profit for the period stood at €2.2 million.

"Despite a very challenging backdrop, we are very satisfied with our asset quality, as it reflects a further improvement in our risk profile," added Mr Gianolli. As a matter of fact, the **NPE Ratio stood at 0.49%, the best result achieved in recent years**, despite the regulatory changes that were enforced for all financial intermediaries starting from January 1, 2021. Such changes tightened the classification of both past due and UTP exposures. The **coverage of impaired loans also improved from 35% to 41%**.

Positive cost of risk thanks to the **release of some provisions made on items classified as Stage 2 in 2020** that went back to Stage 1 during the first quarter of 2021. Total Stage 2 exposure essentially went down to zero from around €10 million at the end of 2020, with an improvement in the performing portfolio expected loss going from 16 bps at the end of 2020 to 12 bps.

Loans to customers stood at €180 million vs €177 million at the end of 2020, while total assets were €212 million, essentially unchanged from the end of 2020. **The Company's equity was approximately €23 million.**

Total Capital Ratio was estimated at approximately 10.7% - including retained earnings of 2020 - and **11.3% on a pro forma basis, including 2021 earnings net of accrued expected dividends**, vs a minimum regulatory requirement of 6%.

GENERALFINANCE

Established in 1982 and led by Massimo Gianolli, Generalfinance is a supervised financial intermediary specialized in factoring. We can provide fast and customized solutions to meet different client needs. Operating from two offices - Milan and Biella – Generalfinance relies on a team of more than 50 professionals and is a leader in factoring for distressed SMEs.

Generalfinance S.p.A.

Chief Financial Officer - Investor Relations

Ugo Colombo | u.colombo@generalfinance.it | + 39 3355761968

CONTATTI MEDIA

Comin & Partners

Lelio Alfonso | lelio.alfonso@cominandpartners.com | + 39 3346054090

Orsola Randi | orsola.randi@cominandpartners.com | + 39 3393273672

STATEMENT OF FINANCIAL POSITION
(Euro)

Assets		31/03/2021	31/12/2020
10.	Cash and cash equivalents	1.452	2.268
20.	Financial assets at fair value through profit or loss	48.225	46.298
	<i>c)</i> other financial assets mandatorily measured at fair value	48.225	46.298
40.	Financial assets at amortised cost	203.161.513	200.695.867
	<i>a)</i> loans and receivables with banks	23.365.155	24.191.105
	<i>c)</i> loans and receivables with customers	179.796.358	176.504.762
80.	Property, equipment and investment property	5.013.194	5.075.660
90.	Intangible assets	840.588	763.812
	- Of which goodwill	0	0
100.	Tax assets	1.419.056	1.419.320
	<i>a)</i> current	650.160	650.424
	<i>b)</i> deferred	768.896	768.896
120.	Other assets	2.401.420	2.206.393
Total assets		212.885.448	210.209.618

Liabilities and equity		31/03/2021	31/12/2020
10.	Financial liabilities at amortised cost	175.996.932	175.396.270
	<i>a)</i> due	175.996.932	175.396.270
60.	Tax liabilities	1.250.468	904.002
	<i>a)</i> current	1.250.468	904.002
80.	Other liabilities	9.916.191	8.335.985
90.	Post-employment benefits	1.424.966	1.390.799
100.	Provisions for risks and charges	1.620.222	1.618.341
	<i>b)</i> pension and similar obligations	64.178	62.297
	<i>c)</i> other provisions for risks and charges	1.556.044	1.556.044
110.	Share capital	3.275.758	3.275.758
140.	Share premium reserve	5.837.550	5.837.550
150.	Reserves	11.445.129	8.248.374
160.	Valuation reserves	-125.386	-125.386
170.	Profit (loss) for the year	2.243.618	5.327.925
Total liabilities and equity		212.885.448	210.209.618

INCOME STATEMENT
(Euro)

	Voci	31/03/2021	31/12/2020
10.	Interest and similar income	1.812.818	5.720.563
20.	Interest and similar expense	-515.370	-1.626.944
30.	Net interest income	1.297.448	4.093.619
40.	Fee and commission income	4.550.978	14.748.279
50.	Fee and commission expense	-643.603	-1.628.538
60.	Net fee and commission income	3.907.375	13.119.741
80.	Profits (Losses) on trading	-174	-29
110.	Profits (losses) on other assets and liabilities at fair value through profit or loss	1.927	-676
	<i>b) other financial assets mandatorily measured at fair value</i>	<i>1.927</i>	<i>-676</i>
120.	Total income	5.206.576	17.212.655
130.	Net impairment losses for credit risk on:	78.993	-713.448
	<i>a) financial assets at amortised cost</i>	<i>78.993</i>	<i>-713.448</i>
150.	Net financial income	5.285.569	16.499.207
160.	Administrative expenses:	-1.885.271	-7.246.916
	<i>a) personnel expenses</i>	<i>-1.239.933</i>	<i>-4.272.217</i>
	<i>b) other administrative expenses</i>	<i>-645.338</i>	<i>-2.974.699</i>
170.	Net accruals to provisions for risks and charges	-1.881	-1.063.511
	<i>b) other net accruals</i>	<i>-1.881</i>	<i>-1.063.511</i>
180.	Depreciation and net impairment losses on property, equipment and investment p	-170.903	-656.518
190.	Amortisation and net impairment losses on intangible assets	-48.821	-199.004
200.	Other operating net income	185.053	776.570
210.	Operating costs	-1.921.823	-8.389.379
260.	Pre-tax profit from continuing operations	3.363.746	8.109.828
270.	Income taxes on continuing operations	-1.120.128	-2.781.903
280.	Profit (Loss) from continuing operations	2.243.618	5.327.925
300.	Profit (Loss) for the period	2.243.618	5.327.925