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Oggetto : GENERALFINANCE SPA: RESULTS AS
AT 30 SEPTEMBER 2023 APPROVED
AND CO-OPTATION OF TWO
DIRECTORS

Testo del comunicato

Vedi allegato.



RESULTS AS AT 30 SEPTEMBER 2023 APPROVED

GENERALFINANCE CLOSSES THE FIRST NINE MONTHS OF THE YEAR WITH A NET PROFIT OF EUR 10.7 MILLION, UP 27% YOY

FURTHER GROWTH IN CORE BUSINESS, TURNOVER¹ AT EUR 1,774 MILLION (+24%) AND EUR 1,482 MILLION OF DISBURSEMENTS (+25%)

EXCELLENT CREDIT QUALITY CONFIRMED: GROSS NPE RATIO² AT 0.27% AND COST OF RISK³ AT 1 BASIS POINTS

CO-OPTATION OF TWO DIRECTORS SUBJECT TO SUSPENSIVE CONDITION IN ACCORDANCE WITH SUPERVISORY REGULATIONS ISSUED BY BANK OF ITALY REGULATION DATED MAY 4, 2021

INCOME PERFORMANCE

- Net interest and other banking income of EUR 25.5 million, + 12% over the same period of 2022
- Net profit of EUR 10.7 million, + 27% on the same period of 2022, which included IPO related costs that passed through the income statement.
- *Cost/income ratio*⁴ at 38%, compared to 43% in the first nine months of the year of 2022
- ⁵ROE of 28%, significantly higher than the cost of capital

FURTHER GROWTH IN THE CORE BUSINESS

- Flow of loans disbursed at EUR 1,482 million, +25% on the same period of 2022
- Turnover¹at EUR 1,774 million, + 24% on the same period of 2022
- Roughly 80% of advances covered by insurance guarantee, through the long-established strategic *partnership* with Allianz Trade, a global *leader* in credit insurance

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*

Milan, Italy, 10 November 2023. The Board of Directors of Generalfinance - meeting under the chairmanship of **Professor Maurizio Dallochio** - approved the interim report on operations as at 30 September which highlights **net profit of EUR 10.7 million**, significant growth (+27%) compared to the previous year and **shareholders' equity of EUR 62,0 million**.

Massimo Gianolli, Chief Executive Officer of Generalfinance, declared: *"The first nine months of the year showed performance in line with expectations. We record an excellent business performance with business growth of 24% and overall profitability growing significantly over the previous year. The return on capital improved further to 28% as well as the cost / income ratio drops again, to 38%. We are constantly committed to supporting customers with tailored financial solutions at a time in the economic cycle when it is particularly important to provide quick answers and specialized assistance to businesses."*

Main reclassified income statement data (in thousands of Euro)

Income statement items	30.09.2023	30.09.2022	Change
Interest margin	5,873	5,681	3%
Net fee and commission income	19,599	17,101	15%
Net interest and other banking income	25,472	22,784	12%
Operating costs	-9,658	-9,827	-2%
Pre-tax profit from current operations	15,676	12,656	24%
Profit for the year	10,667	8,432	27%

Key balance sheet data (in thousands of Euro)

Balance sheet item	30.09.2023	31.12.2022	Change
Loans to customers	383,166	385,434	-1%
Financial liabilities measured at amortised cost	394,265	368,388	7%
Shareholders' equity	62,041	56,775	8%
Total assets	476,719	443,815	7%

Main performance indicators

Operating indicators	30.09.2023	30.09.2022
Cost/Income ratio (%)	38%	43%
ROE (%)	28%	24%
Net interest income/Net interest and other banking income (%)	23%	25%
Net fee and commission income/Net interest and other banking income (%)	77%	75%

Economic data and operating structure

Net interest income amounted to EUR 5.9 million, up by 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 increase in the average rate on advances paid to customers. **Net fee and commission income** amounted to EUR 19.6 million, up compared to EUR 17.1 million in the first nine months of 2022 (+15%). The trend in net fee and commission income was affected by the particularly positive trend in turnover (+24% with respect to the same period of 2022)) 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 25.5 million (+ 12%) while **operating costs**, equal to around EUR 9.7 million, compared to 9.8 million euros in the first nine months of 2022, which however included the costs related to the IPO process passed through the income statement.

Considering the particularly low **cost of risk** (net value adjustments of EUR 0.1 million, with an annualised cost of risk at 1 basis points) and estimated taxes of EUR 5 million, the **net result for the period** wapproximately EUR 10.7 million compared to EUR 8,4 million recorded in the first nine months of 2022 (+27%).

Balance sheet, funding and asset quality data

Net loans to customers amounted to EUR 383.2 million, down 1% compared to 31 December 2022. The disbursement rate is almost equal to 84% (83% in 2022) while the average number of days of credit of 68 was essentially decreased compared to the 2022 figure (75).

Within the aggregate of loans, total **gross non-performing loans** amounted to EUR 1.1 million, with a gross NPE ratio of approximately 0.27% (0.13% of the net NPE ratio). The coverage of non-performing loans stood at 54%.

Cash and cash equivalents - represented by loans to banks - amounted to approximately EUR 80.3 million - reflecting the prudent profile of liquidity management - while **total balance sheet assets** amounted to EUR 476.7 million, compared to EUR 443.8 million at the end of 2022.

Property, plant and equipment amounted to EUR 5.1 million, compared to approximately EUR 4.9 million in 2022. **Intangible assets** amounted to EUR 2.3 million, substantially unchanged compared to the end of 2022.

Financial liabilities measured at amortised cost, equal to EUR 394.3 million, are made up of payables of EUR 356.9 million and securities issued totalling EUR 37.4 million.

Own funds and capital ratios

Own funds amount to EUR 64.1 million (EUR 60.6 million as at 31 December 2022). **Risk-weighted assets** amounted to EUR 363.4 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:

- 15.26% CET1 ratio;

- 15.26% TIER1 ratio;
- 17.63% 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 completely insignificant exposure at the end of the quarter (about 38 thousand euros)**. 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 quarter

After the end of the quarter, no significant events or circumstances occurred that would appreciably change what has been represented in this Interim Report.

It should also be noted that the Bank of Italy sent a communication to Generalfinance in which, among other things, it requested the Company to adopt - by Dec. 31, 2023 - a mechanism for calculating the materiality threshold of past due loans that puts an end to the interpretative uncertainties, which emerged in the context of the inspection conducted on the Company by the same Authority, regarding the methods of applying the "Definition of Default, DoD" to recourse factoring transactions.

Specifically, the Authority clarified that the activation of the counting of the past due takes effect when the latter is greater than 1% of the total exposure (and greater than the absolute value of 100 or 500 euros, depending on the type of counterparty), regardless of the nominal value of the receivables portfolio and the related "buffer" existing between this nominal value and the Company's actual exposure. The application of this new method of Past Due recognition may result in an increase in past due exposures in the fourth quarter.

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 such an overall scenario still characterised by critical elements for the real economy, the sales activities developed by Generalfinance first nine months of 2023 - shows a performance substantially in line with what has been defined in the Budget in coherence with the current Business Plan, with reference to the current

year. These elements make it possible to forecast business performance and related net profitability characteristic for the full year 2023 at levels in line with the Budget / Business Plan, subject to possible impacts - also at the level of provisions - related to the new interpretation on DoD provided by the Bank of Italy, anticipated in "Significant events after the end of the quarter".

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Co-optation of two directors subject to suspensive condition in accordance with supervisory regulations issued by bank of italy regulation dated may 4, 2021

The Board of Directors, today, following the resignations of Directors Dr. Elena Ciotti and Dr. Rino Antonucci with effect from last October 12, has positively assessed, in accordance with the "Supervisory Provisions on the procedure for assessing the suitability of representatives of banks, financial intermediaries, electronic money institutions, payment institutions and depositors' guarantee systems," issued by the Bank of Italy in a provision dated May 4, 2021, the suitability of Dr. Gabriele Albertini and Dr. Federica Casalvolone to serve as Directors of Generalfinance to replace the resigning Directors, resolving, pursuant to Art. 2386 Civil Code and Article 17 of the Bylaws, their co-option to the office of Director.

In particular, the Board of Directors, in the presence of the Board of Statutory Auditors, based on specific statements made by the interested parties and the analyses carried out by the Appointments and Remuneration Committee, verified, in the case of Dr. Gabriele Albertini and Dr. Federica Casalvolone:

- the existence of the requirements of honorability and professionalism;
- the existence of the criteria of fairness, competence, independence of judgment;
- compliance with the constraints on interlocking, pursuant to Article 36, of Decree-Law No. 201 of December 6, 2011.

The Board of Directors has also verified the existence of the independence requirement as per Article 13 of MEF Decree No. 169/2020, the combined provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of Legislative Decree No. 58/1998 and Article 2, Recommendation No. 7, of the Corporate Governance Code of listed companies adopted by Borsa Italiana S.p.A., to which Generalfinance adheres.

Based on the statements made, neither Dr. Gabriele Albertini nor Dr. Federica Casalvolone are holders of Generalfinance shares.

Pursuant to the aforementioned Supervisory Provisions, the effectiveness of the co-optation of Dr. Gabriele Albertini and Dr. Federica Casalvolone is conditioned - for a maximum period of 90 days from the receipt by the Bank of Italy of the minutes of today's meeting of the Board of Directors - on the outcome of the assessments to be carried out by the same Supervisory Authority.

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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 30 Sep 2023 will be presented to the financial community in a **conference call set for 13 November 2023 at 10.00 (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.

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

ITALY:	+39 02 802 09 11
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The interim report on operations as at 30 September 2023 will be made available to the public, according to law, at the company's registered office, 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.

Chief Financial Officer - Investor Relations

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BALANCE SHEET
(values in Euro)

Asset items		30.09.2023	31.12.2022
10.	Cash and cash equivalents	80,294,955	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	383,165,615	385,434,057
	<i>c) loans to customers</i>	383,165,615	385,434,057
70.	Equity investments	12,500	
80.	Property, plant and equipment	5,095,554	4,865,994
90.	Intangible assets	2,342,523	2,047,798
	- of which goodwill	0	0
100.	Tax assets	2,713,418	4,572,048
	<i>a) current</i>	2,226,658	4,148,970
	<i>b) deferred</i>	486,760	423,078
120.	Other assets	3,071,647	3,149,078
Total assets		476,719,486	443,814,505
Liabilities and shareholders' equity items		30.09.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	394,265,232	368,388,464
	<i>a) payables</i>	356,837,274	331,170,709
	<i>b) securities issued</i>	37,427,958	37,217,755
60.	Tax liabilities	5,132,212	4,927,373
	<i>a) current</i>	5,072,879	4,880,108
	<i>b) deferred</i>	59,333	47,265
80.	Other liabilities	12,519,314	11,585,712
90.	Severance pay	1,415,541	1,316,956
100.	Provisions for risks and charges	1,346,543	821,254
	<i>b) pension and similar obligations</i>	160,096	142,487
	<i>c) other provisions for risks and charges</i>	1,186,447	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	127,289	95,474
170.	Profit (loss) for the year	10,667,162	10,885,387
Total liabilities and shareholders' equity		476,719,486	443,814,505

INCOME STATEMENT

(values in Euro)

	Items	30.09.2023	30.09.2022
10.	Interest income and similar income	20,490,891	9,814,887
	of which: interest income calculated using the effective interest method	20,490,891	9,814,887
20.	Interest expense and similar charges	(14,618,329)	(4,133,605)
30.	Interest margin	5,872,562	5,681,282
40.	Fee and commission income	22,713,144	20,066,878
50.	Fee and commission expense	(3,114,158)	(2,965,401)
60.	Net fee and commission income	19,598,986	17,101,477
70.	Dividends and similar income	0	584
80.	Net profit (loss) from trading	626	(324)
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	0	857
	<i>b) other financial assets mandatorily measured at fair value</i>	<i>0</i>	<i>857</i>
120.	Net interest and other banking income	25,472,174	22,783,876
130.	Net value adjustments/write-backs for credit risk of:	(138,305)	(301,175)
	<i>a) financial assets measured at amortised cost</i>	<i>(138,305)</i>	<i>(301,175)</i>
150.	Net profit (loss) from financial management	25,333,869	22,482,701
160.	Administrative expenses	(10,285,323)	(9,051,093)
	<i>a) personnel expenses</i>	<i>(5,457,211)</i>	<i>(4,637,191)</i>
	<i>b) other administrative expenses</i>	<i>(4,828,112)</i>	<i>(4,413,902)</i>
170.	Net provisions for risks and charges	(17,610)	(17,604)
	<i>b) other net provisions</i>	<i>(17,610)</i>	<i>(17,604)</i>
180.	Net value adjustments/write-backs on property, plant and equipment	(596,849)	(551,102)
190.	Net value adjustments/write-backs on intangible assets	(327,716)	(250,046)
200.	Other operating income and expenses	1,569,988	43,246
210.	Operating costs	(9,657,510)	(9,826,599)
260.	Pre-tax profit (loss) from current operations	15,676,359	12,656,102
270.	Income taxes for the year on current operations	(5,009,197)	(4,223,826)
280.	Profit (loss) from current operations after tax	10,667,162	8,432,276
300.	Profit (loss) for the year	10,667,162	8,432,276

Fine Comunicato n.1693-59

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