



Press release

THE BOARD OF DIRECTORS APPROVES THE HALF-YEAR FINANCIAL REPORT AS OF 30 JUNE 2021

Generalfinance closes the semester with a net profit of 4 million euros (+44% y/y)
Significant growth of distressed investments with a turnover of €545m (+70%) and €432m in loans disbursed (+91%)
Excellent credit scores: NPE ratio¹ at 0.6% and Texas Ratio² at 3.6%

OUTSTANDING PROFIT PERFORMANCE

- Net interest and other banking income: €10.5m up 33% compared to the same period in 2020
- Net profit amounted to €3.9 million + 44% compared to 2020
- Cost-to-income ratio³ down to around 47%, an improvement vs 49% in 2020.
- ROE⁴ at 35% vs 31% at year-end 2020, affirming the high profitability of the business model.

STRONG OPERATING RESULTS IN DISTRESSED FINANCING

- Flow of disbursed loans at €432m, +91% recorded in the first half of 2020
- Turnover of €545m, +70% recorded in the first half of 2020
- Approx.71% of advances are covered by insurance guarantees through the long-lasting strategic partnerships with Euler Hermes, the world leader in credit insurance.

Milan, July 21, 2021 - Generalfinance's Board of Directors approved the half-year results as of June 30 2021, prepared in accordance with the International Accounting Standards IAS/IFRS, showing a net profit of EUR 3.9 million, which increased significantly (+44%) compared to the same period last year and a net worth of EUR 26.3 million, from EUR 22.6 million recorded as of December 31 2020.

Massimo Gianolli, CEO of Generalfinance, said: *"In the first half of the year, Generalfinance had an excellent earnings performance. The ROE was 35%, confirming the high profitability and robustness of our business model. In the first quarter, we saw a further acceleration in the flow of payments of **EUR 432 million**, up 91% from 2020, which indicates our ability to grow in a climate of corporate liquidity shortages and a customer target that still struggles to access bank credit and that often focuses more on low-risk counterparties or state-guaranteed financing. We expect to grow further in the coming quarters by increasing our ability to provide quick and tailored solutions hence enhancing our ability to serve customers in such a significant phase of economic recovery".*

¹ non-performing loans to total gross loans (%)

² non-performing loans to tangible equity

³ operating expenses divided by revenue

⁴ Net Income Divided Equity Less Net Income

The **net interest and other banking income** amounted to €10.5 million (+33% compared to the same period in 2020), while the net interest income was around €2.7 million, up 51% compared to the first half of last year and the net fees amounted to €7.8 million, up 28%. The performance of the two margins was due to a particularly positive trend in turnover, which amounted to €545 million (+70% y/y), confirming the company's positive commercial and operational performance over the period.

The **operating costs** of €4.9 million increased by approximately 31%, including (in the other operating revenue) a specific factor related to a dispute settlement finalised in the first six months. The administrative expenses grew to a more limited extent, with a trend of +15%, highlighting Generalfinance's ability to improve operating leverage and progressively reduce the cost-to-income ratio, which currently is at around 47%, compared to 49% in 2020. Taking into account the credit value adjustments (annualised cost of risk of 1 bps) and estimated taxes of €1.7 million (tax rate of about 30%, including the "Ace 2021" benefit provided by the so-called "Sostegni bis" Decree), the net result of the period stands at €3.9 million.

In the first six months, the **cost of the risk** was virtually zero, as, among other things, there were write backs made to positions classified at Stage 2 at the end of 2020, which returned to Stage 1 during the first quarter. The total exposure at stage 2 narrowed substantially from around 10 million at the end of 2020, with an improvement in the expected loss of the "bonis" portfolio from 16 bps at the end of 2020 to 11 bps in June 2021

The **NPE ratio** stands at 0.63%, broadly stable compared to 2020. Despite the regulatory change and the so-called "New Definition of Default", which came into force on January 1, 2021 involving all financial intermediaries, made the classification of the past-due exposures and UTP more stringent. The coverage of NPE (32%) is in line with the 2020 end figure.

Customer loans amount to 215 million – out of which 95% recourse factoring exposures - compared to 177 million at the end of 2020, while total assets amount to 244 million.

The **Total Capital Ratio** is estimated - on a management basis - at about 10.4% (not including the retained earnings for 2021) and 11.3% on a pro forma basis. It includes the net profit of expected accrual dividends throughout the first half of 2021 and a regulatory minimum of 6% expected to increase to 8% after the issuance of commercial paper in the coming weeks.

These ratios do not yet consider the benefits - being quantified for regulatory reporting purposes - coming from the use of insurance policies for CRM purposes and ECAI ratings on the corporate portfolio, to be released in the next regulatory reporting.

Generalfinance

Founded in 1982 and directed by Massimo Gianolli, Generalfinance is a specialised financial intermediary that provides factoring services to guarantee rapid and personalised financial solutions according to the client's needs. Operating from its two offices in Milan and Biella with a team of over 50 experts, in 2020, Generalfinance closed the year with a turnover of 761 million euro and is a leader in the segment of factoring to the financial distressed of Small and Medium Enterprises (SMES).

Generalfinance S.p.A.

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FINANCIAL STATEMENT

(EURO)

Assets		30/06/2021	31/12/2020
10.	Cash and cash equivalent	670	2.268
20.	Financial assets at fair value through profit or loss	49.080	46.298
	<i>c) other financial assets mandatorily measured at fair value</i>	<i>49.080</i>	<i>46.298</i>
40.	Financial assets at amortised cost	234.028.514	200.695.867
	<i>a) loans and receivables with banks</i>	<i>19.468.039</i>	<i>24.191.105</i>
	<i>c) loans and receivables with customers</i>	<i>214.560.475</i>	<i>176.504.762</i>
80.	Property, equipment and investment property	4.905.444	5.075.660
90.	Intangible assets	1.027.284	763.812
	- Of which goodwill	0	0
100.	Tax assets	649.646	1.419.320
	<i>a) current</i>	<i>395.334</i>	<i>650.424</i>
	<i>b) deferred</i>	<i>254.312</i>	<i>768.896</i>
120.	Other assets	3.158.667	2.206.393
Total assets		243.819.305	210.209.618
Liabilities and equity		30/06/2021	31/12/2020
10.	Financial liabilities at amortised cost	204.890.327	175.396.270
	<i>a) due</i>	<i>204.890.327</i>	<i>175.396.270</i>
60.	Tax liabilities	485.834	904.002
	<i>a) current</i>	<i>485.834</i>	<i>904.002</i>
80.	Other liabilities	10.470.757	8.335.985
90.	Post-employment benefits	1.414.573	1.390.799
100.	Provision for risks and charges	245.974	1.618.341
	<i>b) pension and similar obligations</i>	<i>87.898</i>	<i>62.297</i>
	<i>c) other provisions for risks and charges</i>	<i>158.076</i>	<i>1.556.044</i>
110.	Share capital	3.275.758	3.275.758
140.	Share premium reserve	7.828.952	5.837.550
150.	Reserves	11.445.129	8.248.374
160.	Valuation reserves	(125.386)	(125.386)
170.	Profit (Loss) for the year	3.887.387	5.327.925
Total liabilities and equity		243.819.305	210.209.618

PROFIT AND LOSS

(EURO)

	Items	30/06/2021	30/06/2020
10.	Interest and similar income	3.870.866	2.581.418
20.	Interest and similar expense	(1.153.073)	(786.089)
30.	Net interest income	2.717.793	1.795.329
40.	Fee and commission income	9.257.789	6.784.858
50.	Fee and commission expense	(1.469.972)	(706.687)
60.	Net fee and commission income	7.787.817	6.078.171
70.	Dividends and similar revenues	184	0
80.	Profit (Losses) on trading	(183)	(27)
110.	Profit (Losses) on other assets and liabilities at fair value through profit or loss	2.782	(2.152)
	<i>b) other financial assets mandatorily measured at fair value</i>	<i>2.782</i>	<i>(2.152)</i>
120.	Total income	10.508.393	7.871.321
130.	Net impairment losses for credit risk on:	(22.761)	(5.864)
	<i>a) financial assets at amortised cost</i>	<i>(22.761)</i>	<i>(5.864)</i>
150.	Net financial income	10.485.632	7.865.457
160.	Administrative expenses:	(4.186.384)	(3.643.780)
	<i>a) personal expenses</i>	<i>(2.564.412)</i>	<i>(2.255.598)</i>
	<i>b) other administrative expenses</i>	<i>(1.621.972)</i>	<i>(1.388.182)</i>
170.	Net accruals to provisions for risks and charges	(163.153)	(3.627)
	<i>b) other net accruals</i>	<i>(163.153)</i>	<i>(3.627)</i>
180.	Depreciation and net impairment losses on property, equipment and investment property	(354.073)	(326.095)
190.	Amortisation and net impairment losses on intangible assets	(106.330)	(95.935)
200.	Other operating net income	(117.390)	293.888
210.	Operating costs	(4.927.330)	(3.775.549)
260.	Pre-tax profit from continuing operations	5.558.302	4.089.908
270.	Income taxes on continuing operations	(1.670.915)	(1.394.823)
280.	Profit (Loss) from continuing operations	3.887.387	2.695.085
300.	Profit (Loss) for the period	3.887.387	2.695.085