



Press release

RESULTS AS AT 31 MARCH 2023 APPROVED

Generalfinance closed the first quarter of 2023 with a net profit of EUR 2.9 million, up 8% YoY

Further growth in core business, turnover¹ at EUR 507 million (+17%) and EUR 412 million of disbursements (+15%)

Excellent credit quality confirmed: gross NPE ratio² at 0.4% and cost of risk³ at 3 basis points

INCOME PERFORMANCE

- Net interest and other banking income of EUR 7.8 million, + 12% compared to 2022
- Net profit of EUR 2.9 million, + 8% compared to 2022
- *Cost/income ratio*⁴ at 41%, in line with the first quarter of 2022
- ⁵ROE of 23%, significantly higher than the cost of capital

FURTHER GROWTH IN THE CORE BUSINESS

- Flow of loans disbursed at EUR 412 million, +15% YoY
- Turnover² at EUR 507 million, + 17% compared to 2022
- Roughly 80% of advances covered by insurance guarantee, through the long-established strategic *partnership* with Allianz Trade, a global *leader* in credit insurance

Milan, Italy, 18 April 2023. The Board of Directors of Generalfinance - meeting under the chairmanship of **Professor Maurizio Dallochio** - approved the interim report on operations for the first quarter of 2023,

¹ Turnover including operations involving advances on future receivables

² Gross non-performing loans divided by gross loans to customers

³ Net value adjustments on loans divided by annual disbursement

⁴ Operating costs divided by net interest and other banking income.

⁵ Net profit divided by equity minus net profit

which shows a **net profit of EUR 2.9 million**, up (+ 8%) compared to the first quarter of 2022 and **shareholders' equity of EUR 54.3 million** .

Massimo Gianolli, Chief Executive Officer of Generalfinance, declared: *“The first quarter of the year showed a trend in line with the budget for the year. From a commercial standpoint, we registered additional growth in the flow of disbursements, amounting to EUR 412 million, +15% compared to 2022, with net revenues up by 12%, thus confirming the constant growth trend, in a liquidity shortage context for companies that are distressed or with low ratings - our target customers - which have limited access or no access to bank credit, concentrated primarily on low risk counterparties or on medium/long-term loans guaranteed by the State. Our team is strongly committed to supporting customers and increasing turnover volumes in the coming quarters, in line with the matters defined in the Business Plan.”*

Main reclassified income statement data (in thousands of Euro)

Income statement items	31/03/2023	31/03/2022	Change
Interest margin	1,746	1,809	-3%
Net fee and commission income	6,025	5,155	17%
Net interest and other banking income	7,771	6,964	12%
Operating costs	-3,213	-2,803	15%
Pre-tax profit from current operations	4,451	4,126	8%
Profit for the year	2,938	2,723	8%

Key balance sheet data (in thousands of Euro)

Balance sheet item	31/03/2023	31/12/2022	Change
Loans to customers	342,914	368,388	-11%
Financial liabilities measured at amortised cost	335,529	314,641	-9%
Shareholders' equity	54,304	56,775	-4%
Total assets	419,529	443,815	-5%

Main performance indicators

Operating indicators	31/03/2023	31/03/2022
Cost/Income ratio (%)	41%	40%
ROE (%)	23%	40%
Net interest income/Net interest and other banking income (%)	22%	26%
Net fee and commission income/Net interest and other banking income(%)	78%	74%

Economic data and operating structure

Net interest income amounted to EUR 1.7 million, down (-3%) compared to the same period of the previous year, due to the upward trend in Euribor rates which had a negative impact on the cost of funding, offset by the increase in volumes and the renegotiation of factoring agreements carried out in the second half of last year. Net fee and **commission income** amounted to EUR 6.0 million, up compared to EUR 5.2 million in the first three months of 2022 (+17%). The trend in net fee and commission income was affected by the particularly positive trend in turnover (+17% with respect to the first quarter of the previous year) and the contained reduction of commission rates, reflecting the excellent commercial and operating performance of the Company.

Net interest and other banking income amounted to EUR 7.8 million (+ 12%) while **operating costs**, equal to around EUR 3.2 million, represented a 15% increase.

Taking into account the particularly low **cost of risk** (net value adjustments of EUR 0.1 million, with an annualised cost of risk at 3 basis points) and estimated taxes of EUR 1.5 million, the **net result for the period** was approximately EUR 2.9 million compared to EUR 2.7 million recorded in the first three months of 2022 (+8%).

Balance sheet, funding and asset quality data

Net loans to customers amounted to EUR 342.9 million, down 11% compared to 31 December 2022. The disbursement rate decreased from 83% in 2022 to 81% in the first three months of 2023, while the average number of days of credit of 71 was essentially in line with the 2022 figure (72).

Within the aggregate of loans, total **gross non-performing loans** amounted to EUR 1.4 million, with a gross NPE ratio of approximately 0.40% (0.24% of the net NPE ratio). The coverage of non-performing loans stood at around 41%.

Cash and cash equivalents - represented by loans to banks - amounted to approximately EUR 62 million - reflecting the prudent profile of liquidity management - while **total balance sheet assets** amounted to EUR 419.5 million, compared to EUR 443.8 million at the end of 2022.

Property, plant and equipment amounted to EUR 4.8 million, compared to approximately EUR 4.9 million in 2022. **Intangible assets** amounted to EUR 2 million, unchanged compared to the end of 2022.

Financial liabilities measured at amortised cost, equal to EUR 335.5 million, are made up of payables of EUR 293.2 million and securities issued totalling EUR 42.3 million.

Payables are mainly represented by the pool loan (balance as at 31 March EUR 110.6 million) stipulated with a number of Italian banks, in addition to the mortgage loans and other bilateral lines with banks and factoring companies (EUR 46 million). In addition, the item includes the payable to the vehicle (EUR 134.4 million) relating to the securitization transaction concluded in December 2021, which saw BNP Paribas, Banco BPM and Intesa Sanpaolo as senior lender.

The **securities** consist of two subordinated bonds (EUR 12.5 million) issued in the second half of 2021, in addition to the outstanding commercial papers (EUR 30 million).

Own funds and capital ratios

Own funds amounted to EUR 61.6 million (EUR 60.6 million as at 31 December 2022). **Risk-weighted assets** amounted to EUR 323.2 million, compared to EUR 344.1 million at the end of 2022.

Generalfinance's **capital ratios** - including profit for the period net of the expected dividend, calculated by taking into account a *target pay-out* of 50%, in line with the Company's *dividend policy* - highlight the following values:

- 16.00% CET1 ratio;
- 16.00% TIER1 ratio;
- 19.06% Total Capital ratio.

The ratios are **well above the minimum regulatory values** set forth in Bank of Italy Circular 288.

Impact resulting from the conflict between Russia and Ukraine

Also with reference to the matters indicated by ESMA in the public statement “Implications of Russia's invasion of Ukraine on half-yearly financial reports” dated 14 March 2022 and the CONSOB communication of 19 March 2022 “Conflict in Ukraine: Consob warnings for supervised issuers on financial reporting and on the obligations related to compliance with the restrictive measures adopted by the European Union against Russia, as well as on the obligations of online portal operators”, it should be noted that the direct presence of Generalfinance in the Russian/Ukrainian/Belarusian market (areas directly affected by the conflict) is nil, as the Company has factoring relationships only with Assignors active in Italy. With reference to the Transferred Debtors based in Russia, Ukraine and Belarus, it should be noted that Generalfinance has an extremely low exposure at the end of the quarter (**less than EUR 0.1 million**). Since the invasion of Ukraine,

Generalfinance has moreover suspended the credit lines relating to Transferred Debtors operating in the countries directly involved in the conflict.

Significant events after the end of the year

As of today's date, no significant events occurred after the end of the year.

Business outlook

In the current context, with reference to the prospects for 2023, we need to take into consideration possible further impacts, particularly on the business system, of the effects of the geopolitical tensions underway - in particular, the ongoing conflict between Russia and Ukraine - and of other macroeconomic factors that emerged at global level in the second part of 2022 (marked increase in the rate of inflation, marked increase in energy costs and in the cost of borrowing).

In said general framework still characterised by critical elements for the real economy, the sales activities developed by Generalfinance in the first quarter of 2023 - trend in turnover, revenues and profitability - show a trend in line with that defined in the *budget* on a consistent basis with the Business Plan in force with reference to the current year. These elements allow us to predict a business performance and related net profitability for the whole of 2023 at levels in line with the *budget* Business Plan.

Mr Ugo Colombo, as Financial reporting manager, hereby states that, pursuant to paragraph 2, Article 154-bis of the TUF (Consolidated Law on Finance), the accounting information contained in this press release corresponds to the documentary results, the books and the accounting records.

Generalfinance's results as at 31 March 2023 will be presented to the financial community in a **conference call set for 19 April 2023 at 9.00 (C.E.T.)**. A set of slides supporting the presentation will be available by the next day, before the start of the conference call, on the corporate website <https://www.generalfinance.it/bilanci-e-relazioni/>. The conference call will be conducted in Italian and in English.

To connect to the conference call, phone the following numbers:

ITALY:	+39 02 802 09 11
UK:	+44 1 212818004

The interim report on operations as at 31 March 2023 will be made available to the public, according to law, at the company's registered office and at Borsa Italiana, as well as on the website www.generalfinance.it and on the website of the authorised storage mechanism www.emarketstorage.com.

GENERALFINANCE

Founded in 1982 and operating for over 30 years, Generalfinance is a supervised financial intermediary specialised in financing the working capital of businesses, able to guarantee rapid and customised interventions according to the different needs of its customers. Operating from its two offices in Milan and Biella with a team of roughly 70 professionals, Generalfinance is a leader in the segment of factoring for distressed companies.

Generalfinance S.p.A.

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BALANCE SHEET**(values in Euro)**

Asset items		31/03/2023	31/12/2022
10.	Cash and cash equivalents	62,021,199	43,725,230
20.	Financial assets measured at fair value through profit or loss	23,274	20,300
	<i>c) other financial assets mandatorily measured at fair value</i>	23,274	20,300
40.	Financial assets measured at amortised cost	342,914,428	385,434,057
	<i>c) loans to customers</i>	342,914,428	385,434,057
80.	Property, plant and equipment	4,825,608	4,865,994
90.	Intangible assets	2,049,653	2,047,798
	- of which goodwill	0	0
100.	Tax assets	4,568,370	4,572,048
	<i>a) current</i>	4,145,292	4,148,970
	<i>b) deferred</i>	423,078	423,078
120.	Other assets	3,126,709	3,149,078
Total assets		419,529,241	443,814,505

Liabilities and shareholders' equity items		31/03/2023	31/12/2022
10.	Financial liabilities measured at amortised cost	335,529,250	368,388,464
	<i>a) payables</i>	293,178,536	331,170,709
	<i>b) securities issued</i>	42,350,714	37,217,755
60.	Tax liabilities	6,449,905	4,927,373
	<i>a) current</i>	6,393,384	4,880,108
	<i>b) deferred</i>	56,521	47,265
80.	Other liabilities	20,922,928	11,585,712
90.	Severance pay	1,331,723	1,316,956
100.	Provisions for risks and charges	991,832	821,254
	<i>b) pension and similar obligations</i>	145,698	142,487
	<i>c) other provisions for risks and charges</i>	846,134	678,767
110.	Share capital	4,202,329	4,202,329
140.	Share premium reserve	25,419,745	25,419,745
150.	Reserves	21,624,119	16,171,811
160.	Valuation reserves	119,876	95,474
170.	Profit (loss) for the year	2,937,534	10,885,387
Total liabilities and shareholders' equity		419,529,241	443,814,505

INCOME STATEMENT

(values in Euro)

	Items	31/03/2023	31/03/2022
10.	Interest income and similar income	5,354,629	3,099,327
	of which: interest income calculated using the effective interest method	5,354,629	3,099,327
20.	Interest expense and similar charges	(3,608,453)	(1,290,277)
30.	Interest margin	1,746,176	1,809,050
40.	Fee and commission income	7,045,631	6,266,235
50.	Fee and commission expense	(1,021,037)	(1,111,117)
60.	Net fee and commission income	6,024,594	5,155,118
70.	Dividends and similar income	0	0
80.	Net profit (loss) from trading	183	(323)
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	0	154
	<i>b) other financial assets mandatorily measured at fair value</i>	<i>0</i>	<i>154</i>
120.	Net interest and other banking income	7,770,953	6,963,999
130.	Net value adjustments/write-backs for credit risk of:	(107,026)	(35,486)
	<i>a) financial assets measured at amortised cost</i>	<i>(107,026)</i>	<i>(35,486)</i>
150.	Net profit (loss) from financial management	7,663,927	6,928,513
160.	Administrative expenses	(3,162,957)	(2,442,367)
	<i>a) personnel expenses</i>	<i>(1,865,439)</i>	<i>(1,374,738)</i>
	<i>b) other administrative expenses</i>	<i>(1,297,518)</i>	<i>(1,067,629)</i>
170.	Net provisions for risks and charges	(3,211)	(3,182)
	<i>b) other net provisions</i>	<i>(3,211)</i>	<i>(3,182)</i>
180.	Net value adjustments/write-backs on property, plant and equipment	(182,890)	(177,516)
190.	Net value adjustments/write-backs on intangible assets	(101,749)	(76,708)
200.	Other operating income and expenses	237,690	(102,746)
210.	Operating costs	(3,213,117)	(2,802,519)
260.	Pre-tax profit (loss) from current operations	4,450,810	4,125,994
270.	Income taxes for the year on current operations	(1,513,276)	(1,402,839)
280.	Profit (loss) from current operations after tax	2,937,534	2,723,155
300.	Profit (loss) for the year	2,937,534	2,723,155