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Oggetto : GENERALFINANCE SPA: RESULTS AS
AT 30 SEPTEMBER 2022 APPROVED

Testo del comunicato

Vedi allegato.



RESULTS AS AT 30 SEPTEMBER 2022 APPROVED

Generalfinance closes the first nine months of the year with an adjusted¹ net profit up by 40% YoY

to EUR 9,2 million

Strong growth in core business, turnover² at EUR 1,431 million (+55%) and EUR 1,183 million of disbursements (+60%)

Excellent credit quality: gross NPE ratio³ at 0.98% and cost of risk⁴ at 3 basis points

INCOME PERFORMANCE

- Net interest and other banking income at EUR 22.8 million, +34% over the same period of 2021
- *Adjusted* net profit of EUR 9.2 million, +40% on the same period of 2021
- Net profit of EUR 8.4 million, + 28% compared to the same period of 2021
- *Adjusted cost/income ratio*⁵ of 38% compared to 42% in the first nine months of the year of 2021
- *Adjusted*⁶ ROE of 27% compared to 39% in the first nine months of 2021

FURTHER GROWTH IN THE CORE BUSINESS

- Flow of loans disbursed at EUR 1,183 million, + 60% on the same period of 2021
- Turnover² at EUR 1,431 million, + 55% on the same period of 2021
- Roughly 76% of advances covered by insurance guarantee, through the long-established strategic partnership with Allianz Trade, a global leader in credit insurance

¹ Net of non-recurring expenses connected with the IPO process for roughly EUR 1.2 million

² Turnover including operations involving advances on future receivables

³ Gross non-performing loans divided by gross loans to customers

⁴ Net value adjustments on loans divided by annual disbursement

⁵ Operating costs - net of non-recurring expenses - divided by net interest and other banking income

⁶ Adjusted net profit divided by equity minus net profit

Milan, 4 November 2022. Generalfinance's Board of Directors approved the interim report on operations as at 30 September which highlights **net profit of EUR 8.4 million**, significant growth (+28%) compared to the previous year and **shareholders' equity of EUR 54.3 million**. **The adjusted net profit amounted to EUR 9.2 million**, +40% YoY.

Massimo Gianolli, Chief Executive Officer of Generalfinance, declared: *"In the first nine months of the year, in agreement with our shareholder Crédit Agricole Italia, we completed the listing of Generalfinance's shares on Euronext Milan, Euronext STAR Milan segment, a strategic transaction for us, given that it enabled us to raise EUR 20 million in new equity, intended to finance the plan of growth forecast in the next three years as part of our core business and the financing of distressed companies through the disposal of working capital. With the listing, prominent institutional and industrial investors and partners joined Generalfinance's shareholding structure, which will help us in the growth process mapped out.*

From a commercial point of view, we recorded significant growth in the flow of disbursements in the first nine months of the year, amounting to EUR 1,183 million, +60% compared to the same period in 2021, with revenues up by 42%. We continue to grow 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. Based on said results, we feel confident of being able to achieve better results than the guidance for the current year, provided to the market at the time of the IPO".

Economic data

Net interest and other banking income amounted to EUR 22.8 million (+34% compared to the same period in 2021), while the interest margin came to roughly EUR 5.7 million, an increase of 27% compared to the same period of the previous year. Net fee and commission income totalled EUR 17.1 million, growth of 37%. The trend in these two aggregates was affected by the particularly positive trend in turnover, amounting to EUR 1,431 million (+ 55% YoY), confirming the positive commercial and operating performance of the Company during the period considered.

Operating costs, amounting to EUR 9.8 million, rose by around 39%. Under operating costs, roughly **EUR 1.2 million of non-recurring costs were recorded**, related to the stock market listing process, of which EUR 0.2 million under personnel expenses and EUR 1 million - consistently with the provisions of IAS 32 - under other administrative expenses, plus significant investments in planned communication activities for the year and concentrated in the first half-year period; **the adjusted cost/income ratio stood at roughly 38%**, compared to 42% in the same period of 2021. Taking account of the low value adjustments (cost of risk at 3 basis points) and taxes of EUR 4.2 million (tax rate of approximately 33%), **the net income for the period amounted to EUR 8.4 million (EUR 9.2 million on an adjusted basis)**.

Asset quality and balance sheet data

The NPE Ratio stood at **0.98%**, compared to **0.2%** as at **31 December 2021**, with a **coverage of impaired items of 15%**. Generalfinance - within the framework of constant monitoring of its loan portfolio - paid particular attention, on the geopolitical front, to developments in the conflict between Ukraine and Russia. In said context, it should be stressed that Generalfinance has zero direct presence in the Russian/Ukrainian/Belarusian market (areas directly impacted by the conflict), since the Company has factoring relations solely with business customers (transferors) active in Italy. With reference to Transferred Debtors with registered office in **Russia, Ukraine and Belorussia**, Generalfinance has a **significantly reduced overall exposure as at 30 September 2022 of EUR 0.3 million compared to the exposure as at 31 December 2021 (EUR 2.6 million) and with an incidence limited to 0.08% on gross loans to customers.**

Loans to customers amounted to EUR 336.1 million compared to EUR 321 million at the end of 2021, while total assets came to EUR 403.6 million.

Shareholders' equity and capital ratios

Shareholders' equity as at 30 September 2022 amounted to EUR 54.3 million, compared to EUR 32 million as at 31 December 2021. A significant share capital increase was completed during the first half-year period for a total of EUR 20.2 million in the context of the listing transaction. In line with IAS 32, part of the costs connected with the listing transaction were recognised in a negative shareholders' equity reserve (under the item "Issue premiums") for EUR 1.7 million, net of the associated taxes.

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:

- 16.66% CET1 ratio;
- 16.66% TIER1 ratio;
- 20.43% Total Capital Ratio.

The ratios are well above the minimum regulatory values set forth in Bank of Italy Circular no. 288 of 3 April 2015.

Business outlook

In the current context, looking at the prospects for 2022, we need to take into consideration possible further impacts, particularly on the business system, relating to the ongoing conflict between Russia and Ukraine and other macroeconomic factors that emerged in the last part of the first half-year period (marked increase in the rate of inflation, increase in energy costs and significant increase 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 nine months of 2022 - trend in turnover and customer base - shows

significantly rates of growth at least in line with those recorded in 2021, with a better performance than the one envisaged in the Business Plan in force with reference to the current year. Also on the credit quality front, the first nine months of the year shows an excellent risk profile, with better indicators than those planned. These elements allow us to predict a business performance and related net profitability for 2022 in line with the levels determined in the revised budget and the guidance for the current year, provided to the market today.”

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

Generalfinance's results as at 30 September 2022 - together with the 2022-2024 Business Plan - will be presented to the financial community in a **conference call set for 4 November 2022 at 11.00 (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 30 September 2022 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 led by Massimo Gianolli for over 30 years, Generalfinance is a supervised financial intermediary specialised in factoring, 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 60 professionals, Generalfinance is a leader in the segment of factoring for distressed companies.

Generalfinance S.p.A.

Chief Financial Officer - Investor Relations

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BALANCE SHEET
(values in Euro)

Asset items		30/09/2022	31/12/2021
10.	Cash and cash equivalents	56,045,306	33,458,171
20.	Financial assets measured at fair value through profit or loss	20,300	28,415
	<i>c) other financial assets mandatorily measured at fair value</i>	<i>20,300</i>	<i>28,415</i>
40.	Financial assets measured at amortised cost	336,130,118	321,043,769
	<i>c) loans to customers</i>	<i>336,130,118</i>	<i>321,043,769</i>
80.	Property, plant and equipment	4,740,808	4,922,460
90.	Intangible assets	1,809,333	1,670,567
	- of which goodwill	0	0
100.	Tax assets	1,921,862	1,191,075
	<i>a) current</i>	<i>1,687,757</i>	<i>927,209</i>
	<i>b) deferred</i>	<i>234,105</i>	<i>263,866</i>
120.	Other assets	2,961,308	2,954,436
Total assets		403,629,035	365,268,893

Liabilities and shareholders' equity items		30/09/2022	31/12/2021
10.	Financial liabilities measured at amortised cost	327,131,932	314,640,957
	<i>a) payables</i>	<i>289,574,460</i>	<i>283,616,382</i>
	<i>b) securities issued</i>	<i>37,557,472</i>	<i>31,024,575</i>
60.	Tax liabilities	3,415,105	1,234,511
	<i>a) current</i>	<i>3,375,706</i>	<i>1,234,511</i>
	<i>b) deferred</i>	<i>39,399</i>	<i>0</i>
80.	Other liabilities	17,326,404	15,797,060
90.	Severance pay	1,275,490	1,353,695
100.	Provisions for risks and charges	136,056	276,528
	<i>b) pension and similar obligations</i>	<i>136,056</i>	<i>118,452</i>
	<i>c) other provisions for risks and charges</i>	<i>0</i>	<i>158,076</i>
110.	Share capital	4,202,329	3,275,758
140.	Share premium reserve	25,433,765	7,828,952
150.	Reserves	16,171,811	11,445,129
160.	Valuation reserves	103,867	(37,061)
170.	Profit (loss) for the year	8,432,276	9,453,364
Total liabilities and shareholders' equity		403,629,035	365,268,893

INCOME STATEMENT

(values in Euro)

	Items	30/09/2022	30/09/2021
10.	Interest income and similar income	9,814,887	6,364,076
	of which: interest income calculated using the effective interest method	9,814,887	6,364,076
20.	Interest expense and similar charges	(4,133,605)	(1,874,571)
30.	Interest margin	5,681,282	4,489,505
40.	Fee and commission income	20,066,878	14,619,150
50.	Commission liabilities	(2,965,401)	(2,166,383)
60.	Net fee and commission income	17,101,477	12,452,767
70.	Dividends and similar income	584	184
80.	Net profit (loss) from trading	(324)	(184)
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	857	2,794
	<i>b) other financial assets mandatorily measured at fair value</i>	857	2,794
120.	Net interest and other banking income	22,783,876	16,945,066
130.	Net value adjustments/write-backs for credit risk of:	(301,175)	(245,199)
	<i>a) financial assets measured at amortised cost</i>	(301,175)	(245,199)
150.	Net profit (loss) from financial management	22,482,701	16,699,867
160.	Administrative expenses	(9,051,093)	(6,137,261)
	<i>a) personnel expenses</i>	(4,637,191)	(3,847,504)
	<i>b) other administrative expenses</i>	(4,413,902)	(2,289,757)
170.	Net provisions for risks and charges	(17,604)	(208,072)
	<i>b) other net provisions</i>	(17,604)	(208,072)
180.	Net value adjustments/write-backs on property, plant and equipment	(551,102)	(531,230)
190.	Net value adjustments/write-backs on intangible assets	(250,046)	(172,212)
200.	Other operating income and expenses	43,246	(29,886)
210.	Operating costs	(9,826,599)	(7,078,661)
260.	Pre-tax profit (loss) from current operations	12,656,102	9,621,206
270.	Income taxes for the year on current operations	(4,223,826)	(3,023,861)
280.	Profit (loss) from current operations after tax	8,432,276	6,597,345
300.	Profit (loss) for the year	8,432,276	6,597,345

Fine Comunicato n.1693-38

Numero di Pagine: 9