



Press release

## THE BOARD OF DIRECTORS APPROVES THE FINANCIAL REPORT AS OF 30 SEPTEMBER 2021

**Generalfinance closes the first nine months with a net profit of 6,6 million euros (+61% y/y)  
Significant growth of distressed investments with a turnover of €924m (+83%) and €739m in  
loans disbursed (+99%)**

**Excellent credit scores: NPE ratio<sup>1</sup> at 0.5% and cost of risk<sup>2</sup> at 3 bps**

**ONE BILLION ANNUAL TURNOVER EXCEEDED FOR THE FIRST TIME  
AS AT TODAY'S DATE**

### OUTSTANDING PROFIT PERFORMANCE

- Net interest and other banking income: €16,9m up 41% compared to the same period in 2020
- Net profit amounted to €6,6 million + 61% compared to 2020
- Cost-to-income ratio<sup>3</sup> down to around 42%, an improvement vs 49% in 2020.
- ROE<sup>4</sup> at 39% 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 €739m, +99% recorded in the first nine months of 2020
- Turnover of €924m, +83% recorded in the same period of 2020
- Approx. 72% of advances are covered by insurance guarantees through the long-lasting strategic partnerships with Euler Hermes, the world leader in credit insurance.

**Milan, October 19, 2021** - Generalfinance's Board of Directors approved the results as of September 30 2021, prepared in accordance with the International Accounting Standards IAS/IFRS, showing a net profit of EUR 6.6 million, which increased significantly (+61%) compared to the same period last year and a net worth of EUR 29 million, from EUR 22.6 million recorded as of December 31 2020.

**Massimo Gianolli, CEO of Generalfinance,** said: *"In the third quarter we further improved our performance, with an evident acceleration of all commercial and financial metrics. In mid-October we exceeded for the first time in our history, now forty years, the one billion annual turnover, with a growth of 80% on 2020. ROE has increased to almost 40% with a cost-income close to the threshold of 40%. They are indicators of absolute excellence, the result of the commitment and dedication that we express day by day. I am very proud of these results; well summarize the work of a cohesive and prepared team of professionals, who put the customer and the company at the center of their daily action. This success is dedicated to them! "*

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<sup>1</sup> non-performing loans to total gross loans (%)

<sup>2</sup> net value adjustments on loans/dispursed loans adjusted for non-recurring items related to the IFRS 9 model update

<sup>3</sup> operating expenses divided by revenue

<sup>4</sup> Net Income Divided Equity Less Net Income

The **net interest and other banking income** amounted to €16.9 million (+41% compared to the same period in 2020), while the net interest income was around €4.5 million, up 59% compared to the first nine months of last year and the net fees amounted to €12,5 million, up 35%. The performance of the two margins was due to a particularly positive trend in turnover, which amounted to €924 million (+83% y/y), confirming the company's positive commercial and operational performance over the period.

The **operating costs** of €7.1 million increased by approximately 30%, including (in the other operating revenue) a specific factor related to a dispute settlement finalised in the first nine 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 42%**, compared to 49% in 2020. Taking into account the credit value adjustments (annualised cost of risk of 3 bps) and estimated taxes of €3 million (tax rate of about 31%, including the "Ace 2021" benefit provided by the so-called "Sostegni bis" Decree), the net result of the period stands at €6.6 million.

**In this period, 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 12 bps in September 2021.

**The NPE ratio stands at 0.5%, 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 impaired matches (44%) is significantly stronger than at the end of 2020.**

**Customer loans amount to €250 million** – out of which 97% recourse factoring exposures - compared to 177 million at the end of 2020, while total assets amount to 285 million. The exposures with technical form of the factoring "pro-solvendo"- core business of Generalfinance - are equal to 97% of gross receivables.

**The Total Capital Ratio is estimated - on a management basis - at about 12.2%** (not including the retained earnings for 2021) **and 13.7% on a pro forma basis**, including the profit of the first nine months of 2021 net of the expected dividends, against a regulatory minimum of 8% and 11.1% of 30 June. The Total Capital Ratio strengthened significantly in the quarter, benefiting in particular from the issue of a subordinated bond "Tier 2" for Euro 5 million, fully underwritten by an institutional investor.

## 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 is a leader in the segment of factoring to the financial distressed of Small and Medium Enterprises (SMES).*

## Generalfinance S.p.A.

*Chief Financial Officer - Investor Relations*

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## FINANCIAL STATEMENT

(EURO)

	Assets	30/09/2021	31/12/2020
10.	Cash and cash equivalents	2.564	2.268
20.	Financial assets at fair value through profit or loss	49.092	46.298
	<i>c) other financial assets mandatorily measured at fair value</i>	<i>49.092</i>	<i>46.298</i>
40.	Financial assets at amortised cost	275.001.414	200.695.867
	<i>a) loans and receivables with banks</i>	<i>24.833.982</i>	<i>24.191.105</i>
	<i>c) loans and receivables with customers</i>	<i>250.167.432</i>	<i>176.504.762</i>
80.	Property, equipment and investment property	4.796.433	5.075.660
90.	Intangible assets	1.025.030	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	3.193.977	2.206.393
	<b>Total assets</b>	<b>284.718.156</b>	<b>210.209.618</b>

	Liabilities and equity	30/09/2021	31/12/2020
10.	Financial liabilities at amortised cost	237.433.858	175.396.270
	<i>a) due</i>	<i>212.441.267</i>	<i>175.396.270</i>
	<i>b) outstanding securities</i>	<i>24.992.591</i>	
60.	Tax liabilities	904.312	904.002
	<i>a) current</i>	<i>904.312</i>	<i>904.002</i>
80.	Other liabilities	15.682.142	8.335.985
90.	Post-employment benefits	1.405.677	1.390.799
100.	Provisions for risks and charges	270.369	1.618.341
	<i>b) pension and similar obligations</i>	<i>102.293</i>	<i>62.297</i>
	<i>c) other provisions for risks and charges</i>	<i>168.076</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	6.597.345	5.327.925
	<b>Total liabilities and equity</b>	<b>284.718.156</b>	<b>210.209.618</b>

## PROFIT AND LOSS

(EURO)

	Voci	30/09/2021	30/09/2020
10.	Interest and similar income	6.364.076	3.975.512
20.	Interest and similar expense	-1.874.571	-1.160.760
<b>30.</b>	<b>Net interest income</b>	<b>4.489.505</b>	<b>2.814.752</b>
40.	Fee and commission income	14.619.150	10.328.006
50.	Fee and commission expense	-2.166.383	-1.117.229
<b>60.</b>	<b>Net fee and commission income</b>	<b>12.452.767</b>	<b>9.210.777</b>
70.	Dividends and similar income	184	
80.	Profits (Losses) on trading	-184	-27
110.	Profits (losses) on other assets and liabilities at fair value through profit or loss	2.794	-1.792
	<i>b) other financial assets mandatorily measured at fair value</i>	<i>2.794</i>	<i>-1.792</i>
<b>120.</b>	<b>Total income</b>	<b>16.945.066</b>	<b>12.023.710</b>
130.	Net impairment losses for credit risk on:	-245.199	-348.712
	<i>a) financial assets at amortised cost</i>	<i>-245.199</i>	<i>-348.712</i>
<b>150.</b>	<b>Net financial income</b>	<b>16.699.867</b>	<b>11.674.998</b>
160.	Administrative expenses:	-6.137.261	-5.322.529
	<i>a) personnel expenses</i>	<i>-3.847.504</i>	<i>-3.287.878</i>
	<i>b) other administrative expenses</i>	<i>-2.289.757</i>	<i>-2.034.651</i>
170.	Net accruals to provisions for risks and charges	-208.072	-5.485
	<i>b) other net accruals</i>	<i>-208.072</i>	<i>-5.485</i>
180.	Depreciation and net impairment losses on property, equipment and investment property	-531.230	-490.744
190.	Amortisation and net impairment losses on intangible assets	-172.212	-152.644
200.	Other operating net income	-29.886	536.927
<b>210.</b>	<b>Operating costs</b>	<b>-7.078.661</b>	<b>-5.434.475</b>
<b>260.</b>	<b>Pre-tax profit from continuing operations</b>	<b>9.621.206</b>	<b>6.240.523</b>
270.	Income taxes on continuing operations	-3.023.861	-2.136.886
<b>280.</b>	<b>Profit (Loss) from continuing operations</b>	<b>6.597.345</b>	<b>4.103.637</b>
<b>300.</b>	<b>Profit (Loss) for the period</b>	<b>6.597.345</b>	<b>4.103.637</b>