EQUITA GROUP

Consolidated Half-Year Financial Report

2020

EQUITA

"Equita is the leading Italian independent investment bank. For more than 45 years we have helped domestic and foreign institutional investors in their investment decisions. We support corporates and financial institutions with innovative solutions and high-quality advisory to find investors and support their growth"

Corporate Governance

Board of Directors

Francesco Perilli	Chairman
Andrea Vismara	Chief Executive Officer
Sara Biglieri	Director (non-executive)
Paolo Colonna	Director (independent)
Silvia Demartini	Director (independent)
Massimo Ferrari	Director (independent)
Michela Zeme	Director (independent)

Board of Statutory Auditors

Franco Fondi	Chairman
Laura Acquadro	Standing auditor
Paolo Redaelli	Standing auditor
Dora Salvetti	Alternate auditor
Andrea Conso	Alternate auditor

External Auditors

KPMG S.p.A.

Financial Reporting Manager

Stefania Milanesi

Corporate Information

Registered office	Via Turati 9 - 20121 MILAN
Tax ID and VAT code	09204170964
Identification number	20070.9
Share capital (fully paid-up)	€11,376,344.50
Milan Corporate Registry No.	2075478
Listing market	MTA Borsa Italiana S.p.A. – STAR segment
Ticker symbol	BIT: EQUI

Equita Group S.p.A.

Telephone	+39 (02) 6204.1
E-mail address	info@equita.eu
Corporate website	www.equita.eu

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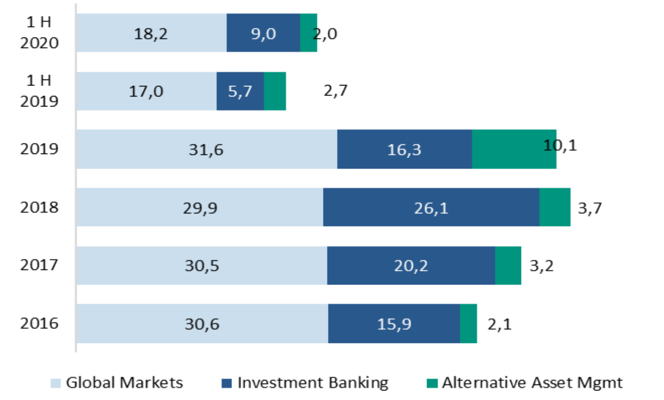
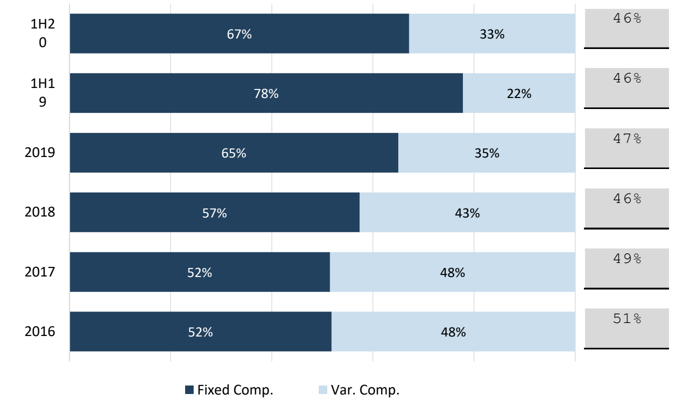
Financial highlights

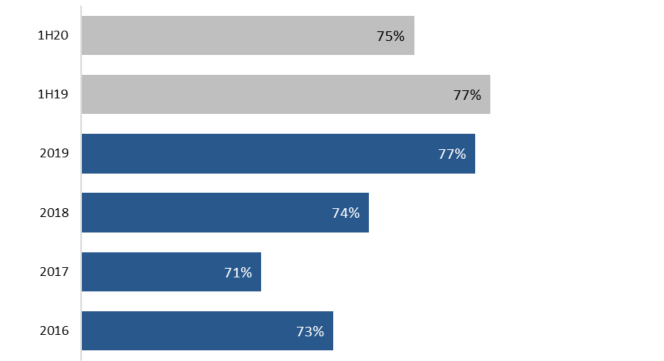
NET REVENUES (€ mn)



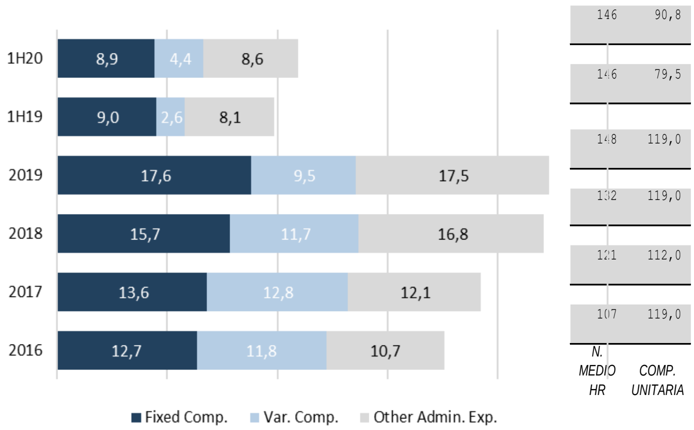
PERSONNEL COSTS - COMP RATIO (%)



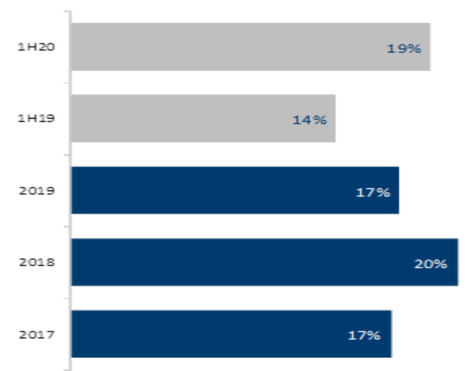
COST/INCOME RATIO (%)



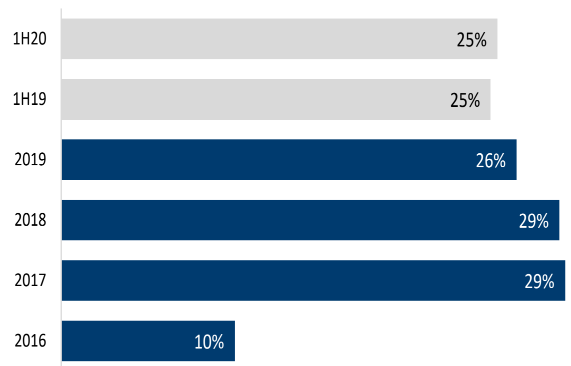
COSTS (€mn)



RETURN ON TANGIBLE EQUITY (%)



TOTAL CAPITAL RATIO (%)



ROTE Ex-Dividend. 2017 figure calculated using tangible equity, including non-controlling interests for 2016 and the net proceeds from the IPO (€22.1 mn raised in November 2017).

Income statement highlights

(€/000)	I H 2020	I H 2019	Change%
Global Markets	18,219	17,050	7%
Investment Banking	8,954	5,748	56%
Alternative Asset Management	1,970	2,686	(27%)
Net revenues	**29,143**	**25,484**	**14%**
Cost of labor	(13,305)	(11,600)	15%
Other administrative expenses	(8,620)	(8,111)	6%
Total costs	**(21,925)**	**(19,711)**	**11%**
Comp/revenues	(46%)	(46%)	0%
Cost/income ratio	(75%)	(77%)	(3%)
Profit before tax	**7,218**	**5,773**	**25%**
Tax	(2,101)	(1,750)	20%
Net profit	**5,116**	**4,024**	**27%**
Net profit – non-controlling interests	(7)	0	n,a,
Net profit – parent company	**5,122**	**4,024**	**27%**

€/000	Q1 2020	Q1 2019	Delta Q1%	Q2 2020	Q2 2019	Delta Q2%	Q2vsQ1
Global Markets	9,108	9,138	(0%)	9,111	7,911	*15%*	0%
Investment Banking	*3,951*	2,051	93%	*5,003*	3,697	35%	27%
Alternative Asset Management	*(143)*	1,422	(110%)	*2,113*	1,264	67%	n,s,
Net revenues	**12,916**	**12,611**	**2%**	**16,226**	**12,873**	**26%**	**26%**
Cost of labor	(5,896)	(5,760)	2%	(7,409)	(5,839)	27%	26%
Other administrative expenses	*(4,313)*	(4,010)	8%	(4,307)	(4,101)	5%	(0%)
Total costs	**(10,210)**	**(9,770)**	**4%**	**(11,716)**	**(9,940)**	**18%**	**15%**
Comp/revenues	46%	46%	(0%)	46%	45%	(103%)	0%
Cost/income ratio	*79%*	*77%*	*2%*	*72,2%*	*77%*	*(69%)*	*(9%)*
Profit before tax	**2,707**	**2,841**	**(5%)**	**4,511**	**2,932**	**54%**	**67%**
Tax	(820)	(827)	(1%)	(1,281)	(923)	39%	56%
Net profit	**1,884**	**2,014**	**(6%)**	**3,230**	**2,009**	**61%**	**71%**
Net profit – non-controlling interests	0	0	0	(7)	0	n,a,	n,a,
Net profit – parent company	**1,884**	**2,014**	**(6%)**	**3,237**	**2,009**	**61%**	**71%**

"Net revenues" = CE110 intermediation margin + CE200 Profit (loss) on equity investments; "Cost of labor" = CE140 a) Personnel expenses - "Directors and statutory auditors"; "Other administrative expenses" - CE120 "Net adjustments and write-backs for credit risk" + CE140 a) Other administrative expenses + "Board of Directors and statutory auditors" + CE160 Net (losses) recoveries on impairment of tangible assets + CE170 net adjustments of property, plant and equipment and intangible assets + CE180 Other operating income and expense; "Tax" = CE250 Income tax in the period; "Net profit"= CE280 Profit (loss) in the period.

Business highlights[a]

Global Markets

- Leading independent broker in Italy with a market share of 8% in the brokerage for third parties of equities on the MTA, 6% in bonds and 3% in equity options
- Best independent broker in Italy for Sales & Trading and Corporate Access activities (Institutional Investor)
- More than 400 active institutional clients and more than 80 interconnected banks with a network of 5,000 branches
- More than 170 roadshows in Italy and abroad
- More than 300 specialist contracts on active financial instruments

Investment Banking

- Key independent player in Italy, with a successful track record in equity and debt capital markets transactions
- Team of professionals with comprehensive competencies, capable of providing all investment banking services and involved consistently in Italy's most important investment banking transactions
- Among the top 10 M&A advisors by number of transactions and one of the leading corporate brokers in Italy with more than 50 active mandates

Alternative Asset Management

- €1 billion assets under management
- Seven investment products, including three discretionary portfolios, two flexible funds and an alternative credit UCITS fund
- A €100 million private debt fund entirely invested and a second fund with capital raising underway (€200 million target)

Research Team

- 14 analysts with a high degree of seniority in the company
- 160 listed companies covered, of which 120 Italian and 40 European
- More than 90% of the total Italian market capitalization covered
- Team at the top of international rankings for the quality of its research (#3 "Best Italian Research Team" and #2 "Best Country Analysis")
- More than 50 "virtual" and "on site" conferences organized during the year and more than 222 reports published in the first semester

Finance, Operations and Governance

- More than 35 Back-Office, Finance, IT and Human Resources professionals provide constant support to all the Group's areas of business
- More than 10 professionals in the Control, Legal & Corporate Affairs and Investor Relations divisions

(a) Figures at 30 June 2020, unless specified otherwise

Equita at a glance

The leading independent investment bank in Italy

Equita has been using its expertise and understanding of financial markets to serve professional investors, corporates and institutions for more than 45 years. The shareholders of the holding **Equita Group, listed on the "STAR" segment of the Italian Stock Exchange**, include managers and employees who hold approximately 54% of the share capital, which ensures a strong alignment with investors' interests. With its Global Markets activities, today Equita is the leading independent broker in Italy. It provides institutional clients with brokerage services for equities, fixed income, derivatives and ETFs and is able to supports investors' decisions with valuable analyses and insightful investment ideas for the Italian and European financial markets - thanks also to the continuous support of its award-winning **Research Team** – renowned internationally for its top-quality research.

Equita has an **Investment Banking** platform that is unique to Italy, capable of combining independent advisory services with unparalleled access to capital markets. The vast range of services provided, which includes advisory services for M&A and other investment banking transactions as well as equity and fixed income capital raising solutions, are designed to best serve all clients, from large industrial groups to small and medium-sized enterprises, from financial institutions to the public sector.

Lastly, through **Equita Capital SGR,** Equita is able to put its asset management expertise and deep understanding of financial markets, especially of mid and small caps, at the service of institutional investors and banking groups. The focus on alternative assets like private debt and the asset management strategies based on the Group's distinctive areas of expertise make Equita Capital SGR the best partner for both investors looking for interesting returns and banking groups that would like to co-develop new products for their retail networks.

Our Vision, Our Mission, Our Values

Equita wants to be the **leading independent player** in financial services, supporting institutional investors that are looking for investment opportunities in Italy and corporates that want to sustain their growth plans by accessing the capital markets or through investment banking transactions.

Equita is committed to:

- **Offering brokerage services** focused entirely on the needs of institutional clients, executing their investment strategies and providing valuable independent research in order to help them make informed decisions.
- **Assisting and advising** large corporates, small and medium-sized enterprises and financial institutions with their decisions, as well as easing access to capital markets to raise funds to support their growth and achieve their strategic goals.
- **Responsibly managing** liquid and illiquid assets for institutional investors and banking groups, defining and co-developing investment products for banks to satisfy their retail clients' needs and distributing third party products.
- **Preserving the independence and reliability** that have always distinguished Equita in its relationships with clients**.**
- **Promoting value creation** that is sustainable for both Equita and its clients.

Independence

Focus on client

Excellence

Sustainability

Group Overview

Independence – a distinctive quality

Equita is an independent group, shaped and managed by its partners and professionals. Our people are committed, entrepreneurial and open to a world of constant change. Independence is one of the many qualities that makes Equita different and unique to the market.

A clear and diversified business model

Equita's business model is unique and difficult to replicate. It combines a high degree of independence with unparalleled understanding and access to Italian capital markets, both equity and fixed income, which differentiates Equita from large financial advisory groups and global investment banks. Operations are carried out mostly by the subsidiaries Equita SIM and Equita Capital SGR – both wholly owned by the Equita Group – along with Equita K Finance (formerly K Finance) since July 2020. Global Markets, Investment Banking and Alternative Asset Management are supported constantly by an internationally acclaimed Research Team, well-known for the excellence and quality of its research.

Global Markets

Equita is the leading independent broker in Italy. It provides institutional clients with brokerage services for equities, fixed income, derivatives and ETFs.

Equita supports investors' decisons with analyses and insightful investment ideas for the Italian and European financial markets.

Investment Banking

Equita provides high-profile advisory services in investment banking transactions, M&A, equity and bond issues and placements to all types of clients, from large industrial groups to small and medium-size enterprises, from financial institutions to the public sector.

Alternative Asset Management

Equita, through Equita Capital SGR, uses it deep understanding of the financial markets, in particular of small and mid-caps, to help institutional investors and banking groups in the management of liquid and illiquid assets. The focus is on investment strategies based on the Group's expertise and alternative assets like private debt.

Research Team

All the business areas are supportd by Equita's Research Team, which for years has been one of the best in Italy and recognized by important domestic and international institutional investors for its excellence.

Leadership in small-mid caps

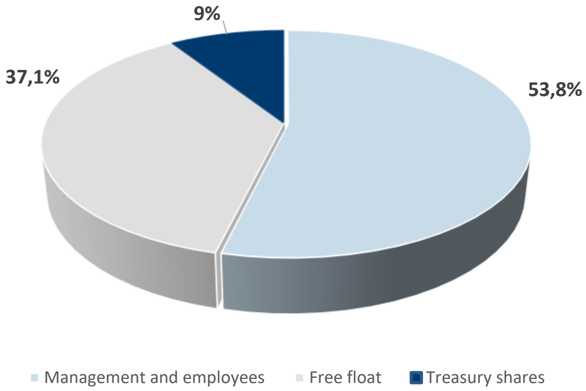
Equita is the partner of choice for many best-in-class Italian small and mid-cap companies. Equita's goal is to provide its clients with a wide range of services, while guaranteeing access to high-quality debt and equity instruments, as well as solutions tailored to meet their needs.

Socially responsible

People are Equita's greatest asset. It is only thanks to their dedication, determination and hard work that Equita is able to best serve clients. Equita invests in training young professionals, both in-house and externally, through specific programs. Since 2013 Equita has partnered with Bocconi University to improve the understanding of Italian capital markets, analyze new market developments and trends. Equita promotes the work of emerging artists through the EquitArte initiative and in 2018 formed a partnership with the Brera Fine Arts Academy to promote the work of talented young artists, education and research at one of Milan's most important cultural institutions.

Equita Group's Capital Structure

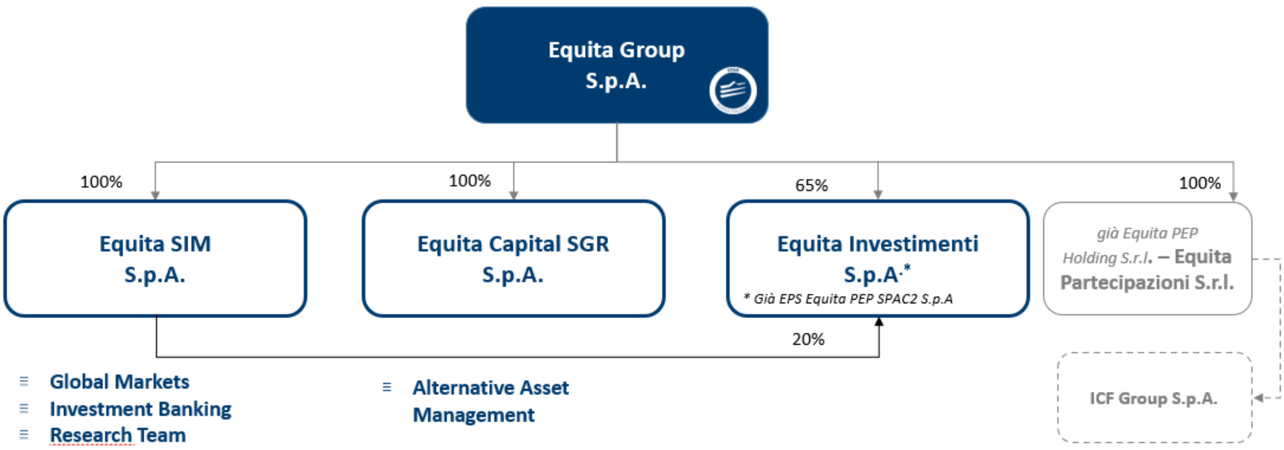
Shareholder structure



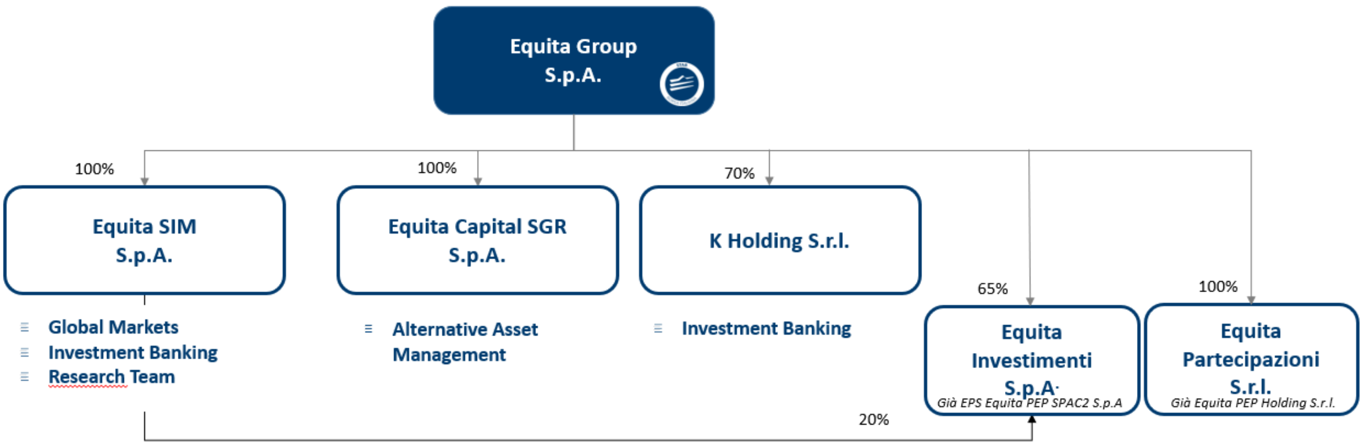
Shareholders as of 30 June 2020	Number of shares
Management and employees	26,894,284
Free float	18,557,691
Treasury shares	4,548,025
Total	50,000,000

In July 2020 the Group finalized the acquisition of 70% of K holding S.r.l. which was financed partially using treasury shares which, consequently, fell to 8% and management's portion to 55%.

Equita Group's structure at 30 June 2020



Equita Group's structure at 31 July 2020



Equita on the Italian Stock Exchange[a]

Market capitalization at 31 December 2019 (€ millions) [b]	143.0
Market capitalization at 30 June 2020 (€ millions) [b]	125.5
Average stock price (€)	2.510
Minimum price (€)	2.050
Maximum price (€)	2.990
Average daily volume (number of shares)	28,000
Dividend per share paid in 2020 (€)	0.190
Dividend Yield (on the average price 2020, %)	7.6%
Total Return as of the IPO (23 November 2017)	6.6%

ISIN code	IT0005312027
Other ID codes	EQUI:IM / EQUI:MI
Market	MTA - Borsa Italiana
Segment	STAR
Indices:	
FTSE All-Share Capped | FTSE Italia All-Share | FTSE Italia STAR | FTSE Italia Small Cap | FTSE Italia Finanza | FTSE Italia Servizi Finanziari	

(a) *From 31 December 2019 to 30 June 2020*
(b) *On the total number of outstanding shares*

Interim report on operations

The income statement for the period ended 30 June 2020 shows a consolidated net profit of roughly €5 million, an increase of 20% on the same period in 2019.

Macroeconomic backdrop

The global market conditions in the first half of 2020 were impacted severely by the Covid-19 pandemic: beginning in China at the end of January, the epidemic spread first in Europe and then worldwide, which affected both global production and aggregate demand. The rapid deterioration of the macroeconomic conditions caused governments to approve extraordinary fiscal stimulus packages and the central banks to implement unconventional monetary measures to offset the drop in economic activity, as well as prevent a liquidity crisis.

The European political response was entrusted to the European Commission which proposed a €750 billion (5.4% of EU GDP) recovery plan - `Next Generation EU` - which includes €500bn in grants and €250bn in loans. The implementation of the plan is still being discussed. The market expects the plan to be approved definitively when Germany assumes the presidency of the EU Council on July 1st.

On the monetary front, the ECB extended the TLTRO, which had a positive impact on banks of 1% beginning in June 2020, extended the QE program (€120bn), but, most importantly, launched a €1,300bn Pandemic Emergency Purchase Program (PEPP) which will be in place at least through June 2021. In light of the strong drop in global GDP, the Bank of Italy's three-year (2020-2022) macroeconomic forecasts for Italy call for GDP to fall sharply by 9.2% in 2020, followed by a gradual recovery in the next two years (-4.8% in 2021 and -2.5% in 2022).

Market analysis and business trends

In the first half of 2020 the stock market was characterized initially by higher volumes with volatility in line with year-end 2019. Beginning in March, market conditions worsened as the pandemic spread. Volatility, in particular, increased and the MIB index closed the quarter with volatility at 90.6% (versus 14.8% at year-end 2019). Volatility continued to be high over the next three months reaching 38.3% in April, 28.4% in May, to then close the half at 32.3%.

In the second quarter, as health conditions improved in Italy and in Europe, stock performances showed moderate improvement with the benchmark index rising from the -27.5% recorded at the beginning of the year to -17.6% at the end of the first semester.

In the first half the volume traded on the MTA was 29% higher than in the same period of the prior year. This increase was recorded solely in the first quarter of 2020.

The primary market contracted noticeably in the first quarter. More in detail, only one IPO was made on the MTA. Despite the robust pipelines developed in previous months, the market characterized by lower prices and high volatility kept both companies and investors away.

It wasn't until June 2020 that the primary market showed signs of recovery with two transfers from the AIM market to the MTA, one new listing on the MTA and two on the AIM/MAC market.

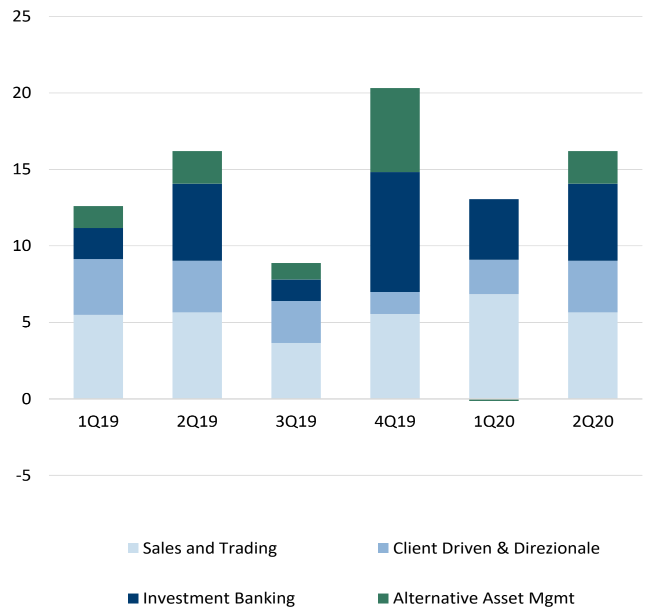
The number of M&A transactions declined too, with volumes going down by 15% compared to the first half 2019, as described in the following paragraphs.

Group financial performance

The income statement for the period ending on 30 June 2020 shows a net profit of €5 million compared to €4 million in 2019 (+21%).

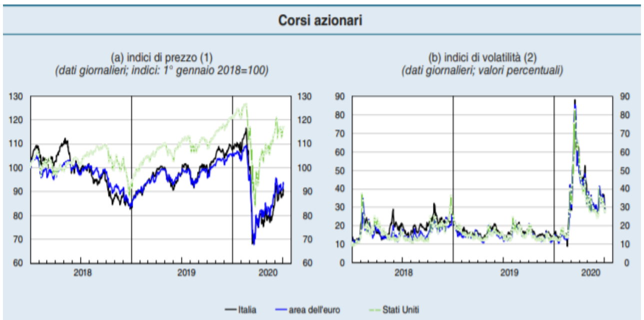
Net revenues totaled €29.1 million in the half, 14% higher than in the first six months of 2019.

CHANGES IN NET REVENUES BY QUARTER



Global Markets

The net revenues from Trading, part of Global Markets, amounted to €18.2 million in the first half of 2020, 7% higher than in the same period 2019. Third party brokerage recorded an increase of 10% against 30 June 2019. This performance reflects the higher volatility that drove portfolio turnover for both institutional (+3%) and retail (+38%) clientele.



Sales and Trading

As noted above, the Italian financial market performed well in the first two months of the year but slowed subsequently as a result of the Covid-19 emergency.

The effects of the pandemic impacted production and aggregate demand across all economies, suggesting that there will be a sharp reduction in world trade this year. The deteriorating growth outlook resulted in a sharp drop in stock market indices, a spike in volatility and increased risk aversion. In all of the main economies the monetary and fiscal policymakers adopted strong expansionary measures in order to support the income of both families and businesses, the credit economy and market liquidity.

Tensions in the Italian government bond market caused the spread against German bonds to increase as risk aversion rose considerably and market liquidity evaporated; the tensions eased as a result of the ECB's directive council's decision to confirm the massive purchase of Italian government securities.

As for stock prices, between the third week of February – when the epidemic struck northern Italy – and 18 March, the Italian stock market lost roughly 40 percent of its value.

Between the first week of April and the beginning of July, the general index rose 12 % with the bank index up 19% (14% and 15%, respectively, in the Euro zone). The market valuations benefitted from a significant drop in the equity risk premium which fell below the levels recorded at the beginning of the year as volatility decreased; investor confidence improved gradually with the implementation of the fiscal and monetary measures as well as, beginning in May, the gradual easing of the lockdown measures.

Beginning in April, secondary market yields for bonds issued by non-financial companies and lenders fell by 86 and 131 basis points which improved funding conditions.

In terms of bond issues, the lower risk premium will boost the recovery of this type of funding which was noticeably penalized in the first quarter.

Net bank issues reached €2.7 billion in the second quarter (versus -€14.5 billion in the first quarter).

Based on Assogestioni's figures, net outflows from open-end mutual funds reached €12.1 billion versus €5.6 billion in the last three months of 2019, as a result of the sizeable outflows recorded in March. In April and May net inflows were positive, explained primarily by bond and equity funds.

Based on the usual statistics compiled by Assosim, in 1H20 EQUITA's market share of volumes brokered for third parties on the Italian MTA market reached 7.21% of the total volumes traded (versus 8.40% in the same period 2019) which confirms EQUITA's leadership in the ranking of brokers for institutional clients. EQUITA came in at 5th place, after four institutions with sizeable retail banking operations.

Equita came in at 6th place for the volume of bonds brokered with a market share of 5.68% (versus 5.80% in June 2019), once again after large players with retail operations.

In the half net revenues for third party brokerage - Sales & Trading – were 10% higher than in the same period 2019. Institutional trading recorded growing revenues in the first half 2020 (+3% compared to 2019), the same as the retail hub (+38% compared to 2019)

Client Driven and Directional Trading

At 30 June 2020, the volumes traded on the MTA market by Equita's proprietary trading desk, one of the market's top-five players, were down 1.3% against the same period 2019. The market share for bonds traded was largely unchanged.

In the second quarter the revenues for the proprietary books (*client-driven trading and directional trading*) confirmed the positive trend seen in the first quarter. This result was fueled by the client driven portfolios. The loss recorded in the first quarter by the directional books, in fact, was only partially recovered.
The area closed the half with net revenues of €5.8 million (in line with the same period of 2019).

This result was recorded during the period, specifically the week of 12-18 March, when the Italian financial market hit its year low of around -36%. It was down 30% at the end of March. In second quarter 2020, the market recovered around 13%, coming in at -17% against the beginning of 2020.
Volatility, after hitting the high in March (90%), returned to around 33% - 34% at the end of the half, but was as low as 24%.
The steps taken by the Italian government to contain the spread of the virus, the choices made by the ECB to purchase government securities and the launch of the "Recovery Fund" resulted in lower volatility. The discovery and distribution of a Covid vaccine is key to market recovery.

Investment Banking

The Group provides a full range of Investment Banking services, including advisory for Mergers & Acquisitions, Equity Capital Markets, Debt Capital Markets, Debt Advisory & Restructuring, as well as Corporate Broking services which are focused on medium and large-sized companies, as well as privately held domestic companies and companies active in the financial institutions segment. The main competitors in this area are Italian and international investment banks, M&A advisory boutiques, the investment banking divisions of Italian and international banking groups, as well as the corporate finance departments of advisory and accounting firms.

The first half of 2020 was affected, beginning in March, by the Coronavirus crisis which had a negative impact on financial markets and investment banking transactions. More in detail, in the first half of 2020 381 M&A transactions were completed in Italy (versus 500 in the first six months of 2019) for a total of roughly €20 billion, a decrease of 16.2% compared to the €23.4 billion posted in first half 2019. The impact of Coronavirus was particularly significant in the period March – June 2020 during which 195 M&A transactions were completed versus 361 in the same period 2019, a drop of 46%. [Source: KPMG]

The number of Equity Capital Markets transactions completed on the Italian market fell from 23 in the first half of 2019 to 17 transactions in the first half of 2020, while the amount of the transactions was basically unchanged, going from €4.0 billion in the first half of 2019 to €3.9 billion in first half 2020. In the first half of 2020 there were more ABB transactions, which amounted to more than 50% of the total amount transacted while in the first half of 2019 IPOs accounted for more than 50% of the total Equity Capital Markets transactions. [Source: Dealogic]

The Debt Capital Markets transactions (the issue of High Yield and Non-Rated corporate bonds, specifically) completed on the Italian market in the first half of 2020 were down by around 20% against the same period of the prior year, going from €1.9 billion in the first half of 2019 to €1.5 billion in the first half of 2020. [Source: BondRadar data compiled by Equita Group]

Despite the challenging market environment, in the first half of 2020 net revenues for Investment Banking rose 56% from €5.7 million in the first half of 2019 to €9.0 million.

Equity & Debt Capital Markets

In the first half of 2020 EQUITA acted, among other things, as Sole Global Coordinator for Cy4Gate's IPO on Borsa Italiana's AIM Italia market (the biggest IPO on the AIM market since 2018), placement agent for Trevi Finanziaria Industriale's capital increase and intermediary in charge of coordinating the collection of acceptances in the voluntary partial public exchange offer on Intek Group's 2015-2020 notes.

Mergers and Acquisitions

In the first half of 2020 EQUITA acted as Apollo Global Management's financial advisor for the acquisition of Gamenet Group, Platinum Equity's financial advisor for the acquisition of Farnese Vini, Gruppo Caffo 1915's financial advisor for the acquisition of the PetrusBoonekamp brand, Newlat Group's financial advisor in the acquisition of Centrale del Latte d'Italia, AMCO – Asset Management Company's financial advisor in the demerger by Banca MPS of a compendium of non-performing exposures, MCC – Mediocredito Centrale's financial advisor in the acquisition Banca Popolare di Bari, Banca Carige's financial advisor in the conversion of savings shares into ordinary shares, Banco di Sardegna (BPER Group)'s financial advisor in the conversion of savings shares into preferred and AIM Vicenza's financial advisor in the merger with AGSM Verona, the largest merger between multiutilities in years, valued at more than €1 billion.

EQUITA also confirmed its advisory role assisting the independent board members of large listed companies like INWIT, involved in the structuring of a joint venture with Vodafone Italia, and GEDI, involved in the takeover launched by Exor. EQUITA also acted as Intesa Sanpaolo's financial advisor in the takeover bid of UBI Banca.

Corporate Broking and Specialist

Corporate Broking continues to be a strategic area for both the cross-selling and cross-fertilization of other Investment Banking products and services. In the first half of 2020, the number of Corporate Broker and Specialist mandates was largely unchanged.

Alternative Asset Management

In the first half of 2020 Alternative Asset Management continued to develop both private debt, marketing the second investment fund, and private capital, structuring and launching the ELTIF fund.

In the first half of 2020 the area posted revenues of €2 million, 26% lower than in the same period of 2019, explained mainly by lower management fees as a result of the lower average value of the AUM. In the half the FTSEMIB index dropped -17.5% and the FTSE ITALIA MID CAP was slightly worse, coming in at -18.3%. In Europe the Eurostoxx600 index was down -13.5% and the mid - small was down -17%.

Portfolio Management

The first half of 2020 will inevitably go down in history due to Covid-19 and the global economic crisis triggered by the spread of the pandemic.

In just one month the inactivity of large sectors of the economy and the uncertainty about recovery times caused a rapid downward spiral of the world financial markets which from the high seen on 19 February to the low recorded on 23 March lost 35% (Vanguard Total World Stock ETF), the worse drop ever recorded, in just five weeks.

The powerful, joint reaction coordinated by governments and central banks resulted in an equally rapid and significant recovery (+38% from 23 March to 9 June), which made it possible, however, to only mitigate the losses.

In terms of interest rates, the recession resulted in new decreases, but the increase in public debt caused a widening in the BTP-Bund spread which rose 90 bps to 2.50% in March, to then level off at 1.77% after the ECB expanded its purchase programs.

The AUM went from €880 million at 31 December 2019 to €761 million at 30 June 2020 due to both the negative performance and the roughly €50 million in redemptions.

The team manages a total of three discretionary accounts and two flexible funds, the first is focused on mid-small caps and the second on high-yield dividend stocks.
The average performance of the three lines, weighted for AUM, was down -10.64% in absolute terms in first half 2020 and up +2.46% against the benchmark.
The flexible fund Euromobiliare Equity Mid Small Cap posted a net performance of +0.24% in the same period and +7.84% (+4.91% annualized) since its launch (3 December 2018).
Euromobiliare Equity Selected Dividend closed the half at -6.43% and is down -2.50% since its launch (1 July 2019). In the first six months of operation the fund's dividend payout came to 1.5% of the initial investment.

In addition to the discretionary accounts, as of the fourth quarter of 2018 the area also distributes the "G10 Blueglen Equita Total Return Credit UCITS Fund" (or "BETR") in partnership with Blueglen Investment Partners Limited. In the first quarter the fund posted heavy losses due to a particularly depressed market environment. In the second quarter it recovered 85% of the losses and returned to valuations above par. In the half Equita recorded a loss of roughly €0.2 million.

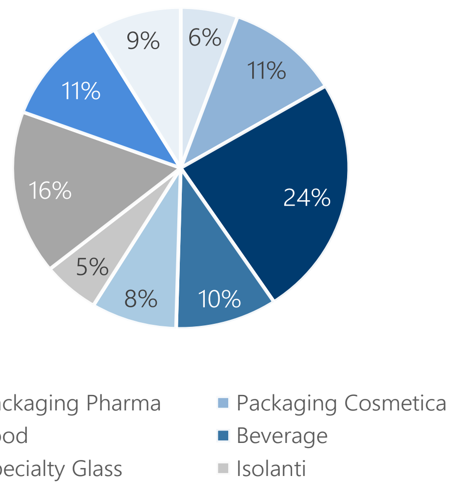
Private Debt

In the first half of 2020 the positive trend for the Italian private debt market was confirmed, despite the uncertainties tied to Covid-19 and the general slowdown in business in March and, above all, April.
During the reporting period, the Equita Private Debt Fund focused on monitoring the portfolio as its investment period had ended. The investment team also completed the preliminaries for the substitution of the manager Lemanik Asset Management SA with Equita Capital SGR S.p.A. which was finalized on 30 April 2020, following approval of the fund investors; as of 1 May 2020, therefore, Equita Capital SGR S.p.A. has become the new fund manager.

In the meantime, fundraising for the launch of Equita Private Debt Fund II ("EPD II") continued, as did the investment team's deal sourcing activities. The team has already developed a solid investment base (comprising investments already made and in the pipeline) which the fund will benefit from after the launch. The first closing, worth €100 million, is expected to take place by summer 2020. EPD II will have investment characteristics similar to those of the first fund, including:

- operating flexibility, investing mainly in senior, unitranche and subordinated loans;
- maturities of between 5 and 7 years;
- returns in line with the market.

BREAKDOWN OF THE INVESTMENT PORTFOLIO



Private Equity

Part of Alternative Asset Management, the Private Equity team is responsible for identifying products and investment opportunities including with the involvement of third-party investors.
In first half 2020, the private equity team began the authorization process with the competent authorities for the launch of a new private capital initiative leveraging on

investors' growing appetite for innovative illiquid structures channeling investments into small and medium sized enterprises such as, for example, the ELTIF (European Long-Term Investment Funds), which allow retail investors to access an investment class that is typically reserved for institutional investors.
The fund is expected to be launched year-end 2020.

On 20 May 2020, the shareholders of Equita PEP Holding S.r.l., 50/50 joint venture of Equita Group S.p.A. and Private Equity Partners S.p.A., approved the consensual withdrawal of Private Equity Partners S.p.A.. The interest held in Equita PEP Holding S.r.l. at that date was transferred to Private Equity Partners S.p.A.. As a result of this transaction, Equita Group S.p.A. became the company's sole shareholder.
During the same Shareholders' Meeting, shareholders resolved to change the name of Equita PEP Holding S.r.l. in Equita Partecipazioni S.r.l., extend the company's duration through 31 December 2050 and change the corporate purpose so that the company may act as a holding company.

In January 2020 Equita Group had taken over all of Equita PEP SPAC which was delisted after failing to complete a relevant transaction. The name of the company was changed to Equita Investimenti, while the corporate purpose was basically unchanged

Research team

In the first half of the year the Research Team initiated coverage of 4 new companies (3 Italian and 1 European). At the end of the reporting period a total of 160 companies was covered, of which 120 in Italy and 40 in Europe.

In the first six months of the year the Research Team published about 222 reports (sectorial and on individual stocks) in addition to a series of daily, weekly and monthly publications (morning notes, a daily internal dealing summary, a weekly revision of the estimated earnings per share for the companies covered, a monthly summary of the Italian market and a monthly summary of the European equities covered).

The team organized roughly 50 meetings (largely virtual due to Covid-19) between listed companies and institutional investors in the half. A growing number of meetings took place during the 4 conferences organized by EQUITA in Milan, London and virtually.

Of note is the recognition received in August 2020 by Equita's Research Team from Institutional Investor, an international finance magazine. Equita was, in fact, ranked first in the "Italy Research: Small and Mid-Cap Stocks" category and second in the "Italy Research: Financials" category. The team also came in second in the "Overall Italy Research" ranking – and first among the independent Italian brokers – thanks to the quality of its research and professionalism of the analysts and sales who, every day, support institutional investors in their investment decisions.

At the end of August 2020, the rankings for sales and corporate access activities, carried out in collaboration with the salesforce and research team, were also announced. The specialized magazine Institutional Investor published the outcome of its yearly survey of institutional investors with Equita and its sales team ranked first in the category "Overall Italy: Corporate & Expert Meetings" for corporate access. In the "Overall Italy: All-Europe Generalist Sales Team" category the team came in second in the general ranking and first among independent Italian brokers.

Group Performance

Reclassified income statement

The consolidated net profit amounted to €5.1 million in the first six months of 2020, compared to €4 million in the same period 2019.

The half-year result was impacted by the negative performance of the stock markets. The results for the directional portfolio and alternative investments were hit particularly hard.

Third party brokerage, however, benefitted from the heightened volatility.

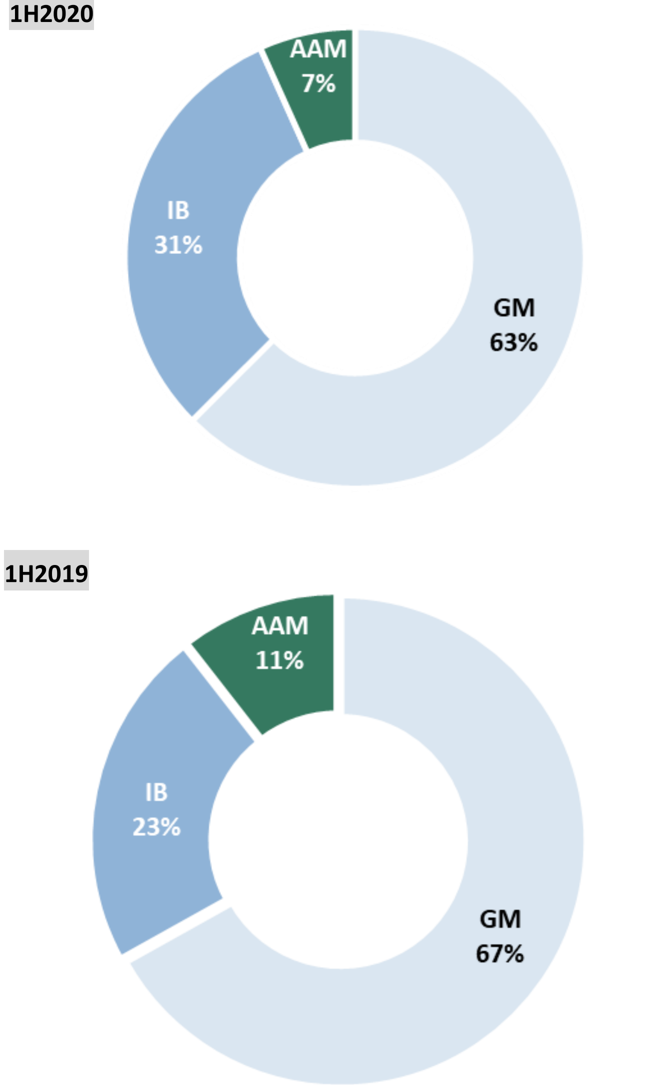
Investment Banking also proved its resiliency in the face of abrupt market movements, closing the half 56% higher than in 2019.

At 30 June 2020 the Group confirmed a high capital ratio for both CET1 and TCR of 25%. The Group always maintained its ratios above capital limits, even in March when market fluctuations and volatility caused an explosion in the volumes brokered.

The breakdown of consolidated net revenues by business line in the first six months of 2020 and 2019 is shown in the following tables.

For a more detailed analysis of EQUITA's performance, a restated income statement is shown below in order to better represent the contribution made by each business line to EQUITA's net revenues.

CONTRIBUTION TO NET REVENUES BY BUSINESS AREA



(€/000)	I H 2020	I H 2019	Delta%
Global Markets	18,219	17,050	7%
Sales & Trading	*12,400*	*11,252*	*10%*
Client Driven & Directional Trading	*5,819*	*5,797*	*0%*
Investment Banking	8,954	5,748	56%
Alternative Asset Management	1,970	2,686	(27%)
Net revenues	**29,143**	**25,484**	**14%**
Cost of labor	(13,305)	(11,600)	15%
Other administrative expenses	(8,620)	(8,111)	6%
Total Costs	**(21,925)**	**(19,711)**	**11%**
Comp/revenues	(46%)	(46%)	0%
Cost/income ratio	(75%)	(77%)	(3%)
Profit before tax	**7,218**	**5,773**	**25%**
Tax	(2,101)	(1,750)	20%
Net profit for the period	**5,116**	**4,024**	**27%**

Other expenses includes compensation paid to the directors and statutory auditors and other income statement items relating to adjustments of property, plant and equipment and intangible assets.

Alternative Performance Indicators		
	30/06/2020	30/06/2019
Comp/revenues	46%	46%
Cost/income ratio	75%	77%
Tax rate	(29,1%)	(30,3%)
No. employees	147	151
TCR	25%	26%
Earnings per share (outstanding)	0.11	0.09
DPS- prior year	0.19	0.22

The **Global Markets** area includes business lines tied to trading. The area encompasses trading activities conducted on behalf of clients by the Sales & Trading team, "client-driven and market making" trading, and proprietary trading activities connected with directional trading.

As described above, first half 2020 was impacted by the explosion worldwide of the Coronavirus epidemic which resulted in a strong increase in volatility (which went from 14% at December 2019 to 90% at the end of March 2020, to then stabilize at 32.4% at the end of June) and a considerable drop in stock prices (Borsa Italiana's MIB index was down 27.5% in March and 17.6% in June). The effects of this event were devastating and impacted the performance of Global Markets, in particular.

The heightened volatility, in fact, fueled trading as prices fell and third-party brokerage saw an increase in business with revenues rising 10% (reaching €12.4 million) against the same period 2019.

Client driven and market making also benefitted from the market's performance and gross revenues rose by 81% from €4 million in 2019 to €7.3 million in 2020. The directional portfolio, influenced by the drop in stock prices, came in basically flat in the half.

As a result of the results posted by the three business lines, Global Markets closed the half 7% higher than in 2019 and posted net revenues of €18 million.

Despite what was a decidedly challenging environment due to the events described above, **Investment Banking** recorded net revenues of €9 million, an increase of 56% compared to the same period 2019, thanks to the robust pipeline in place already at the end of 2019.

Equity Capital Markets, along with M&A advisory, made a greater contribution to the area's result due to a significant increase in revenues.

Alternative Asset Management posted net revenues of €2 million, down 27% compared to 2019.

As mentioned above, in what was a particularly lackluster market, the investments in Blueglen and ICF showed losses of €0.4 million.

Operating costs amounted to €22 million at 30 June 2020 versus €19.7 million in the same period 2019.

Personnel expense was 15% higher than in first half 2019, coming in at €13.3 million, due to an increase in the variable component linked to revenues and a stable fixed component (the total headcount went from 151 at 30 June 2019 to 147 at 30 June 2020).

The **comp/revenue** ratio came to roughly 46% at 30 June 2020, in line with the same period 2019.

Other administrative expenses were 6% higher than in the prior period, coming in at €8.6 million. This increase is attributable to higher structural costs related to the enlargement of the perimeter (eg. Equita Capital SGR) and costs incurred for non-recurring events (charity events, M&A and lending), offset by a slight drop in IT costs.

The **cost/income ratio** came to 75%, slightly lower than in the same period of the prior year (77%).

Income tax for the period amounted to €2.1 million, calculated at a tax rate of 29.1%, slightly lower than in the same period 2019.

(€/000)	30/06/2020	31/12/2019	Change %
Financial assets measured at fair value through P&L	84,180	74,237	13%
Financial assets measured at amortized cost	196,402	184,180	7%
Equity investments	0	1,020	-100%
Property, plant and equipment and intangible assets	21,864	22,416	-2%
Tax assets	2,153	5,077	-58%
Other assets	2,721	1,312	107%
Total assets	307,320	288,242	7%
Payables	205,678	172,882	19%
Financial liabilities held for trading	8,311	12,293	-32%
Tax liabilities	1,894	2,323	-18%
Other liabilities	10,781	14,176	-24%
Employee severance	1,941	2,521	-23%
Provisions for risks and charges	1,797	3,915	-54%
Shareholders' equity	76,917	80,132	-4%
Total liabilities	307,320	288,242	7%

Financial assets measured at fair value through profit and loss came to roughly €84.2 million, higher by around €9.9 million against 31 December 2019. A**ssets held for trading** saw an increase of about €4 million in long equity derivatives positions, offset for around €1 million in equity and bond positions. The proprietary portfolio includes bond holdings, which were unchanged against the prior year, and the market making and specialist portfolio acquired with the Retail Hub business

The item includes **assets mandatorily measured at fair value**, for a total of €27.4 million and comprise the Blueglen Fund investment for roughly €5 million, the investment in the Sparta 60 bond made in fourth quarter 2019 for €11.1 million, the investment in the Olimpia bond for €5.5 million and Olimpia company shares for €1 million, as well as the quotas in the Equita Private Debt fund (€4.4 million). The change in the half is attributable mainly to the investment in Olimpia.

Financial liabilities held for trading amounted to €8.3 million, a decrease of roughly €3.4 million against 31 December 2019; due to the combined effect of the short-selling ban, for roughly €5.9 million, offset by an increase in short positions in derivatives and bonds for €1.4 million and €1.1 million, respectively.

Financial assets measured at amortized cost rose by €12 million due mainly to higher balances with banks and financial institutions of around €22 million, offset by a drop in the securities lending business of €10 million.
The item includes approximately €8.4 million (€11.8 million at 31 December 2019) of receivables due from CC&G (CCP) for margins paid and default funds, classified as deposits held with financial institutions.

Property, plant and equipment and intangible assets were largely in line with the prior year (-2%). Intangible assets include capitalized software costs, as well as the €0.9 million in goodwill paid for in the acquisition of the Retail Hub business from Nexi S.p.A. in May 2018 and the consolidated goodwill and trade name of €13.1 million recognized for the subsidiary Equita SIM. None of the fixed assts show signs of impairment.

Other assets were higher (by €1.6 million) compared to the beginning of the year due mainly to deferred income resulting from annual fees paid in advance for trading services.

Payables were roughly €32.8 million higher than at 31 December 2019 explained mainly by €39.4 million in hot money, of which €6.5 million was used to finance the above-mentioned investment in Olimpia S.p.A., €34.3 million to finance the Group's trading operations, as well as, for €1.4 million, by lower currency account balances.

More in detail, in light of the particularly volatile market environment linked also to the Covid crisis, the Group used 2 uncommitted credit lines of €10 million and €14 million, respectively, increased the pre-existing committed line by €20 million and, at the same time, repaid a €10 million line in place at 31 December 2019.

There was a decrease in operating expense of approximately €6.1 million.
This item includes the lease payables recognized in accordance with IFRS 16 which were roughly €0.5 million lower.

Other liabilities were approximately €3.6 million lower due mainly to the provisions made in the reporting period for variable compensation.
The drop of €0.6 million in **employee severance** ("TFR") is attributable primarily to severance paid to employees who left the Group in January 2020

At 30 June 2020, the **share capital** of EQUITA Group S.p.A. amounted to €11,376,345 (of which €1,376,345 raised through the IPO), consisting of 50,000,000 shares without a stated par value.
Treasury shares amounted to approximately €4.5 million.

The dividend paid in 2019 came to € 8,635,875.

The consolidated **net profit** amounted to €5.1 million in the first six months of 2020, an increase of 27% compared to the same period 2019.

At 31 March 2020 the **Return on Tangible Equity** ("ROTE") stood at 19%, higher with respect to both year-end 2019 (17%) and first half 2019 (14%).

The consolidated **Total Capital Ratio** ("TCR") was 25%, well above prudent levels, but lower compared to 31 December 2019 (26%) due to the increase in RWAs (risk weighted assets) connected to market and credit risk.

Stock Performance

Equita Group shares have been traded on the STAR segment of Borsa Italiana's MTA (equity) market since 23 October 2018. The STAR segment is dedicated to mid-size companies with a capitalization between €40 million and €1 billion that voluntarily choose to comply with strict standards of excellence in terms of transparency, disclosures, liquidity, and corporate governance. The segment was chosen by EQUITA to further its efforts to consolidate its position in Italy and growth on the international market.
EQUITA's stock closed at an official price of €2.46 on 30 June 2020, bringing the Group's market capitalization to approximately €123 million with a Total Shareholder Return on the listing price of +6.6%. In the first half of 2020 an average of roughly 28 thousand shares were traded per day.

Significant events after the close of the reporting period

No significant corporate events which should have been taken into account when preparing this condensed consolidated financial report at 30 June 2020 occurred after the close of the reporting period.

Outlook

It appears that the future will be characterized by pressure on margins and general uncertainty as to the effects and duration of the Coronavirus epidemic.

The Group will continue working on the strategic plan launched at the beginning of 2020 focused on organic growth targets, including through acquisition and product diversification.

Looking closer at product diversification, the Group has worked intensely on the creation of the second debt fund and the first ELTIF fund. The closing of both funds is slotted for the second half of 2020.

These initiatives are geared to meet the needs of our expert clients who, in the current economic phase, are looking not only for good returns, but also for quality investment products, which Equita's team of experts can provide.

In July 2020 the Group finalized the acquisition of a controlling stake in K Holding, specialized in financial advisory for small and medium-sized enterprises. In the second half of 2020 the Group will take all the steps needed to integrate the company in the Group. This acquisition will allow the Group to strengthen its competitive positioning in the corporate & investment banking sector and to increase the base of revenues characterized by lower capital employment. The transaction is also accretive for Equita in terms of Earnings Per Share - EPS (+9% pro forma 2021) and the Total Capital Ratio will remain well above 15%, minimum threshold set in the Equita Group's 2020-2022 Strategic Plan.

The Group will continue to pursue its strategy for organic growth through process efficiencies and quality services.

In addition to the financial-economic targets outlined above, the Group will continue to focus on long-term sustainable growth, including with respect to ESG factors, in order to create value for stakeholders, while maintaining a low-risk appetite. The steps taken will be shaped by the Strategic Plan 2020-2022, described in greater detail below, as well as informed by the actions taken in response to the Covid crisis.

The Group's economic, financial and operating performance in the second half of 2020 will also be affected by market trends and the global market conditions.

Key Initiatives in 2020

…Business

Acquisition of K Finance

On 14 July 2020, Equita Group completed the purchase of a controlling stake in K Finance S.r.l. ("K Finance"), a premiere independent Italian corporate finance boutique specialized in M&A Advisory. With this acquisition, Equita consolidated its role as an independent M&A advisor and is now positioned as one of Italy's top 10 M&A advisors (by number of deals).
Equita purchased 70% of K Holding S.r.l. from the founding partners – Giuseppe Renato Grasso e Filippo Guicciardi – the sole shareholders of K Finance.

The consideration for the acquisition amounted to €7.0 million, comprising €6.5 million paid at the closing with a combination of cash and Equita Group S.p.A.'s treasury shares, and an earn-out of €0.5 million to be paid upon reaching certain net profit targets in 2020 or 2021. The remaining 30% of K Holding held by the founding partners is subject to put & call options which may be exercised beginning four years after the closing, to be paid 1/3 in cash and 2/3 with treasury shares of Equita Group S.p.A.

Giuseppe Renato Grasso and Filippo Guicciardi were appointed Co-CEOs of K Finance and adhered to the first Shareholders' Agreement-Bis, which formalized the partnership with Equita.

Signing of a medium-term financing agreement

On 2 July 2020, the holding company Equita Group S.p.A. signed a medium-term financing agreement with Banco BPM and Crédit Agricole Italia for a maximum of €30 million.

The financing, which will be used to support Equita Group's growth plan and diversification strategy, comprises an amortizing facility of up to €25 million maturing on 30 June 2025, to be repaid in 8 half-year instalments beginning December 2021, and a revolving facility of up to €5 million maturing on 30 June 2023.

The new facilities will be used to finance potential transactions aimed at supporting the Group's external growth, as well as investments in new Alternative Asset Management initiatives.

This financing is in addition to the other credit lines that Equita Group already has in place and are consistent with the broader liquidity management strategy.

VII edition of the event in partnership with Bocconi University

In April 2020 the seventh edition was held of the event in which EQUITA, in partnership with Bocconi University, awards a prize for "the best strategies for using the capital markets" in the following categories: debt fund raising, MTA fund raising and AIM Italia fundraising.
The purpose of this event is to highlight how important the capital markets are to allowing companies to finance their growth by gathering new resources to invest without having to depend totally on the banking system.
In the new economic context defined by the spread globally of the Covid-19 pandemic, it is crucial to promote initiatives aimed at protecting and sustaining the development of capital markets, in order to make it easier for companies to raise new equity and debt capital.
The winners of the 2020 edition were selected based on the data compiled and analyzed by EQUITA in the fourth survey of the Italian capital markets.
The prizes awarded by EQUITA, with the support of Borsa Italiana and Bocconi University, for each category were the following:
- for the category "Fund raising in debt capital markets", first place went to Forgital Group. The debt issue is aimed at financing the acquisition of the group by the investment firm Carlyle. Other award winners include Alerion Clean Power and Tamburi Investment Partners.
- for the category "Fund raising in Equity Capital Markets - MTA", first place went to Nexi. In 2019 the company's IPO was the biggest in Europe and the proceeds were used to strengthen the group's financial and capital structure. Other award winners include Newlat Food and Salini Impregilo.
- for the category ""Fund raising in Equity Capital Markets - AIM", first place went to Pattern. The transaction was AIM's largest and the proceeds were used to strengthen the company's financial and capital structure, as well as support the group's growth. Other award winners include Antares Vision and Cyberoo.

Sustainability: how investors use ESG scores in their valuations

In February 2020 EQUITA published a new report focused on sustainability in order to provide the financial community with guidelines to improve the valuation process of companies, especially SMEs, and encourage all market players to include sustainability in their investment strategies and risk management practices.

In this new study EQUITA analyzed how and to what extent asset managers operating in Italy are currently including ESG scores in their investment strategies, the key difficulties investment houses are encountering when defining these strategies and what they need to encourage wider and better use of sustainability and ESG scores.

One of the key findings was that the incorporation of sustainability factors in company valuations is still far from being universally adopted; only a few of the investors surveyed have a dedicated, internal team that carry out due diligence on ESG criteria; most investors use the ratings issued by ESG rating agencies or do not use any specific valuation methods. Moreover, the quality of the ESG assessments carried out by rating agencies was deemed inadequate or barely sufficient by 80% of the survey respondents.

…governance

Group Advisory Board appointed to support strategic decisions

In July 2020, EQUITA appointed the Advisory Board that will support and assist Equita Group with its strategic decisions. The Advisory Board, comprised of leading independent experts like Paolo Basilico, Stefano Mainetti, Roberta Neri, Thierry Porté and Paul Schapira, will have an advisory role working with the Board of Directors and EQUITA management on assessing new growth and business diversification opportunities.

The expertise matured over the years and background of each independent expert will provide a valid, strategic contribution and help accelerate delivery of the targets set in Equita Group's 2020-2022 strategic plan.

2020 Welfare Plan

In February 2020 EQUITA announced a welfare plan aimed at further enhancing both the skills and well-being of its employees, as well as cultivating the concept of partnership that is one of the Group's trademarks.

The plan was conceived based on the same pillars as 2019, but is stronger in culture and health benefits.

These benefits are in addition to the annual budget allocated to each employee to be used for services and non-cash benefits (i.e. healthcare and medical costs, training, tuition, recreational activities, sports, and free time).

New Incentive Plan

In the first quarter of 2020 the Group worked on a supplement to the equity-based incentive plan launched in 2019.

The plan supplement will be founded on the idea of shared company objectives and attention to ESG issues.

Projects

In the first half of 2020, the Group continued with the Digital Transformation project focused on the new CRM (Client Relationship Management) system, enhancing connectivity and improving access to company tools.
These planned innovations overlapped with the technological improvements and processes called for as a result of the Covid crisis which required the implementation of new remote working models which had never been used before. This model was very successful with all levels of personnel, as well as clients and suppliers.

… ESG

Doing business with a view to sustainability, with a constant focus on excellence, is one of the main values guiding Equita Group in its pursuit to meet its own growth targets.

We promote **sustainable development** which strives to understand the real needs of our stakeholders, from employees to clients, from the local and financial communities to the environment and the new generations, in order to match their expectations with our business targets.

Consistent with this commitment, several years ago we made the choice to make sustainability an integral part of our organizational model and our business decisions.

We have, in fact, developed a CSR strategy closely related to the Group's values, which is reflected in our **Strategic CSR Plan 2020-22** and based on five main goals:

Promote employees' wellbeing

Increase satisfaction of clients and the financial community

Promote local social and economic development

Reduce environmental impact

Improve health and safety.

Sustainable Governance

We decided to be an active part of the changes proposed in the United Nations' 2030 Agenda for Sustainability by focusing our STRATEGIC CSR PLAN on the SDGs 3, 4, 5, 8, 11, 12 and 13 and equipping ourselves with a GOVERNANCE structure capable of continuously supporting and monitoring our commitment.

We, in fact:

- appointed the Chief Executive Officer **Head of CSR**, who avails himself of the **Sustainability Committee** in order to provide the Board of Directors with advice and guidance developing sustainable scenarios, as well as coordinating and supervising the functions involved in implementing the CSR strategy;

- added a Code of Sustainable Conduct and a Recycling Policy to our set of procedures;

- added indicators relating to **CSR standards** to the qualitative performance indicators found in the **Remuneration Policy;**

- adhered to the United Nations' Principles for Responsible Investment (UNPRI) based on which we are preparing a policy for Responsible Investing.

All of the Group's activities are also inspired by compliance with the principles, values and rules found in the **Code of Conduct and the Legislative Decree 231/01 Organizational, Management and Control Model** which are reflected in the other company regulations, procedures and policies we have adopted in order to comply with the law and sector best practice including, for example:

- the **Whistleblowing Procedure**;
- the Risk management policy relative to money laundering and terrorist financing;
- the Policy relating to conflicts of interest.

We adhere to the Borsa Italiana's "**Corporate Governance Code**", using this as the basis for our governance and system of internal controls, the composition of which reflects "**Gender and Diversity**" targets.

Corporate Sustainability Plan

As a guarantee, once again, of our commitment to sustainability, we also prepared the **CSR Plan 2020-2022** which expresses our strategic medium-long term vision. Its goal is to guide the Group toward an increasingly more complete integration of economic aspects with governance, as well as social, environmental factors.

The five main goals included in the Plan and the most significant initiatives implemented for each of them are listed below:

1) **Promote employees' wellbeing:**
- Welfare plan
- Insurance coverage
- Medical check-ups
- Training
- Pension advisory
- Museum passes
- Qualitative CSR indicators used in human resource assessments
- Smart Working.

The latter was introduced in the first half of 2020 in compliance with government provisions issued during the Covid-19 crisis.
This way of working proved to be perfectly in line with the provisions in the Plan addressing operational continuity which Equity implemented rapidly in order to protect its employees and guarantee business continuity.
The immediate and effective implementation of Smart Working was possible thanks to the considerable IT investments made by the Company over the last few years.
Equipping each employee with tools like laptops, keyboards, screens, mouse, etc., upon request guaranteed the success of the remote operations.
During the first half of 2020 a number of controls were implemented to protect the health and safety of employees in the face of the Covid-19 crisis which are discussed in greater detail in section 5 "Improve health and safety".

2) **Increase satisfaction of clients and the financial community**
- Partnerships with universities
- Equita-Altis ESG questionnaire
- ESG survey of investors
- Equita research on sustainability
- Responsible Investment Policy (in the process of being finalized)
- Initiatives to promote local businesses

3) **Promote local social and economic development**
- Scholarships
- Top-of-the class *(I Fuoriclasse della scuola)*
- Work experience programs
- Ponti per l'arte partnership
- Brera/Z Magazine
- Partnership with the Brera Academy
- Give-back initiatives.

An example of the latter is the "**Equita Trading for the Recovery"** initiative which strives to provide support to the recovery of Italian communities that were hit particularly hard by Coronavirus.

On 25 June 2020 the Trading Room clients, who donated the commissions payable for trading that day, along with Group employees, directors and statutory auditors, gathered **€193,000** to be given to non-profit organizations in order to support the recovery. This amount, together with what Equita Group was already giving, reached a total of **€234,000** to be used to sustain initiatives of non-profit organizations who support families and young people in need and quality education.

The donations to charities, scholarships, as well as a few academic institutions (Università Bocconi, Accademia di Bella Arti di Brera, ALTIS – Università Cattolica and the "*I Fuoriclasse della Scuola*" initiative) will, therefore, be doubled. A considerable sum will also be given to the city of Milan's Mutual Aid Fund (*Fondo di Mutuo Soccorso*).
If we add all the donations made by Equita Group during the year as a result of "Equita Trading for the Recovery" initiative, we will have donated more than **€310,000** in 2020 thanks to the contribution of our clients, employees, directors and statutory auditors.

4) **Reduce environmental impact**

- Reduce the use of plastic
- Reduce the use of paper
- Adopt and promote recycling
- Reduce the use of electricity
- Reduce CO2 emissions

5) **Improve health and safety**

- Workplace health and safety management system
- Medical check-ups
- Equipped with a defibrillator
- Health and safety training
- Controls to manage the Covid-19 crisis.

The health and safety management system implemented immediately in response to the Covid-19 emergency was coordinated with workplace safety and health organizations (RLS, RSPP) along with a medical expert and under constant supervision of different corporate bodies such as: the Board of Directors, the Board of Statutory Auditors, Supervisory Board and the Control and Risk Committee.
In addition to the different devices and controls adopted to protect employees (including, for example: activation of the business continuity plan, appointment of a Covid Committee, use of smart-working, continuous supply of individual PPEE to all employees, installation of thermal scanners and Plexiglas dividers, as well as distancing of work stations, etc.) the Group also adopted a policy in which the steps to be taken during the return-to-work phase are outlined. This document will be updated constantly to reflect any developments relative to the virus and the relative regulations.

This Policy calls for the head of the Covid Committee to monitor the controls put into place by the Group in response to the health crisis. The Head of Internal Audit is responsible for these controls which he monitors based on both a checklist prepared in accordance with the laws currently in effect and the checklist published by the *Agenzia di Tutela della Salute* or *ATS*.

The "Health and Safety" controls implemented include the agreement stipulated by Equita with a specialized medical center for voluntary serology testing of employees.

Other Information

Research and development

Pursuant to Art. 2428 paragraph 3.1 of the Italian Civil Code, no research and development activities were carried out during the year.

Regulatory Simplification Process - Consob Regulation n. 18079 of 20 January 2012

Equita Group confirms its intention to exercise the option provided in Articles 70, paragraph 8, and 71, paragraph 1-*bis*, of the Listing Rules which exempts companies from issuing the public disclosure documents called for in the event of significant mergers, demergers, increases in share capital through contributions in kind, acquisitions, and disposals.

Related party transactions

Pursuant to Article 2428 (3.2) of the Civil Code, we hereby declare that the related party transactions carried out in the first three months of 2020 were all performed under intercompany service agreements in place with:

Equita SIM S.p.A.;
Equita Partecipazioni S.r.l.;
Equita Capital SGR S.p.A;
Equita Investimenti S.p.A..

Branches

EQUITA Group does not have any branches.

Certification of the Condensed Consolidated Financial Statements pursuant to Article 154-bis of Consob Regulation no. 11971 of May 14, 1999, as amended.

We, the undersigned, Andrea Vismara, CEO and Managing Director of Equita Group S.p.A., and Stefania Milanesi, Manager in charge of financial reporting for Equita Group S.p.A., hereby certify, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58/98, the adequacy in relation to the characteristics of the business, and the company's due compliance with the administrative and accounting procedures for the preparation of the condensed consolidated financial statements during the first half of 2020.

The assessment as to the adequacy of the administrative and accounting procedures used to prepare the 2020 condensed consolidated half-year report was based on the evaluation of the internal control system and the processes relative, including indirectly, to the accounting entries and preparation of the financial statements.

The undersigned also confirm that the condensed consolidated financial statements:

a) have been prepared in accordance with the applicable International accounting standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;

b) correspond to the ledgers and accounting entries;

c) provide fair and truthful disclosure of the financial status and performance of the issuer and the companies included in the consolidation.

The interim report on operations contains a reliable analysis of the significant events that occurred in the first six months of the year and their impact on the condensed half-year financial statements, along with a description of the main risks and uncertainties for the remaining six months of the year. The consolidated half-year report also includes a reliable analysis of the information of significant transactions with related parties in accordance with Art. 154 *TER* of Legislative Decree 58/98.

Milan, 10 September 2020

Equita Group S.p.A.

The Chief Executive Officer

Andrea Vismara

Manager in charge of financial reporting

Stefania Milanesi

Consolidated half-year financial statements and explanatory notes

Financial statements

Consolidated statement of financial position

(in Euros)

Assets	30/06/2020	31/12/2019
10 Cash and cash equivalents	67	67
20 Financial assets measured at fair value through profit and loss	84,180,379	74,236,855
a) financial assets held for trading	56,813,975	53,737,684
c) other financial assets mandatorily measured at fair value	27,366,404	20,499,170
30. Financial assets measured at fair value through comprehensive income		
40. Financial assets measured at amortized cost	196,401,736	184,180,012
a) due from banks	160,011,737	155,339,636
b) due from financial institutions	31,629,151	25,087,356
c) loans to customers	4,760,847	3,753,022
70 Equity investments		1,019,677
80 Property, plant and equipment	6,745,110	7,320,292
90 Intangible assets	15,118,637	15,095,969
Of which:		
- goodwill	11,914,258	11,914,258
100 Tax assets	2,153,458	4,986,668
a) current	1,396,250	3,643,287
b) deferred	757,207	1,343,380
120 Other assets	2,714,336	1,452,716
Total assets	**307,320,192**	**288,292,255**

Financial statements

Consolidated statement of financial position

(in Euros)

Liabilities and shareholders' equity	30/06/2020	31/12/2019
10 Financial liabilities measured at amortized cost	205.677.988	172.881.760
a) Payables	205.677.988	172.881.760
20 Financial liabilities held for trading	8.311.377	12.299.505
60 Tax liabilities	1.893.991	2.323.370
a) current	1.171.672	1.601.050
b) deferred	722.320	722.320
80 Other liabilities	10.781.490	14.219.594
90 Employee severance	1.940.874	2.520.797
100 Provisions for risks and charges	1.796.990	3.915.449
c) other provisions for risks and charges	1.796.990	3.915.449
110 Share capital	11.376.345	11.376.345
120 Treasury shares (-)	(4.548.025)	(4.548.025)
140 Share premium reserve	18.198.319	18.198.319
150 Reserves	46.704.076	45.613.161
160 Valuation reserves	(14.241)	(12.884)
180 Minority shareholders' equity	78.587	
170 Net income (loss)	5.122.419	9.504.865
Total liabilities and shareholders' equity	**307.320.192**	**288.292.255**

Financial statements

Consolidated income statement

(in Euros)

Income statement		30/06/2020	30/06/2019
10	Net trading income	4,503,825	2,683,653
40	Gains (losses) on assets and liabilities measured at fair value	(201,375)	452,137
	b) other financial assets mandatorily measured at fair value	(201,375)	452,137
50	Commission income	26,273,397	21,255,123
60	Commission expense	(3,368,302)	(2,378,205)
70	Interest and similar income	931,759	430,965
80	Interest and similar expense	(999,505)	(1,353,836)
90	Dividends and similar income	1,962,584	4,396,255
110	**Intermediation margin**	**29,102,383**	25,486,092
120	Net losses/recoveries for credit risks on:	(34,156)	4,006
	a) financial assets measured at amortized cost;	(34,156)	4,006
130	**Net profit (loss) from financial activities**	**29,098,226**	**25,490,098**
140	Administrative expenses:	(20,797,546)	(18,905,675)
	a) personnel expenses	(13,991,123)	(12,098,295)
	b) other administrative expenses	(6,806,424)	(6,807,380)
160	Net (losses) recoveries on impairment of property, plant and equipment	(646,656)	(566,254)
170	Net (losses) recoveries on impairment of intangible assets	(174,362)	(130,231)
180	Other operating income and expense	(232,896)	(110,954)
190	**Operating costs**	**(21,857,561)**	**(19,713,115)**
200	Profit (loss) on equity investments		(2,243)
240	**Profit (loss) on current operations before tax**	**7,216,765**	**5,774,741**
250	Income tax on current operations	(2,101,007)	(1,749,607)
260	**Net Profit (loss) on ordinary operations after tax**	**5,115,758**	**4,025,134**
280	**Minorities' portion of profit (loss) for the year Utile**	(6,661)	
280	**Parent company's portion of profit (loss) for the year**	**5,122,419**	**4,025,134**

Consolidated statement of comprehensive income

(in Euros)

Items		30/06/2020	30/06/2019
10	**Profit (loss) for the reporting period**	5,122,419	4,025,134
	Other comprehensive income net of tax that will not be reclassified to profit and loss		
20	Equity instruments designated at fair value through other comprehensive income		
30	Financial liabilities designated at fair value through profit or loss (changes in credit worthiness)		
40	Hedge accounting of equity instruments designated at fair value through other comprehensive income		
50	Property, plant and equipment		
60	Intangible assets		
70	Defined benefit plans	(1,357)	(18,186)
80	Non-current assets and disposal groups classified as held for sale		
90	Portion of the valuation reserves – equity accounted investees		
	Other comprehensive income net of tax that may be reclassified to profit and loss		
100	Foreign investment hedging		
110	Exchange differences		
120	Cash flow hedging		
130	Hedging instruments (non-designated items)		
140	Financial assets (other than equities) measured at fair value through other comprehensive income		
150	**Non-current assets held for sale**		
160	**Part of valuation reserves from investments valued at equity**		
170	**Total other comprehensive income, net of tax**	(1,357)	(18,186)
180	**Total comprehensive income (Items 10 + 170)**	**5,121,063**	**4,006,949**

Statement of changes in shareholders’ equity - 30 June 2020 –

(in Euros)

	Balances as at 31.12.2019	Changes in opening balances	Balances as at 01.01.2020	Allocation of profit from the previous year		Changes in reserves	Changes in the period						Comprehensive income as at 30.06.2020	Group shareholders’ equity as at 30.06.2020	Minorities’ portion of shareholders’ equity as at 30.06.2020
							Equity transactions								
				Reserves	Dividends and other allocations		Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Changes in equity instruments	Changes in reserves as per IFRS 2	Other changes			
Share capital	11,376,345	-	11,376,345	-	-	-	-	-	-	-	-	-	-	11,376,345	85,248
Share premium reserve	18,198,319	-	18,198,319	-	-	-	-	-	-	-	-	-	-	18,198,319	
Reserves:	45,613,161	-	45,613,161	868,990	-	-	-	-	-	-	219,452	2,474	-	46,704,076	
a) retained earnings	21,172,114	-	21,172,114	868,990	-	-	-	-	-	-	219,452	2,474	-	22,263,029	
b) other	24,441,048	-	24,441,048	-	-	-	-	-	-	-	-	-	-	24,441,048	
Treasury shares	(4,548,025)	-	(4,548,025)	-	-	-	-	-	-	-	-	-	-	(4,548,025)	
Valuation reserves	(12,884)	-	(12,884)	-	-	-	-	-	-	-	-	-	(1,357)	(14,241)	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit (loss) for the period	9,504,865	-	9,504,865	(868,990)	(8,635,875)		-	-	-	-	-	-	5,122,419	5,122,419	(6,661)
Shareholders’ equity	80,131,778	-	80,131,778	-	(8,635,875)	-	-	-	-	-	219,452	2,474	5,121,063	76,838,892	78,587

Statement of changes in shareholders’ equity - 30 June 2019

(in Euros)

	Balances as at 31.12.2018	M Changes in opening balances	Balances as at 01.01.2019	Allocation of profit from the previous year		Changes in the period						Comprehensive income as at 30.06.2019	Group shareholders’ equity as at 30.06.2019	Minorities’ portion of shareholders’ equity as at 30.06.2020
						Changes in reserves	Equity transactions							
				Reserves	Dividends and other allocations		Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Changes in equity instruments	Other changes			
Share capital	11,376,345	-	11,376,345	-	-	-	-	-	-	-	-	-	11,376,345	
Share premium reserve	18.198.319	-	18,198,319	-	-	-	-	-	-	-	-	-	18,198,319	
Reserves:	44,012,876		44,012,876	175,419	-	-	-	-	-	-	760,368	-	44,948,663	
a) retained earnings	12,905,352	-	12,905,352	175,419		-		-	-	-	7,426,843	-	20,507,614	
b) capital	31.107.523	-	31,107,523	-	-	-		-	-	-	(6,666,475)	-	24,441,048	
Treasury shares	(4.548.025)	-	(4,748,025)	-			-	-	-	-	-	-	(4,548,025)	
Equity instruments	2.074	-	2,074	-	-	-	-	-	-	-	-	(18,186)	(16,112)	
Profit (loss) for the period	11.028.403	-	11,028,403	(175,419)	(3,332,959)		-	-	-	-	(7,520,025)	4,025,134	4,025,134	
Shareholders’ equity	80.069.990	80,069,990	78,782,568	-	(3,332,959)	-	-	-	-	-	(6,759,658)	4,006,948	73,984,322	0

Statement of cash flows (direct method)

(in Euros)

A	Operating activities	30/06/2020	30/06/2019
1	**Operations**	**5,834,730**	**6,352,368**
	Interest received (+)	931,759	430,965
	Interest paid (-)	(999,505)	(1,353,836)
	dividends and similar income (+)	1,962,584	4,396,255
	net commissions (+/-)	22,905,095	18,876,917
	personnel expenses (-)	(13,781,409)	(9,330,210)
	other expenses (-)	(7,578,455)	(7,484,588)
	other revenues (+)	4,495,668	2,566,471
	taxes (-)	(2,101,007)	(1,749,607)
	profit/loss from the disposal of operating assets divested, after taxes (+/-)		
2	**Cash flow generated/absorbed by financial assets**	**(12,506,372)**	**13,955,112**
	financial assets held for trading	(3,131,744)	(9,030,238)
	financial assets designated at fair value/ other assets mandatorily measured at fair value	(7,020,279)	
	financial assets measured at amortized cost	(3,857,278)	22,706,083
	other assets	1,502,929	753,553
3	**Cash flow generated/absorbed by financial liabilities**	**(37,939,288)**	**(35,354,926)**
	financial liabilities measured at amortized cost	(12,902,047)	(32,118,862)
	financial liabilities held for trading	(3,988,128)	8,517,357
	0ther liabilities	(21,049,114)	(11,753,421)
	Net cash flow generated/absorbed by operating activities	**(44,610,931)**	**(15,047,446)**
B	**Investing activities**		
2	**Cash flow absorbed by (-)**		
	purchase of property, plant and equipment	(128,968)	(70,004)
	purchase of intangible assets	(197,030)	(116,860)
	Net cash flow generated/absorbed by investing activities	**(325,998)**	**(186,864)**
C	**Funding activities**		
	Issue/purchase of treasury shares		
	Issue/purchase of equity instruments	219,452	
	dividend distribution and other	(8,635,875)	(9,993,692)
	Net cash flow generated/absorbed by funding activities	**(8,412,281)**	**(9,993,692)**
	NET CASH FLOW GENERATED/ABSORBED DURING THE PERIOD	**(53,349,210)**	**(25,228,001)**

Reconciliation

	30/06/2020	30/06/2019
Cash and cash balances at the beginning of the reporting period	**11,353,166**	**(11,900,321)**
Total net cash flow generated/absorbed during the period	(53,349,210)	(25,228,001)
Cash and cash balances at the end of the reporting period	**(41,996,044)**	**(37,128,322)**

The amount of the cash item "Cash and cash equivalents at the end of the period" corresponds to the net balance of item 40 - Financial assets valued at amortized cost - deposits and current accounts and item 10 - Financial liabilities valued at amortized cost - Loans.

Explanatory Notes

Part A – Accounting standards and policies

A.1 General introduction

The consolidated half-year financial report was prepared in accordance with Art. 154-ter of Italian Legislative Decree No. 58/98, updated in Legislative Decree No. 23 of 08.04.2020. More specifically, paragraphs 2, 3 and 4 of the Article require that Italian listed companies must publish a half-year financial report which includes:

- the consolidated condensed half-year financial statements, if the listed company is required to prepare Consolidated Financial Statements in compliance with the international accounting standards;
- an Interim Report on Operations, including a description of important events occurred during the half-year period and their impact on the condensed half-year financial statements, the main risks and uncertainties for the remaining six months of the year and information on related parties;
- certification of the Manager in charge of preparing the Company's financial reports as per paragraph 5 of Article 154-bis;
- the external auditors' report on the condensed half-year financial statements, to be published in the same time frame.

Section 1 - Statement of conformity with International Financial Reporting Standards

These condensed half-year financial statements at 30 June 2020 were prepared in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards Interpretation Committee (IFRIC), adopted by the European Commission and in effect at 30 June 2020 as established by Regulation (EU) no. 1606/2002 of 19 July 2002. In particular, the condensed interim consolidated financial statements were drawn up in compliance with the requirements of IAS 34, which governs interim financial statements.

The accounting standards adopted for the preparation of this condensed consolidated half-year report, and specifically with regard to classification, recognition, valuation and elimination are the same as those adopted to prepare Equita Group's 2019 Consolidated Annual Report.

The condensed consolidated half-year report of Equita Group S.p.A (hereinafter also the "Group") was prepared in accordance with Bank of Italy's provision of 30 November 2018 "The IFRS financial statements of intermediaries other than banks".

The condensed consolidated half-year financial statements, prepared in euros, are comprised of a Consolidated Statement of Financial Position, a Consolidated Income Statement, a Comprehensive Income Statement, a Statement of Changes in Net Equity, a Cash Flow Statement, Explanatory Notes and a Directors' Report on Operations ("Interim Report on Operations") which includes a description of the important events that took place during the half, the main risks and uncertainties and material related party transactions.

Any differences between the figures reported in the financial statements and the figures shown in the explanatory note tables are attributable exclusively to the rounding of numbers.

The publication of the condensed half-year consolidated financial statements was authorized by Equita Group S.p.A.'s Board of Directors during the meeting held on 10 September 2020 in accordance with IAS 10.

Section 2 – Preparation criteria

The condensed half-year consolidated financial report was prepared with clarity and provides a true and fair view of the Group's financial position, the results of its operations and its cash flows and are based on the application of the following general principles of preparation contained in the IASB Framework as well as in IAS 1:

Going concern – Assets, liabilities and "off balance sheet" transactions are measured on a going concern basis because the Company is expected to continue to operate in the future, based on all the available information and, based on IAS 1 "Presentation of Financial Statements", taking into account a future period of at least, but not limited to, 12 months from last day of the reporting period. When preparing the condensed half year consolidated financial statements management assessed the Group's ability to continue as a going concern and concluded that this assumption is reasonable as there are no reasonable doubts to the contrary.

Accrual based accounting – Income and expense are recognized when they occur, regardless of when the corresponding balances are settled, and in accordance with the matching principle**.**

Consistency of presentation - The presentation and classification of items are kept constant over time to ensure comparability of information, unless changes are required by an IFRS or an interpretation or if it increases the relevance and accuracy of the figures recognized. If a presentation or classification policy is changed, the new one is applied retrospectively if possible; in this case the nature and the reason for the change, as well as the items concerned, are stated. The formats prescribed by the Bank of Italy for the condensed half-year consolidated financial statements of SIMs have been used in the presentation and classification of the different items.

Materiality and aggregation – All significant aggregations of items with a similar nature or function are reported separately. Items having a different nature or function are presented separately**.**

Offsetting – Assets and liabilities, costs and revenues are not offset with each other unless required or permitted by an IFRS or interpretation or by the formats prescribed by the Bank of Italy for the financial statements of SIMs.

Comparative information – Comparative information for the previous year is reported for all the figures contained in the financial statements unless otherwise prescribed or permitted by an IFRS or interpretation.
This also relates to information of a descriptive nature or comments when useful to an understanding of the figures.

Consistency in the application of accounting standards – The methods used to recognize items are maintained over time in order to ensure the comparability of the financial statements unless changes are required by an IFRS or an interpretation or if it increases the relevance and accuracy of the figures. If a standard does change, the new standard is applied retrospectively if possible; in this case the nature and the reason for the change, as well as the items concerned, are stated.

Use of estimates and assumptions - In the preparation of the condensed consolidated half-year report accounting estimates and assumptions are used that are based on complex and/or objective judgements, on past experience and on assumptions that are considered reasonable and realistic on the basis of the information known at the time the estimates were made. The use of these estimates affects the carrying amount of assets and liabilities and disclosures about contingent assets and liabilities at the date of the condensed consolidated half-year report, as well as the amounts of revenues and costs recognized in the reporting period. Actual results may differ from the estimates owing to the uncertainty that characterizes the assumptions and the conditions on which the estimates are based.

The main instances for which management may be required to make subjective assessments are as follows:
• the use of valuation models for measuring the fair value of financial instruments not listed on active markets;
• the quantification of provisions for personnel and provisions for risks and charges;
• estimates and assumptions regarding the recoverability of deferred tax assets;
• the quantification of impairment losses on loans and receivables and, in general, on other financial assets.

At the close of the consolidated Annual Report 2019, goodwill was subject to impairment testing which confirmed it was in line with the carrying amount. In light of the fact that all the information needed is available only at the end of the year and that, to date, there have been no relevant indicators of impairment which call for immediate testing, it was deemed not necessary to conduct testing at 30 June 2020. For more information see the 2019 Annual Report.

Section 3 – Subsequent events

No significant corporate events or atypical/unusual transactions which should have been taken into account when preparing this Consolidated Condensed Half-Year Report occurred after 30 June 2020 or through the date it was prepared.

Section 4 – Other aspects

During the first half of 2020 the following accounting standards, amendments and interpretations endorsed by the European Commission, applicable to financial reports for reporting periods beginning on 1 January 2020:
- Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7) (EU Reg. 2020/34);
- amendments to the IFRS Conceptual Framework (EU Reg. 2019/2075);
- amendments to IAS 1 and IAS 8: definition of “material” (EU Reg. 2019/2104);
- Amendments to IFRS 3 Business combinations (EU Reg. 2020/551).

To the extent applicable, these standards, amendments and interpretations did not have a material impact on the Group’s consolidated income statement, financial position or equity at 30 June 2020.

At 30 June 2020 no IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, but not yet mandatory, had been issued.
At 30 June 2020, IASB also issued the following standards and interpretations, or revisions of same, which have yet to endorsed by the European Union:
- IFRS 17 – Insurance contracts (May 2017), including the amendments to IFRS 17 (June 2020);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current and non-current (January 2020);
- Amendments to IFRS 3, IAS 16, IAS 37 (May 2020);
- Annual improvements Cycle 2018-2020 (May 2020);
- Amendments to IFRS 16 – Covid-19 related rent concessions (May 2020):
- Amendments to IFRS 4 – Extension of the temporary exemption from applying IFRS 9 (May 2020).

The possible impact that the future adoption of these standards, interpretations and amendments could have on the Group, to the extent applicable and relevant, is not expected to be significant; the relative assessments, including with regard to the standards, interpretations and amendments which have yet to be endorsed, have, however, yet to be completed.

Risks and uncertainties stemming from the Coronavirus epidemic

In accordance with the recommendations provided by ESMA and Consob with regard to the significant information relative to Covid-19 to be included in the half-year financial reports at 30 June 2020, information about the impact of the Covid-19 epidemic on the income statement, impairment testing of assets, as well as the related risks to business continuity and uncertainties is provided below.

The health crisis caused by the spread of the COVID-19 epidemic and the uncertainty as to its duration had serious repercussions for the financial system and it is difficult to forecast how markets will perform in the near future. Despite this backdrop, the Group has a diversified and well-balanced business model: the Group can, in fact, count on a business model with very diversified sources of revenue which makes it possible to face stressful and complex situations like the present one. The Group's revenues are generated by three main areas: trading, investment banking and alternative asset management. In periods of crisis the performances of these areas tend not to be correlated. In the first half of 2020 the indirect effects of the health crisis initially caused a decrease in the value of the proprietary portfolio and in the AUM which was partially recovered in the second quarter of 2020. Furthermore, the slowdown in corporate advisory, recorded in the first quarter, recovered in the second quarter as market volatility decreased.
Conversely, during the moments of strong volatility recorded in the first half, particularly during the peak of the pandemic, there was a decided increase in revenues for third party brokerage, testimony to the decorrelation of the Group's revenues.
The health crisis triggered by the pandemic and subsequent financial/economic crisis did not affect the Group's liquidity which remained solid and stable. During the first half, including during the peak of the pandemic, all the liquidity indicators and analyses showed there was ample headroom.

With regard to the impairment testing conducted at 30 June 2020 of (i) intangible assets with an indefinite life, namely goodwill and trade names, and (ii) property plant and equipment with finite useful lives, no indicators of impairment were found which required adjustments to be made to the carrying amount. For further details on impairment testing please refer to the Explanatory Notes.

Lastly, there was no substantial impact on the strategic direction, on targets and on the Group's business model, nor do we estimate that overall there will be any significant economic and financial repercussions, due to the above mentioned diversification in sources of revenue, which could compromise business continuity. For more information refer to the section "Outlook" in the Interim Report on Operations.

Section 5 – Scope and methods of consolidation

Scope and methods of consolidation

These condensed consolidated half-year financial statements contain the financial and economic results of the parent company Equita Group S.p.A., its wholly owned subsidiaries Equita SIM S.p.A., Equita Capital SGR S.p.A. and Equita Partecipazioni S.r.l.. Equita Investimenti S.p.A. is 65% held by Equita Group S.p.A. and 20% by Equita SIM S.p.A..

In accordance with IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, the Group has consolidated its subsidiaries using the line-by-line method. With particular reference to non-wholly-owned subsidiaries, in the line-by-line consolidation process, non-controlling interests in equity and net profit are shown separately and the carrying value of the investment is eliminated against the residual share of the subsidiary's equity.

Equita Partecipazioni S.r.l. was subject to joint control through April 2020 when, following the withdrawal of the partner, Equita Group became the sole owner of the company's residual equity. As a result, the consolidation method used at 31 December 2019 was changed with the equity method.

The scope of consolidation was determined based on IFRS 10 Consolidated Financial Statements which states that "control" exists if the following three factors are present at the same time:

- power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);

- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

In accordance with paragraph B86 of IFRS 10, the line-by-line consolidation consists in the following:

a) the combination of like assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary;

b) the offsetting (elimination) of the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary (as described below, IFRS 3 Business Combinations explains how to account for any related goodwill);

c) the elimination of intragroup assets and liabilities, equity, income, expenses and cash flows from transactions between the two entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets are eliminated in full)

Company	Method of consolidation	% owned / votes	Registered office	Share capital	Parent company
Equita SIM S.p.A.	Line-by-line	100%	Milan - Via Turati 9	26,793,000	Equita Group S.p.A.
Equita Capital SGR S.p.A.	Line-by-line	100%	Milan - Via Turati 9	1,000,000	Equita Group S.p.A.
Equita Investimenti S.p.A.	Line-by-line	85%	Milan - Via Turati 9	568,323	Equita Group S.p.A.
Equita Partecipazioni S.r.l.	Line-by-line	100%	Milan - Via Turati 9	20,000	Equita Group S.p.A.

Reconciliation between the parent company's equity and profit for the year and the corresponding consolidated figures.

Balance shown in the parent company’s financial statements as at 30 June 2020	Equity and reserves	Treasury shares	Profit/ (loss)
Parent company’s shareholders’ equity and net profit	**58,926,132**	**(4,548,025)**	**7,072,173**
Effect of “line-by-line” consolidation of the equity investments:			
Recognition of the investment at full goodwill	13,847,735		
Changes in the reserves at the acquisition date	(6,103,741)		
FTA IFRS9	(199,498)		
Reversal of dividends from equity investments	8,714,553		(8,714,553)
DTL amortized PPA	(97,548)		
Equity investments’ profit (loss) for the reporting period			6,764,799
IAS - IFRS effect on equity investments	(4,129)		
Consolidation effect	1,180,995		
Total shareholders’ equity and consolidated net profit (loss)	**76,264,499**	**(4,548,025)**	**5,122,419**

Operating Segments (IFRS 8)

The Equita Group operates in one segment[1] . In fact, the nature of the different products and services offered, the structure of the management and operations, as well as the type of clients, do not present differences which denote different risks or benefits. To the contrary, there are many similar and related elements. Therefore, all the subsidiaries, even if they operate independently under the direction and the control of Equita Group S.p.A., are recognized as part of a single CGU which is dedicated to brokerage and advisory. The income and cash flow generated by the subsidiaries, along with the results and business performances, are not, therefore, subject to segment reporting and the accounting information is not presented by operating segment, but are presented in accordance with the internal reporting system used by management and based on the accounting entries used to prepare the IAS/IFRS compliant consolidated financial statements. Similarly, a breakdown of revenues and non-current assets by geographical area is not provided, nor is information about the relevance of each client as it is deemed immaterial by management.

Related parties

IAS 24 defines related parties as:

a) parties that are directly or indirectly controlled by the Company and the relative associates and parents;

b) associates, joint ventures and the companies controlled by the same;

c) key management personnel, meaning those persons having authority and responsibility for planning, directing and controlling the activities of the parent company, directly or indirectly, including directors and members of the Statutory Board of Auditors;

d) entities controlled, jointly controlled or significantly influenced by any person referred to in c);

e) close members of the family of any person referred to in c), meaning family members who could influence, or be influenced by, that person in their dealings with the Company (these may include that person’s spouse or domestic partner, children, children of that person’s spouse or domestic partner and dependents of that person’s spouse or domestic partner) as well as the entities controlled, jointly controlled or significantly influenced by any of those persons;

f) post-employment pension plans for the Company’s employees or any other entity related to the same.

A.2 Main items of the consolidated financial statements

The criteria used to classify, recognize and measure the main items in the financial statements are described in Section A.2 of the Explanatory Notes to the consolidated annual report at 31 December 2019.

A.3 Disclosures relative to the reclassification of financial instruments

Pursuant to paragraph 12A of IFRS 7, no reclassifications of financial instruments from one category to another were made during the reporting period.

[1] *IFRS 8 defines an operating segment as a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief executive able to make decisions about resources to be allocated to the segment and assess its performance; c) for which stand-alone financial information is available.*

A.4 Fair value disclosures

The disclosures referred to in paragraphs 91 and 92 of IFRS 13 are provided below.

Qualitative disclosures

A.4.1 Fair value input levels 2 and 3 – valuation techniques

The fair value of listed financial instruments is determined based on market quotations. In absence of an active market, estimates and valuation models are used which take into account the risk factors associated with the instruments which are based on observable market information: valuation models of quoted instruments with similar characteristics, discounted cash flows, option-pricing models and prices in comparable models. Equity securities and the relative derivatives for which it's not possible to determine fair value in a reliable manner in accordance with the above guidelines are measured at cost.

A.4.2 Valuation and sensitivity

The estimates and valuation methods used in the absence of an active market become more relevant as the amount of assets and liabilities increases. When estimates involve only a marginal amount of assets and liabilities, they are measured at cost.

A.4.3 Fair value hierarchy

In accordance with paragraph 95 of IFRS 13 the inputs used to measure fair value are classified. The level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date. The level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

A.4.4 Other information

As there are no financial assets or liabilities measured at fair value with the characteristics described in paragraphs 51, 93(i) and 96 of IFRS 13, namely assets/liabilities for which there is a difference between the fair value at initial recognition (transaction price) and the amount determined at that date using level 2 or 3 valuation techniques to determine the fair value, no disclosures of a quantitative nature are provided.

Quantitative disclosures

A.4.5 Fair value hierarchy

A.4.5.1 Breakdown by input levels of assets and liabilities measured at fair value on a recurring basis

Assets/liabilities measured at fair value	30/06/2020			31/12/2019		
	Level 1	Level 2	Level 3	L1	L2	L3
1. Financial assets measured at fair value through profit and loss	42,605,620	13,234,860	28,339,900	39,900,417	12,651,431	10,577,471
a) financial assets held for trading	*42,504,617*	*13,234,860*	*1,074,498*	*39,900,417*	*12,651,431*	*1,138,733*
c) other financial assets mandatorily measured at fair value	*101,002*		*27,265,404*			*9,438,738*
2. Financial assets measured at fair value through comprehensive income						
3. Hedges						
4. Property plant and equipment						
5. Intangible assets						
Total	**42,605,620**	**13,234,860**	**28,339,902**	**39,900,417**	**12,651,431**	**10,577,471**
1. Financial liabilities held for trading	7,271,321	1,040,056		11,718,126	581,379	
2. Financial liabilities designated at fair value						
3. Hedges						
Total	**7,271,321**	**1,040,056**		**11,718,126**	**581,379**	

Key:
L1 = Level 1; L2 = Level 2; L3 = Level 3

No assets and liabilities were transferred from Level 1 to Level 2 as per paragraph 39.c of IFRS 13 during the reporting period.

A.4.5.4 Breakdown by input levels of assets and liabilities not measured at fair value on a recurring basis

	30/06/2020				31/12/2019			
	BV	L1	L2	L3	VB	L1	L2	L3
1. Financial assets measured at amortized cost	196,401,736			19,401,736	178,677,539			178,677,539
2. Property, plant and equipment held for investment								
3. Non-current assets or disposal groups classified as held for sale								
Total	**19,**401,736			**19,**401,736	**178,677,539**			**178,677,539**
1. Financial liabilities measured at amortized cost	205,677,988			205,677,988	160,682,478			160,682,478
2. Liabilities associated with assets held for sale								
Total	**205,6**77,988			**205,6**77,988	**160,682,478**			**160,682,478**

Key:
BV = Book value; L1 = Level 1; L2 = Level 2; L3 = Level 3

Impact of the COVID-19 pandemic on fair value measurement

The crisis triggered by the COVID-19 pandemic did not have an impact on fair value measurement. More in detail, there was no reduction/elimination of quoted prices on active markets (Level 1) and/or unobservable inputs (Level 2), nor transfers between the fair value input levels of the Group’s significant investments.

A.5 “Day one profit/loss” disclosure

Day one profit/loss, governed by paragraph 28 of IFRS 7 and paragraph AG 76 of IAS 39, arises from the difference on initial recognition between a financial transaction’s price and its fair value. This difference generally occurs when the financial instrument is not listed on an active market and is recognized in profit or loss over the useful life of the instrument. The Group does not have operations that are liable to generate significant components of income that have the nature of day one profit/loss.

Part B – Information on the statement of financial position

ASSETS

Section 1 – Cash and cash equivalents – Line item 10

This item refers to cash balances held by the subsidiary company Equita SIM S.p.A. which amount to €67.

Section 2 - Financial assets measured at fair value through profit and loss - Line item 20

2.1 Breakdown of the financial assets held for trading

		30/06/20			31/12/19		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
		a	c	b	a	b	c
	Cash assets						
	Debt securities	1,704,878	12,018,293	830,441	4,397,164	10,210,874	1,139,970
1	- structured securities	1,048,220	25,570		241,015	165,905	47,103
	Other debt securities	656,658	11,992,724	830,441	4,156,149	10,044,968	1,092,867
	Equity instruments	34,391,848	1,216,563	244,057	33,541,918	2,412,594	45,866
	Units in investment funds	735,388	4		356,943	27,964	
	Loans						
	Total A	**36,832,114**	**13,234,860**	**1,074,498**	**38,296,025**	**12,651,431**	**1,185,836**
	Derivatives						
	Financial derivatives	5,672,503			1,604,393		
	1.1 trading	5,672,503			1,604,393		
	1.2 linked to the fair value option						
	1.3 other						
2	Credit derivatives						
	2.1 trading						
	2.2 linked to the fair value option						
	2.3 other						
	Total B	5,672,503			1,604,393		
	Total A + B	**42,504,617**	**13,234,860**	**1,074,498**	**39,900,418**	**12,651,431**	**1,185,836**

2.2 Derivatives

Underlying asset/ Type of derivative	30/06/2020				31/12/2019			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparty	Without central counterparty			Central counterparty central	Central counterparty		
		With netting agreement	Without netting agreement			With netting agreements	Without netting agreements	
1 Debt securities and interest rates								
- Notional value								
- Fair value								
2 Equity securities and market indices								
- Notional value				74,689,846				56,969,237
- Fair value				5,672,503				1,604,393
3 Currencies and gold								
- Notional value								
- Fair value								
4 Loans								
- Notional value								
- Fair value								
5 Commodities								
- Notional value								
- Fair value								
6 Other								
- Notional value								
- Fair value								
Total				**5,672,503**				**1,604,393**

“Equity securities and market indices” includes market index positions.

2.6 Breakdown of "Other financial assets mandatorily measured at fair value"

	30/06/2020			31/12/2019		
	L1	L2	L3	L1	L2	L3
1. Debt securities			15,592,296			
1.1 Structured securities						
1.2 Other debt securities			15,592,296			
2. Equity securities			1,338,742			352,175
3. Units in investment funds			10,435,367			20,146,995
4. Loans						
4.1 Repos						
4.2 Other						
Total			**27,265,402**			**20,499,170**

2.7 Breakdown of "Other financial assets mandatorily measured at fair value" by debtor/issuer

	Total 30/06/2020	Total 31/12/2019
1. Equity instruments	1,338,741	352,175
of which: banks		
of which: other financial companies		108,695
of which: non-financial companies	1,338,741	243,480
2. Debt securities	15,592,296	
a) governments and public sector		
b) banks		
c) other financial companies		
of which: insurance companies		
d) non-financial companies	15,592,296	
3. Units in investment funds.	10,435,367	20,146,995
4. Loans		
a) governments and public sector		
b) banks		
c) other financial companies		
of which: insurance companies		
d) non-financial companies		
e) families		
Total	**27,366,404**	**20,499,170**

Section 4 – Financial assets measured at amortized cost – Line item 40

4.1 Breakdown of line item 40 “Financial assets measured at amortized cost”: due from banks

Composition	Total 30/06/2020						Total 31/12/2019					
	Book value			Fair value			Book value			Fair value		
	Stage one and stage two	Stage three	of which: impaired purchased or originated	L1	L2	L3	Stage one and stage two	Stage three	of which: impaired purchased or originated	L1	L2	L3
1. Loans	**160,006,398**	**5,340**				**160,011,737**	155,320,845	18,791				155,339,636
1.1 Deposits and current accounts	**134,326,660**					**134,326,660**	106,756,331					106,756,331
1.2 Receivables for services rendered	**10,573,731**	**5,340**				**10,579,071**	23,649,633	18,791				23,668,424
of which order execution	9,249,871	5,340				**9,255,211**	22,799,756	18,791				22,818,547
of which management	306,608					**306,608**	450,560					450,560
of which advisory	893,733					**893,733**	399,317					399,317
of which other services	123,519					**123,519**						
1.3 Repos	**15,106,007**					**15,106,007**	24,914,880					24,914,880
- of which: government securities												
- of which: other debt securities												
- of which: equity securities	15,106,007					**15,106,007**	24,914,880					24,914,880
1.4 Other loans												
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
Total	**160,006,398**	**5,340**				**160,011,737**	**155,320,845**	**18,791**				**155,339,636**

Key: L1 = Level 1; L2 = Level 2; L3 = Level 3

Repurchase transactions refer to securities lending involving primarily shares of companies listed on the Italian market. Deposits and current accounts include Euro 115.9 million pledged as a guarantee for a loan of Euro 110 million, granted by Intesa Sanpaolo S.p.A. and recognized in item 10 “Financial liabilities” to which reference should be made.
Impairment on bank receivables came to roughly €8 thousand at 30 June 2020.

4.2 Breakdown of "Financial assets measured at amortized cost": due from financial companies

	Total 30/06/2020						Total 31/12/2019					
	Book value			Fair value			Book value			Fair value		
Composition	**Stage one and stage two**	**Stage three**	**of which: impaired purchased or originated**	**L1**	**L2**	**L3**	**Stage one and stage two**	**Stage three**	**of which: impaired purchased or originated**	**L1**	**L2**	**L3**
1. Loans	**31,547,175**	**81,976**				**31,629,151**	24,955,869	131,486				25,087,355
1.1 Deposits and current accounts	**7,794,389**					**7,794,389**	12,696,447					12,696,447
1.2 Receivables for services rendered	**22,075,889**	**81,976**				**22,157,865**	11,432,525	131,486				11,564,011
of which order execution	20,681,096	12,309				20,693,405	6,260,722	25,709				6,286,431
of which management	408,791					408,791	3,971,439					3,971,439
of which advisory	929,542	69,667				999,210	1,170,985	105,777				1,276,763
of which other services	56,460					56,460	29,379					29,379
1.3 Repos												
- of which: government securities												
- of which: other debt securities												
- of which: equity securities												
1.4 Other loans	**1,676,897**					**1,676,897**	826,897					826,897
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
Total	**31,547,175**	**81,976**				**31,629,151**	**24,955,869**	**131,486**				**25,087,355**

Amounts due from financial companies refers mainly to receivables for client order execution as well as, to a lesser degree, liquidity stemming from derivatives transactions and receivables for advisory services provided.
Impairment on financial company receivables came to roughly €66 thousand at 30 June 2020.

4.3 Breakdown of “Financial assets measured at amortized cost”: loans to customers

Composition	Total 30/06/2020						Total 31/12/2019					
	Book value			Fair value			Book value			Fair value		
	Stage one and stage two	Stage three	of which: impaired purchased or originated	L1	L2	L3	Stage one and stage two	Stage three	of which: impaired purchased or originated	L1	L2	L3
1. Loans	**4,496,797**	**264,050**				**4,760,847**	3,402,206	350,817				3,753,022
1.1 Deposits and current accounts												
1.2 Receivables for services rendered	**4,336,692**	**264,050**				**4,601,012**	3,217,370	350,817				3,568,186
of which order execution	817,679					817,679	838,159					838,159
of which management												
of which advisory	2,918,932	264,050				3,182,982	2,211,875	350,817				2,562,692
of which other services	600,351					600,351	167,336					167,336
1.3 Repos												
- of which: government securities												
- of which: other debt securities												
- of which: equity securities												
1.4 Other loans	**159,836**					**159,836**	184,836					184,836
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
Total	**4,496,797**	**264,050**				**4,760,847**	**3,402,206**	**350,817**				**3,753,022**

Impairment on customer loans came to roughly €250 thousand at 30 June 2020.

4.4 Financial assets measured at amortized cost: gross value and total impairment

	Gross value					Total accumulated impairment				Partial/total write-offs
	Stage one	of which: Instruments with low credit risk	Stage two	Stage three	Total	Stage one	Stage two	Stage three	Total	Total
- Debt securities										
- Loans	193,905,169		2,143,589	517,930	196,726,209	45,570	56,408	222,495	324,473	
Total 30/06/2020	**193,905,169**		**2,143,589**	**517,930**	**196**,726,209	**45,570**	**56,408**	**22**2,495	**324,473**	
Total 31/12/2019	179,978,945		3,816,623	674,762	184,470,330	28,267	88,380	173,669	290,316	

Section 7 – Equity investments – Line item 70

7.1 Equity investments: information on shareholdings

Company	Method of consolidation	% held	Registered office	Share capital
Equita SIM S.p.A.	Line-by-line	100%	Milano - Via Turati 9	26,793,000
Equita Capital SGR S.p.A.	Line-by-line	100%	Milano - Via Turati 9	1,000,000
Equita Investimenti S.p.A.	Line-by-line	85%	Milano - Via Turati 9	568,323
EquitaPartecipazioni S.r.l.	Line-by-line	100%	Milano - Via Turati 9	20,000

As specified in this report, In April 2020 the shareholder Private Equity & Partners sent a letter of withdrawal to Equita PEP Holding S.r.l., a company controlled jointly with Equita Group.
As a result, the shareholder withdrew from the company and Equita Group became the company's sole shareholder. The name was changed from Equita PEP Holding S.r.l. to Equita Partecipazioni S.r.l..
As a result of the new structure, the method of consolidation was changed from equity to line-by-line.
In January 2020 Equita Group acquired 65% of the share capital of the former EPS SPAC 2, which was renamed Equita Investimenti S.p.A .. A further 20% is held by the subsidiary Equita SIM S.p.A..

7.2 Changes in equity investments in the year

For more information refer to the previous section.

Section 8 – Property, plant and equipment – Line item 80

8.1 Business assets: breakdown of assets measured at cost

		30/06/2020	31/12/2019
1	Owned assets	443,562	488,956
	a) land		
	b) buildings		
	c) furniture	268,841	294,497
	d) electronic systems	154,544	173,514
	e) other	20,177	20,945
2	Right of use acquired through leasing	6,301,549	6,831,336
	a) land		
	b) buildings	5,860,740	6,291,572
	c) furniture		
	d) electronic systems		
	e) other	440,809	539,764
	Total	**6,745,111**	**7,320,292**

For information on depreciation refer to "Part A – Accounting Policies" of the notes to the consolidated financial statements at 31 December 2019, *8,5 Business assets: changes in the year*

	Land	Buildings	Furniture	Electronic systems	Other	Total
A, Gross opening balances		7,254,486	586,991	1,651,749	705,064	10,198,289
A,1 Total net reduction in value		(962,915)	(292,495)	(1,472,290)	(150,299)	(2,877,998)
A,2 Opening net balances		6,291,572	294,497	179,459	554,764	7,320,292
B, Increases						
B,1 Purchases				23,765		23,765
B,2 Capitalized improvements						
B,3 Write-backs						
B,4 Increases in fair value:						
a) in equity						
b) through profit and loss						
B,5 Positive exchange differences						
B,6 Reclassification of properties held for investment						
B,7 Other changes		41,982			6,294	48,277
C, Decreases						
C,1 Sales						
C,2 Depreciation		(472,814)	(25,656)	(43,504)	(104,683)	(646,656)
C,3 Impairment losses recognized:						
in equity						
b) through profit and loss						
C,4 Decreases in fair value recognized:						
a) in equity						
b) through profit and loss						
C,5 Negative exchange differences						
C,6 Reclassifications to:						
a) property, plant and equipment held for investment						
b) assets held for sale						
C,7 Other changes					(567)	(567)
D, Closing net balances		**5,860,740**	**268,841**	**159,721**	**455,809**	**6,745,111**
D,1 Total net reduction in value		(1,435,729)	(318,151)	(1,515,793)	(239,788)	(3,509,460)
D,2 Gross closing balances		7,296,468	586,991	1,675,514	752,497	10,274,617
E, Carried at cost		7,296,468	586,991	1,675,514	752,497	10,274,617

Section 9 – Intangible assets – Line item 90

9.1 Breakdown of "Intangible assets"

		30/06/2020		31/12/2019	
		Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1	Goodwill	900,000	11,014,258	900,000	11,014,258
2	Other intangible assets	1,059,037	2,145,343	1,036,369	2,145,343
	2.1 internally generated		2,145,343		2,145,343
	2.2 other	1,059,037		1,036,369	
	Total	**1,959,037**	**13,159,601**	**1,936,369**	**13,159,601**

As a result of the business reorganization and following application of IFRS 3 (Purchase Price Allocation) goodwill of approximately €11 million, together with trade names and contracts of €2.4 million, were recognized in the consolidated accounts following the acquisition of Equita SIM S.p.A. beginning with the 2016 Consolidated Annual Report. At 30 June 2020 goodwill was still carried at €11 million in the consolidated financial statements of Equita Group S.p.A., while the trade names and contracts are carried at €2.1 million (the investment banking contracts were fully amortized at 31 December 2018).

Goodwill of €0.9 million was recognized following the purchase of the Brokerage & Primary Market and Market Making business (hereinafter referred to as "Retail Hub"). This amount corresponds to the consideration paid for the business which was not subject to IFRS 3 Purchase Price Allocation adjustments and recognized entirely in goodwill.

The other intangible assets consist of capitalized software expenditure.

No indicators emerged in the first half which called for the recoverable value of intangible assets and goodwill to be redetermined. Based on the Group's assessments, even the events triggered by the Covid - 19 epidemic did not impact the value in use of Equita Group's CGUs.

With regard to impairment testing, in June 2020 the Group reviewed the 2020 budget included in the Strategic Plan 2020-2022 in light of the potential impact of COVID-19. As recommended by Consob and ESMA, the Group tested the assets with an indefinite life for impairment using the projected cash flows for the revised plan 2020-2022. The test did not reveal any significant impact on value in use which confirmed the positive outcome of the impairment testing conducted at 31 December 2019. The outcome of the stress test, therefore, confirms the sustainability of the goodwill and trade names recognized in the financial statements at 30 June 2020 with a value in use that is significantly higher than the carrying amount. For more information on the impairment testing refer to Part B – Information on the consolidated statement of financial position – Section 10 – Intangible assets in the consolidated financial statements at 31 December 2019.

9.2 Intangible assets: changes in the year

	Opening balance	**15.095.970**
B.	Increases	197,540
	B.1 Purchases	197,540
	B.2 Writebacks	
	B.3 Increases in fair value:	
	a) in equity	
	b) through profit and loss	
	B.4 Other changes	
C.	Decreases	(174,873)
	C.1 Sales	
	C.2 Amortizations	(174,873)
	C.3 Write-downs	
	a) in equity	
	b) through profit and loss	
	C.4 Decreases in fair value:	
	a) in equity	
	b) through profit and loss	
	C.5 Other changes	
D.	Closing balance	**15,118,637**

Section 10 - Tax assets and liabilities – line items 100 and 60

10.1 Breakdown of the "Current and deferred tax assets"

		30/06/2019	31/12/2019
A	**Current**	**1,396,251**	**3,643,288**
	1 Payments on account	517,860	2,451,300
	2 Tax provision	(114,000)	(175,000)
	3 Tax credits and withholding	992,391	1,366,988
B	**Deferred**	**757,207**	**1,343,380**
	Total	**2,153,458**	**4,986,668**

"Tax provision" and "Payments on account" refer to IRAP regional business tax for the reporting period.

"Tax credit and withholding" refer to the IRAP credit recognized following the conversion of the excess ACE incentives for the prior year; an IRAP credit for lack of employees; an IRES credit following adoption of the national tax consolidation scheme and the tax advance recognized following detaxation of trade names and goodwill.

"Deferred tax assets" refer to tax calculated on temporary differences stemming from the deferral of tax deductions for expenses. The Group has no Law no. 214/2011 deferred tax assets.

10.2 Breakdown of "Tax liabilities: current and deferred"

		30/06/2020	31/12/2019
A	**Current**	**1,171,672**	**1,601,050**
	1 Tax provision	1,056,732	1,253,190
	2 Tax credits and withholding	(374,407)	(456)
	3 Payments on account	(7,194)	
	4 Other taxes	496,541	348,316
B	**Deferred**	**722,320**	722,320
	Total	**1,893,991**	**2,008,866**

"Tax provision" relates to current IRAP, while "Other taxes" consist of the tax on financial transactions paid to the tax authorities relative to proprietary trading.

Deferred tax liabilities refer to the actuarial component of the employee severance indemnities and taxes on the values of trade names and contracts, partially amortized, arising as part of the 2016 purchase price allocation.

10.3 Change in deferred tax assets (with an offsetting entry in the income statement)

		30/06/2020	31/12/2019
1	Opening balance	1,255,563	1,895,129
2	Increases	13,967	292,866
	2.1 Deferred tax assets recognized during the year:		
	a) from previous years		
	b) due to changes in accounting criteria		
	c) write-backs		
	d) other	13,967	292,866
	2.2 New taxes or increases in tax rates		
	2.3 Other increases		
3	Decreases	(600,140)	(962,432)
	3.1 Deferred tax assets derecognized during the year:		
	a) reversals	(582,086)	(905,480)
	b) write-downs of non-recoverable items		
	c) due to changes in accounting criteria		
	d) other		
	3.2 Lower tax rates		
	3.3 Other decreases		
	a) conversion into tax credits pursuant to Law n. 214/2011		
	b) others	(18,054)	(59,952)
4	**Closing balance**	**639,390**	**1,225,563**

10.5 Change in deferred tax assets (with an offsetting entry in equity)

		30/06/2020	31/12/2019
1	Opening balance	117,817	60,401
2	Increases		**61,676**
	2.1 Deferred tax assets recognized during the year:		
	a) from previous years		
	b) due to changes in accounting criteria		
	c) write-backs		59,952
	2.2 New taxes or increases in tax rates		
	2.3 Other increases		4,724
3	**Decreases**		**(4,260)**
	3.1 Deferred tax assets derecognized during the year:		(4,260)
	a) reversals		(4,260)
	b) write-downs of non-recoverable items		
	c) due to changes in accounting criteria		
	d) other		
	3.2 Lower tax rates		
	3.3 Other decreases		
4	**Closing balance**	**117,817**	**117,817**

10.6 Change in deferred tax liabilities (with an offsetting entry in equity)

		30/06/2020	31/12/2019
1	Opening balance	722,320	739,607
2	Increases		
	2.1 Deferred tax assets recognized during the year:		
	a) from previous years		
	b) due to changes in accounting criteria		
	c) write-backs		655
	2.2 New taxes or increases in tax rates		
	2.3 Other increases		
3	Decreases		
	3.1 1 Deferred tax derecognized during the year:		
	a) from previous years		
	b) due to changes in accounting criteria		
	c) other		(2,116)
	3.2 Lower tax rates		
	3.3 Other decreases		(3,873)
4	Closing balance	722,320	734,273

Section 12 – Other assets – line item 120

12.1Breakdown of "Other assets"

		Consolidated	
		30/06/2020	31/12/2019
1	Deposits with CC&G (Cassa di Compensazione e Garanzia)		
2	Other assets:	2,720,804	1,452,715
a	- fees paid in advance	1,497,851	871,734
b	- security deposits	1,285	13,654
c	- revaluations of off-balance sheet items	62,193	6,983
d	- advances to suppliers	370,654	85,714
e	- leasehold improvements	428,722	473,373
F	- Social security (INPS) credits	12,748	1,257
g	- VAT credits	347,350	
Total		**2,720,804**	**1,452,715**

"Other assets" comprises:

- prepayments for amounts paid during the current year relating, wholly or in part, to costs to be incurred in subsequent periods;
- leasehold improvements carried out during the year relative to pre-existing leases and locations leased since June 2016;
- VAT credits from pro rata ratio.

LIABILITIES

Section 1 – Financial liabilities measured at amortized cost – line item 10

1.1 Breakdown of “Financial liabilities measured at amortized cost”: “Payables”

	30/06/2020			31/12/2019		
	Due to Banks	Due to financial institutions	Due to clients	Due to Banks	Due to financial institutions	Due to clients
Loans	184,117,160	381,392		144,648,761	280,980	
1.1 Repos		381,392			280,980	
1.2 Loans	184,117,160			144,648,792		
Lease payables		5,839,961	441,839		6,246,919	539,415
Other payables	2,392,571	11,735,552	769,512	2,678,639	18,487,015	
Total	**186,509,731**	**17,956,905**	**1,211,351**	**147,327,431**	**25,014,914**	**539,415**
Fair value - level 1						
Fair value - level 2						
Fair value - level 3	186,509,731	17,956,905	1,211,351	147,327,431	25,014,914	539,415
Total Fair Value	**186,509,731**	**17,956,905**	**1,211,351**	**147,327,431**	**25,014,914**	**539,415**

At 30 June “Loans” includes:

- the €130 million loan granted by Intesa Sanpaolo;
- the utilized portion of a foreign currency loan granted by Intesa Sanpaolo of around €2.8 million;
- 4 hot money lines granted by 4 lenders. For more information refer to the Interim Report on Operations.

As mentioned above, the “lease liabilities” reflect the liabilities stemming from IFRS 16 application.

"Other payables" includes the negative balance of trading in financial instruments for clients (banks, financial entities and corporate).

No amounts are due to financial promoters and there is no subordinated debt.

Section 2 – Liabilities held for trading – line item 20

2.1 Breakdown of "Financial liabilities held for trading"

	30/06/2020					31/12/2019				
	Fair Value			FV	NV	Fair Value			FV	NV
	L1	L2	L3			L1	L2	L3		
A. Cash liabilities										
1 - Debts	3,226,211			3,226,211	273,301	9,008,056	203,161		9,211,217	765,406
2 – Debt securities	1,040,056				1,008,094	10,073	378,218			612,706
- Bonds	1,040,056				1,008,094	10,073	378,218			612,706
- structured										
- other bonds	1,040,056				1,008,094	10,073	378,218			612,706
- Other securities										
- structured										
- others										
Total A	**4,266,267**			**3,226,211**	**1,281,395**	**9,018,129**	**581,379**		**9,211,217**	**2,433,235**
B. Derivatives										
1 – Financial derivatives	4,045,110					2,699,997				
- trading derivatives	4,045,110					2,699,997				
- linked to fair value options										
- other										
2 -Credit derivatives										
- trading derivatives										
- linked to fair value options										
- other										
Total B	**4,045,110**					**2,699,997**				
Total (A+B)	**8,311,377**					**11,718,126**	**581,379**			

Key: L1 = Level 1; L2 = Level 2; L3 = Level 3
NV= nominal/notional value

FV = Fair Value calculated net of changes linked to changes in the company's credit worthiness at the issue date. Key: L1 = Level 1; L2 = Level 2; L3 = Level 3*

The item includes short positions on equities and bonds. There are no subordinated liabilities.

2.4 “Financial liabilities held for trading”: derivatives

Underlying asset/ Type of derivative	Total 30/06/2020				Total 31/12/2019			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1 **Debt securities and interest rates**								
- Notional amount								
- Fair value								
2. Equity securities and market indices								
- Notional amount				65,875,190				50,239,621
- Fair value				4,045,110				2,699,997
3. Currencies and gold								
- Notional amount								
- Fair value								
4. Loans								
- Notional amount								
- Fair value								
5. Commodities								
- Notional amount								
- Fair value								
6. Other								
- Notional amount								
- Fair value								
Total Notional Amount				**65,875,190**				**50,239,621**
Total Fair value				**4,045,110**				**2,699,997**

Section 6 – Tax liabilities – line item 60

See section 10 ASSETS.

Section 8 – Other liabilities – line item 80

8.1 Breakdown of “Other liabilities”

Other liabilities	30/06/2020	31/12/2019
- trade and other payables	8,397,435	11,647,618
- social security and accident insurance payables	285,518	417,255
- IRPEF tax payables	397,168	750,207
- deferred income	1,416,699	903,815
- various tax payables	284,668	500,699
Total	**10,781,490**	**14,219,593**

"Trade and other payables" refer primarily to amounts due to employees and the related social charges relating to variable compensation which will be paid in the subsequent period. The item also includes accruals for invoices to be received or invoices already received but not yet paid at the end of the reporting period.

"Social security and accident insurance payables" refer to amounts payable to INPS and INAIL on fixed and variable compensation paid/to be paid employees.

"Various tax payables" includes VAT for services rendered.

Section 10 – Provisions for risks and charges - line item 100

"Provisions for risks and charges" amounted to €1,796,990 and refer to deferred variable compensation accrued against the result at year-end 2018.

Section 11 – Shareholders' equity – line items 110, 120, 130, 140, 150 and 160

Share capital, unchanged compared to 3i December 2019, amounts to €11,376,345 and comprises 50 million shares without a stated par value.

Treasury shares of €4,548,025, and the share premium reserve of €18,198,319 are unchanged compared to 31 December 2019.

During Equita Group S.p.A.'s Shareholders' Meeting held on 30 April 2020 shareholders approved the payment of €8,635,875.25 in dividends (€0.19 per share) against a consolidated net profit of €9,504,865 and the parent company's stand-alone profit of €12,058,187. The parent company allocated €602,909.35 to the legal reserve and €2,819,402 as retained earnings.

Section 12 – Equity pertaining to third parties

12.1 Breakdown of line item 180 "Minorities portion of shareholders' equity"

At 30 June 2020 equity pertaining to third parties refers to the minority stake held in the subsidiary Equita Investimenti. More in detail, the minority interest comprises 15% of the company's equity or share capital of € 568,323 and a loss of €44,406.

Other information

Financial assets and financial liabilities subject to on balance sheet netting or to master netting or similar agreements

As per Bank of Italy's updated provisions for the preparation of IFRS financial statements for intermediaries, specific tables have been included in the explanatory notes which show the financial assets and liabilities that are subject to IAS 32 § 42 netting agreements, independent of the circumstances giving rise to the offset.
The repurchase transactions carried out by the subsidiary Equita SIM S.p.A. were identified by Equita Group as the sole transactions that could potentially give rise to netting. These transactions, however, did not result in an any on balance sheet netting of assets and liabilities.

Securities lending

Equita SIM carries out securities lending with institutional clients. The contract entails the loan of a certain quantity of specific securities. The borrower must return the securities at a certain time and pay for the use of the securities for that period of time. All the transactions are collateralized, mainly using cash collateral which is updated daily based on the value of the securities lent. The cash collateral is recognized in the financial statements as bank and client receivables/payables in the amount actually deposited and received. When securities are used as collateral, the value of the securities lent is represented off-balance sheet. The fees for securities lending are included in commission income or expense. For further details refer to Section C of the explanatory notes.

Assets used to guarantee liabilities and commitments

No assets were used by the Group to guarantee its liabilities and commitments.

Information about joint control

The Group did not carry out any activities subject to joint control.

Part C – Information on the income statement

Section 1 – Net trading income – line item 10

1.1 Breakdown of "Net trading income"

Item/offsetting entry in the income statement	Gains	Trading profits	Losses	Trading losses	Net profit (loss)
1. Financial assets					
1.1 Debt securities	158,580	5,396,894	(76,977)	(2,039,093)	3,439,404
1.2 Equity securities and units in UCiTs .	1,328,578	6,058,124	(601,745)	(3,934,093)	2,850,865
1.3 Other assets					
2. Financial liabilities					
2.1 Debt securities	1,159	50,352	(473)	(57,181)	(6,143)
2.2 Payables	45,092	2,238,176	(17,904)	(736,222)	1,529,142
2.3 Other liabilities					
3. Financial assets and liabilities: exchange differences		132,746		(4,110)	128,636
4. Derivatives					
- debt securities and interest rates	24,420	124,890	(35,625)	(149,422)	(35,738)
- equity securities and stock market indices	3,638,812	18,085,780	(2,589,825)	(10,560,126)	8,574,641
- currencies and gold					
- other					
5. Credit derivatives					
of which: natural hedges related to FVO					
Total	**4,461,395**	**32,119,287**	**(4,327,569)**	**(27,749,289)**	**4,503,824**

Section 4 - Net income related to other financial assets or liabilities measured at fair value through profit and loss – Line item 40

5.1 Breakdown of net income related to other financial assets or liabilities measured at fair value through profit and loss: other financial assets designated at fair value

	Item/offsetting entry in the income statement	Capital gains (A)	Realized profits (B)	Capital losses (C)	Realized losses (D)	Net profit (loss) [A+B-C-D]
1.	Financial assets					
1.1	Debt securities					
1.2	Equity securities and units in UCITs	100,238	5,416	306,956	-	(201,302)
1.3	Loans					
2.	Financial assets in currency: exchange differences			74		(74)
	Total	**100,238**	**5,416**	**307,030**	**-**	**(201,375)**

Section 5 - Commissions – line items 50 and 60

5.2 Breakdown of "Commission fees"

	30/06/2020	30/06/2019
1. Proprietary trading		
2. Client execution	9,402,838	8,413,865
3. Placement and distribution		
- of securities	1,025,074	1,063,919
- of third party services:		
. portfolio management		
. collective asset management	77,074	188,341
. insurance products		
. other		
4. Portfolio management		
- proprietary		
- discretionary	1,827,907	1,817,015
5. Receipt and transmission of orders	3,010,847	2,315,422
6. Investment advisory		
7. Advisory – financial structure	7,962,926	4,683,782
8. Management of multilateral trading systems		
9. Custody and administration		
10. Currency trading		
11. Other services	2,966,731	2,772,779
Total	**26,273,397**	**21,255,123**

5.3 Breakdown of "Commission expenses"

	30/06/2020	30/06/2019
1. Proprietary trading	596,905	273,169
2. Client execution	718,438	892,820
3. Placement and distribution		
- of securities		
- of third party services:		
. portfolio management		
. other		
4. Portfolio management		
- proprietary		
- discretionary		
5. Order collection		
6. Investment advisory		
7. Custody and administration		
8. Other services	2,052,959	1,212,216
Total	**3,368,302**	**2,378,205**

Section 6 - Interest – line items 70 and 80

6.1 Breakdown of "Interest and similar income"

		Debt securities	Loans	Other transactions	30/06/2020	30/06/2019
	Financial assets held for trading	429,546			429,546	425,949
	Financial assets designated at fair value					
	Other financial assets mandatorily measured at fair value	447,629		50,000	497,629	
2	Financial assets measured at fair value through comprehensive income					
3	Financial assets measured at amortized cost					
	3.1 Due from banks		1,009	2,823	3,832	4,356
	3.2 Due from financial institutions					
	3.3 Due from clients					
4	Hedges					
5	Other assets			752	752	661
6	Financial liabilities					
	Total	**877,175**	**1,009**	**53,575**	**931,759**	**430,966**

6.4 Breakdown of “Interest expense and similar charges”

	Repos	Other payables	Securities	Other transactions	30/06/2020	30/06/2019
1. 1Financial liabilities at amortized cost						
1.1 Due to banks		616,385	50,939		667,324	488,824
1.2 Due to financial institutions		74,374			74,375	50,589
1.3 Due to clients						
1.4 Outstanding securities						
2. Financial liabilities held for trading						
3. Financial liabilities designated at fair value						116,610
4. Other liabilities				13,925	13,925	26,650
5. Hedges						
6. Financial assets	243,882				243,882	671,164
Total	**243,882**	**690,759**	**50,939**	**13,925**	**999,505**	**1,353,836**
Of which: interest on lease payables		74,374				

Section 9 – Administrative expenses – line item140

9.1 Breakdown of “Personnel expenses”

	30/06/2020	30/06/2019
1. Employees		
a) salaries and wages	10,673,387	9,358,633
b) social charges	1,650,758	1,495,984
c) employee severance indemnities		
d) social security expenses	16,656	12,313
e) employee severance reserve	400,769	363,970
f) pension plan provisions and similar obligations		
- defined contribution plans		
- defined benefit plans		
g) payments to external supplementary pension funds:	56,651	
- defined contribution	56,651	
- defined benefit		
h) other expenses	479,115	362,991
2. Other staff members	28,052	5,740
3. Directors and statutory auditors	685,738	498,664
4. Personnel on leave		
5. Reimbursement of expenses for employees seconded to other companies		
6. Reimbursement of expenses for employees seconded within the company		
Total	**13,991,123**	**12,098,295**

9.2 Average number of employees by category

	30/06/2020	30/06/2019
Executives	26	28
Middle management	63	67
White collars and other	57	51
Total	**146**	**146**

9.3 Breakdown of "Other administrative expenses"

	30/06/2019	30/06/2019
1. Other administrative expenses:		
a) Expenses for technology and systems	3.350.954	3.425.260
b) Expenses for info providers and communication technology	1.211.954	1.197.112
c) Rent and property management	288.869	325.200
d) Professional consultancies	736.935	634.630
e) Fees paid to auditors and Consob	106.564	127.981
f) Commercial expenses	448.853	531.379
g) Stationary, publications and newspapers	26.668	*28.266*
h) Training courses and insurance	96.757	*57.239*
i) General and support services	81.649	*76.841*
l) Miscellaneous expenses	442.656	*318.819*
m) Listing costs	14.565	*86.095*
Total	**6.806.424**	**6.808.822**

Section 10 – Net provisions for risks and charges – line item 150

10.1 Breakdown of "Net provisions for risks and charges"

The provisions for future charges are explained primarily by amounts payable to personnel for which the timing or amount are uncertain. No such provisions were made in the first half.

Section 11 – Net (losses) recoveries on impairment of property, plant and equipment– Line item 160

11.1 Breakdown of "Net (losses) recoveries on impairment of property, plant and equipment"

Voci/Rettifiche e riprese di valore	Amortization (a)	Adjustments for impairment (b)	Reversal (c)	Net result (a-b+c)
1. Business assets:				
- Owned	69,159			**69,159**
- Right of use acquired through leasing	577,497			**577,497**
2. Detenute a scopo di investimento:				
2. Held for investment:				
- Owned				
Total	**646,656**			**646,656**

Section 18 Income tax for the year on ordinary operations – line item 250

18.1 Breakdown of “Income tax for the year on ordinary operations”

	30/06/2020	30/06/2019
1. Current taxes	1,419,220	889,451
2. Changes in current taxes for prior years		
3. Decrease in current taxes for the reporting period	95,614	107,711
Reduction of current taxes for the year for tax credits pursuant to Art. 3-bis of Law no. 214/2011		
4. Change in deferred tax assets	586,173	752,445
5. Change in deferred tax liabilities		
Taxes for the reporting period	**2,101,007**	**1,749,607**

18.2 Reconciliation between theoretical income tax and actual income tax for the reporting period

Reconciliation between theoretical income tax and actual income tax for the reporting period	Consolidated	
	Figures in €/000	Rate %
Gross profit for the year	7,216	
Theoretical tax	2,386	33,07%
Tax effect of nondeductible costs, either wholly or in part	294	4,07%
Tax effect of nontaxable revenues, either wholly or in part	(423)	-5,86%
Tax effect of ACE incentives	(25)	-0,35%
Tax effect of other changes	(130)	-1,80%
Effective tax	**2,101,01**	**29,11%**

Section 20 – Minorities portion of profit (loss) for the reporting period

20.1 breakdown of “Minorities portion of profit (loss) for the reporting period”

Refer to Section 12.

Part D – Other information

Section 3 – Equity disclosures

3.1 The company's equity

3.1.1 Qualitative consolidated disclosures

Equity consists mainly of fully subscribed and paid-up share capital, capital reserves and the share premium reserve.
In addition to retained earnings, revenue reserves comprise the legal reserve, the statutory reserve and a part of the merger surplus.

3.1.2 Quantitative disclosures

Equity: composition	30/06/2020	31/12/2019
Share capital	**11,376,345**	**11,376,345**
Share premium reserve	18,198,319	18,198,319
Reserves	46,704,076	45,613,161
- revenue reserves	22,263,029	21,172,113
a) legal	1,288,379	
b) statutory		
c) treasury shares		
d) other	20,974,650	
- other	24,441,048	24,441,048
- other (FTA)		
Treasury shares	(4,548,025)	(4,548,025)
Valuation reserves		
- Property, plant and equipment		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges		
- Exchange differences		
-Non-current assets and disposal groups classified as held for sale		
- Special revaluation laws		
- Actuarial gains/losses on defined benefit pension plans	(14,241)	(12,884)
- Portion of the valuation reserves – equity accounted investees		
Equity instruments		
Profit (loss) for the reporting period	5,122,419	9,504,865
Minorities portion of equity	78,584	
Total	**76,838,892**	**80,131,778**

3.2 Proprietary funds and regulatory coefficients

3.2.1 Proprietary funds

3.2.1.1 Qualitative disclosures

1. Common Equity Tier 1 - CET 1

CET 1 capital consists of CET 1 instruments (€11,376,344) and of the share premium reserve (€18,198,319). The other accountable reserves amount to €45,958,205.
Deductions, in addition to treasury shares (€4,548,025), include: i) goodwill (€11,914,258), other intangible assets (€2,570,002) and Immaterial investments in financial institutions for €1,050,675.

2. Additional Tier 1 - AT1

Not applicable.

Tier 2 - T2

Not applicable.

3.2.1.2 Quantitative disclosures

3.2.2 Capital adequacy

3.2.2.1 Qualitative disclosures

The Group monitors the adequacy of its equity using the methods and tools described in the ICAAP – ILAAP (Internal Capital and Liquidity Adequacy Assessment Process) report. Equita Group S.p.A.'s Board of Directors approved the ICAAP 2019 on 30 April 2020.

3.2.2.2 Quantitative disclosures

Common Equity Tier 1: instruments and reserves		30/06/2020
1	Equity instruments and related share premium reserves	29,574,664
	of which: CET1 instruments	29.574.664
3	Accumulated other comprehensive income (and other reserves)	25,791,358
6	CET1 instruments before regulatory adjustments	75,532,868
7	Additional value adjustments (negative amount)	-253,033
8	Intangible assets (net of related tax liability) (negative amount)	-14,484,260
16	Own CET1 instruments held directly or indirectly by the reporting institution (negative amount)	-4,548,025
18	CET1 instruments of financial sector entities held directly or indirectly where the institution does not have a significant investment (amount above 10 % threshold net of the eligible short positions) (negative amount)	-1,050,675
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-20,335,993
29	Common Equity Tier 1 (CET1) (CET1)	55,196,875
44	Additional Tier 1 (AT1)	
45	Tier 1 capital (T1 = CET1 + AT1)	55,196,875
58	Tier 2 capital (T2)	
59	Total Capital (TC = T1 + T2)	55,196,875
60	Total Risk Weighted Assets	219,700,144
61	Common Equity Tier 1 (expressed as a percentage of the total risk exposure)	25%
62	Tier 1 capital (expressed as a percentage of the total risk exposure)	25%
63	Total Capital (expressed as a percentage of the total risk exposure)	25%
64	Capital reserve requirement (relative to Tier 1 capital pursuant to Art. 92, paragraph 1 a), mandatory capital conservation buffer, countercyclical capital buffers for the capital conservation reserve, capital systemic risk reserve, G-SII or O-SII capital reserve expressed as a percentage of the total risk exposure)	7%
65	Of which: mandatory capital conservation buffer	2%
68	Primary Tier 1 capital available for the reserves (expressed as a percentage of the total risk exposure)	18%

The amounts relating to the consolidated capital requirements as at 30 June 2020 are summarized below.

Risk category	RWA
Credit risk, counterparty risk, dilution risk and free deliveries	55,593,922
Position risk, foreign exchange risk and commodities risk	55,821,587
Risk related to large exposures on the trading book	
Settlement/delivery risk	932,425
Operational risk	107,352,210
Total RWA	**219,700,144**

Section 4 – Analytical statement of consolidated comprehensive income

Items	30/06/2020	30/06/2019
10 Profit (loss) for the reporting period	5,122,419	4,025,134
Other comprehensive income not reclassified to profit and loss		
70 Defined benefit plans	(1,357)	(23,928)
80 Non-current assets and disposal groups classified as held for sale		
90 Part of valuation reserves for equity investments valued at equity		
100 Income tax relating to items not reclassified to profit and loss		5,743
Other comprehensive income reclassified to profit or loss		
Total other comprehensive income	(1,357)	
Total comprehensive income (Item 10+190)	**5,121,062**	**4,006,949**

Section 5 – Related party transactions

Information about remuneration of key management personnel and the transactions with related parties, as defined by IAS 24, is provided below.

Procedural aspects

Equita Group S.p.A. ("Equita Group" or the "Company") adopted a Procedure for Related Party Transactions (the "Related Party Procedure" or the "Procedure") approved by the Board of Directors on 17 July 2019.
The Procedure was published on the websitewww.equita.eu in the Corporate Governance section.

No changes have been made to the Procedure since last year

5.1 Remuneration of key management personnel

Key management personnel are those individuals in the Group who, directly or indirectly, have authority and responsibility for planning, directing and controlling the company's activities, including directors and statutory auditors.

- Compensation paid "Key management personnel", Directors and Statutory Auditors amounts to roughly €1.8 million (13% of the personnel expenses).
- Short-term benefits of around €1 million or 7% of the personnel expenses.

5.2 *Loans and guarantees provided to Directors or members of the Board of Statutory Auditors*

The amounts receivable at 30 June 2020 from related parties - other than intra-group receivables consolidated line-by-line and subject to elisions – are not material with respect to the size of the Group's financial position. Similarly, the impact of related party income and charges of the consolidated result is not material.

The amount of costs and revenues between related parties is also immaterial.
No loans or guarantees were issued in favor of directors and statutory auditors.

5.3 *Related party transaction disclosures*

Transactions with related parties, as defined by IAS 24 and governed by provision relative to related parties issued by Borsa Italiana in May 2012 and Art. 4 of Consob Regulation no. 17221 issued on 12 March 2010 (as subsequently amended) refer mainly commercial and financial transactions.
In the period between 1 January 2020 and 30 June 2020 the related party transactions carried out were not material and:

- the decisions concerning the annual bonuses (including the cash component and financial instruments) payable to certain members of the Company's Board of Directors and the subsidiaries Equita SIM S.p.A. ("Equita SIM") and Equita Capital SGR S.p.A. ("Equita Capital SGR"), as well as key management personnel of Equita Group, Equita SIM and Equita Capital SGR were deemed related party transactions in accordance with the Consob Regulation relative to related party transactions with related parties and the Procedure for Related Party Transactions. However, these transactions were exempt from the scope of application of the Related Parties Procedure based on Art. 3.1(c)(i) and Art. 3.1(c)(ii) of the Procedure itself.
This remuneration, in fact, was paid in accordance with the Remuneration Policy adopted by the Group – following the approval of this policy by the Shareholders' Meeting – and, as required by the law, a Remuneration Committee was involved in the preparation of the Remuneration Policy. The remuneration report was also submitted to the Company's shareholders. The decisions relative to the assignment of financial instruments to Directors and executives with strategic responsibilities qualify for the exemption provided in Article 3.1.(c)(i) above as they are in execution of an incentive plan already approved by Equita Group's shareholders during the Shareholders' Meeting held in April 2019;

- the adoption of the stock option plan 2020-2021, referred to as the "Equita Group Stock Option Plan 2020-2022 for executives " was considered a related party transaction insofar as, at the time of application, the plan will include beneficiary employees who are also on the Board of Directors, as well as Key Management Personnel, mapped as the Company's related parties. The adoption of the plan was, however, not subject to application of the Procedure as per Art. 3.1(c)(ii) of this Procedure. More in detail, as the adoption of the Plan was submitted, pursuant to Art. 114-bis of TUF, to the shareholders for approval, in accordance with Art. 13 of the Consob Regulation on related parties, as well as Art. 3.1 c) of the Procedure, this transaction was considered exempt from application of the Procedure.

- the assignment of additional compensation, pursuant to Art. 2389 of the Italian Civil Code, to directors holding special offices of Equita Group and the subsidiary Equita SIM, as well as Company directors serving on Board committees of Equita Group are considered related party transactions as per the Consob Regulation governing related parties and the Procedure. However, these transactions were deemed exempt from the rules of the Procedure insofar as: i) the Company has adopted a remuneration policy; ii) a Remuneration Committee was involved in the preparation of the remuneration policy; iii) a report illustrating the remuneration policy was submitted to the Company's shareholders for approval; and iv) the remuneration granted is consistent with this policy; and, therefore, the above mentioned transactions all qualify for the exemption provided for in Art. 3.1 lett. c) (ii) of the Procedure.
Furthermore, the amount of some of these transactions was also immaterial as per Art. 3.1(b) of the Procedure insofar as they were below the threshold found in the Procedure for Related Party Transactions.

Section 6 - Disclosures on structured entities

There are no disclosures to make in this regard.

Milan, 10 September 2020

On behalf of the Board of Directors
The Chief Executive Officer
Andrea Vismara