EQUITA GROUP

Consolidated Nine-Month Financial Report

2020

EQUITA

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

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Corporate website	www.equita.eu

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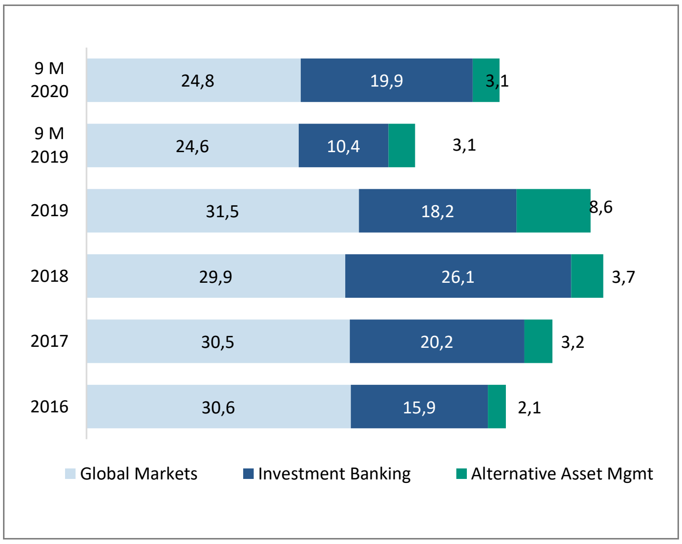
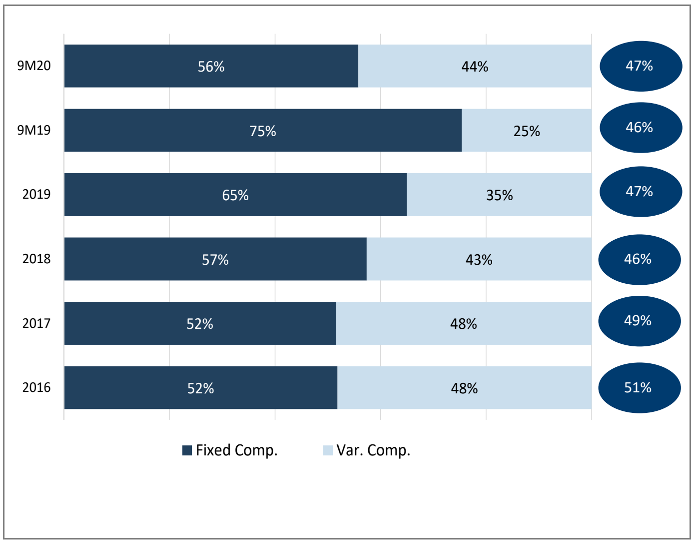
Financial Highlights

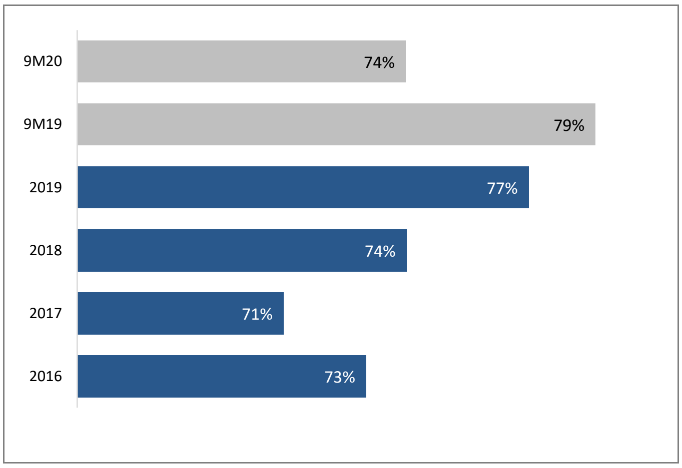
NET REVENUES (€ mn)



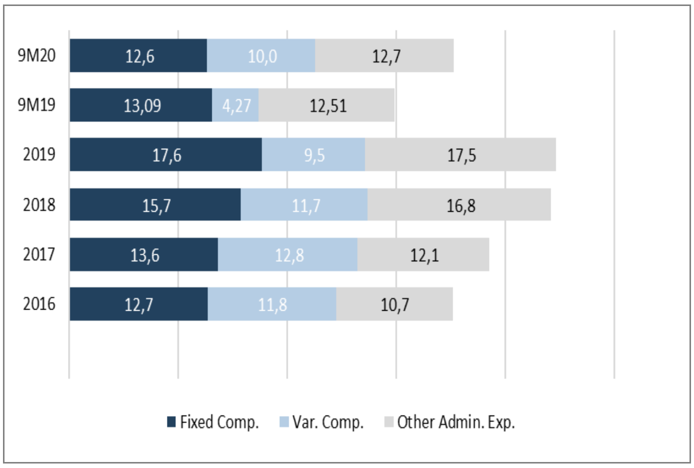
PERSONNEL COSTS AND COMPS/REV RATIO (%)



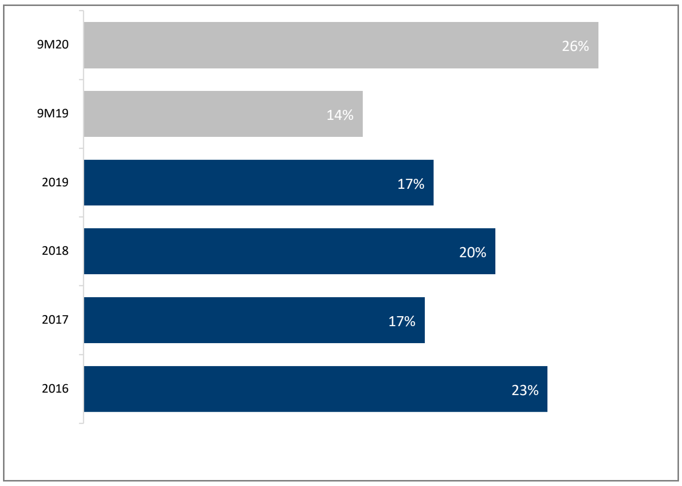
COST/INCOME RATIO (%)



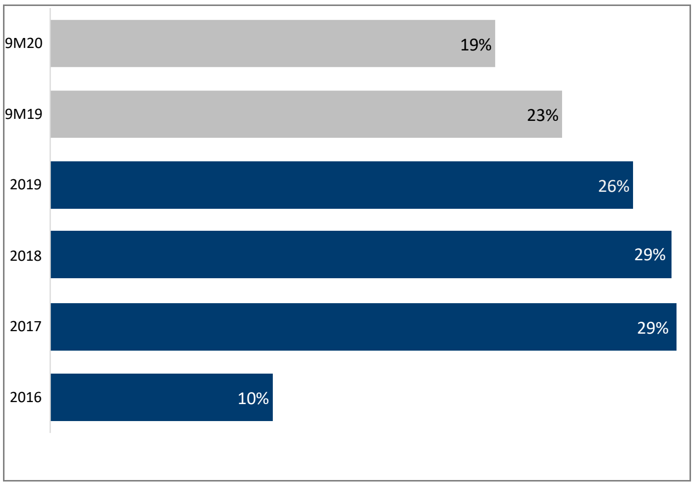
COSTS (€ mn)



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).

Group income statement highlights

(€/000)	30/09/2020	30/09/2019	Change %
Global Markets	24.765	24.550	1%
Investment Banking	19.852	10.393	91%
Alternative Asset Management	3.076	3.068	0%
Net revenues	47.693	38.011	25%
Cost of labor	(22.557)	(17.351)	30%
Other administrative expenses	(12.717)	(12.509)	2%
Total costs	(35.274)	(29.860)	18%
Comp/revenues	47%	46%	4%
Cost/income ratio	74%	79%	(6%)
Profit before tax	12.419	8.151	52%
Tax	(3.250)	(2.517)	29%
Tax rate	(26%)	(31%)	-15%
Net profit	9.169	5.634	63%
Net profit – Equita Group	8.778	5.634	56%
Adjustment	0	587	
Adjusted net profit- Equita Group	8.778	6.221	41%

€/000	Q1 2020	Q1 2019	*Change Q1%*	Q2 2020	Q2 2019	*Change Q2%*	Q3 2020	Q3 2019	*Change Q3%*
Global Markets	9.108	9.138	(0%)	9.111	7.911	15%	6.780	7.501	(10%)
Investment Banking	3.951	2.051	93%	5.003	3.697	35%	11.234	4.645	142%
Alternative Asset Management	-143	1.422	(110%)	2.113	1.264	67%	1.106	382	190%
Net revenues	12.916	12.611	2%	16.226	12.873	26%	19.120	12.527	53%
Cost of labor	(5.896)	(5.760)	2%	(7.409)	(5.839)	27%	(8.357)	(5.752)	45%
Other administrative expenses	(4.313)	(4.010)	8%	(4.307)	(4.101)	5%	(4.053)	(4.398)	(8%)
Total costs	(10.210)	(9.770)	4%	(11.716)	(9.940)	18%	(12.410)	(10.149)	22%
Comp/revenues	46%	46%	(0%)	46%	45%	1%	44%	46%	-86%
Cost/income ratio	79,0%	77%	2%	72,2%	77%	(6%)	65%	81%	-42%
Profit before tax	2.707	2.841	(5%)	4.511	2.932	54%	6.710	2.378	n.s.
Tax	(820)	(827)	(1%)	(1.281)	(923)	39%	(1.149)	(768)	50%
Tax rate	(30%)	(29%)	4%	(28%)	(31%)	-10%	(17%)	(32%)	-47%
Net profit	1.884	2.014	(6%)	3.230	2.009	61%	5.561	1.610	n.s.
Net profit – Equita Group	1.884	2.014	(6%)	3.230	2.009	61%	5.169	1.610	n.s.

"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 stock brokerage for third parties on the MTA, 6% in bonds and 3% in equity options
- Best independent broker in Italy for Sales & Trading and Corporate Access (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

- Approximately €1 billion in 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 debt fund with a target of €200 million (of which €100 million already invested).

Research Team

- 14 analysts with a high degree of seniority in the company
- Approximately 160 listed companies covered, of which 75% Italian and 25% 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 reporting period

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 September 2020, unless specified otherwise

Equita at a Glance

The leading independent investment bank in Italy

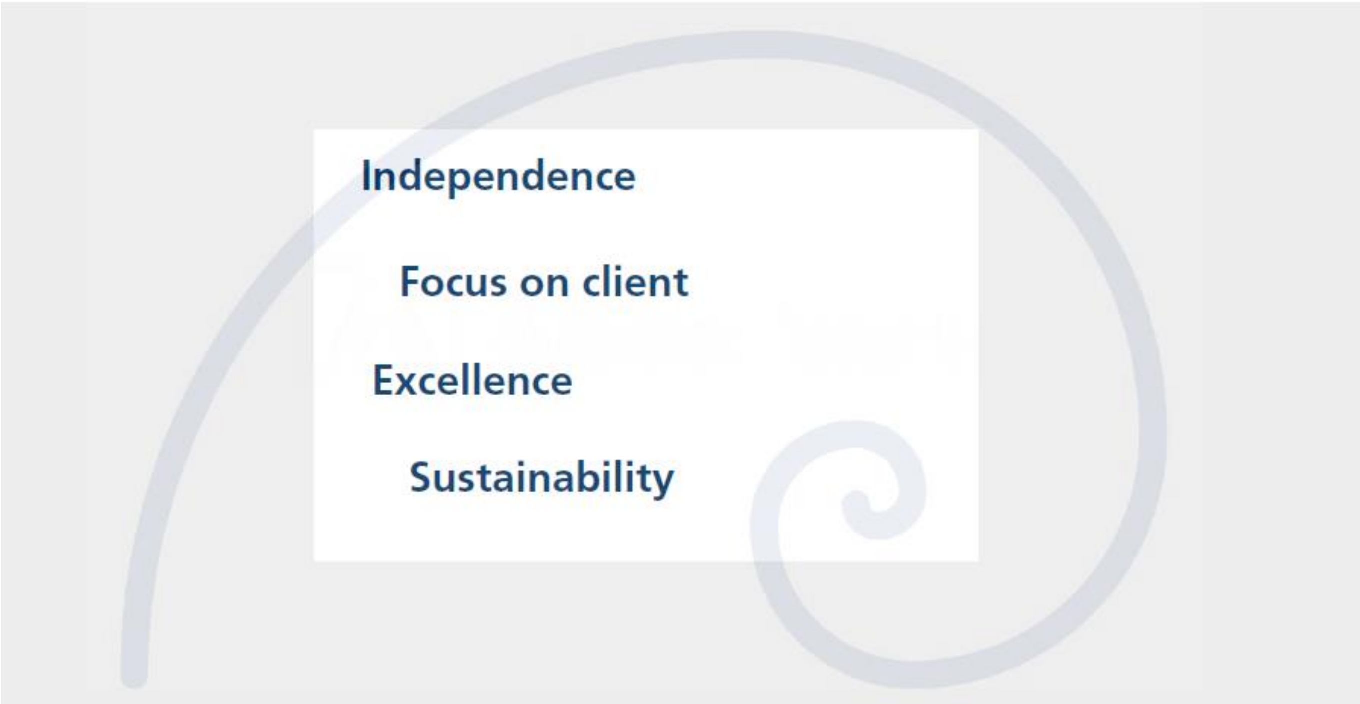
Equita has been using its expertise and understanding of financial markets to serve professional investors, corporates and institutions for more than 45 years. The shareholders of the holding **Equita Group, listed on the "STAR" segment of the Italian Stock Exchange**, include managers and employees 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 strives to be the **leading independent player** in financial services, supporting institutional investors 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.



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 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

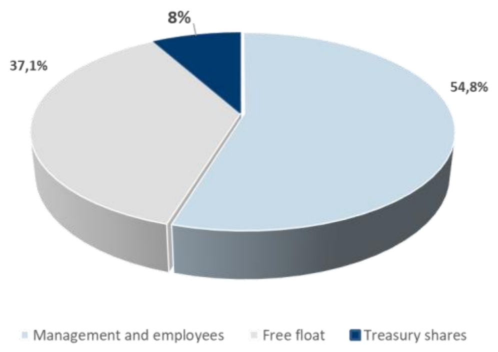
Equita is the partner of choice for many best-in-class Italian small and mid-cap companies. Equita's goal is to provide its clients with a wide range of services, while guaranteeing access to high-quality debt and equity instruments, as well as solutions tailored to meet their needs.

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

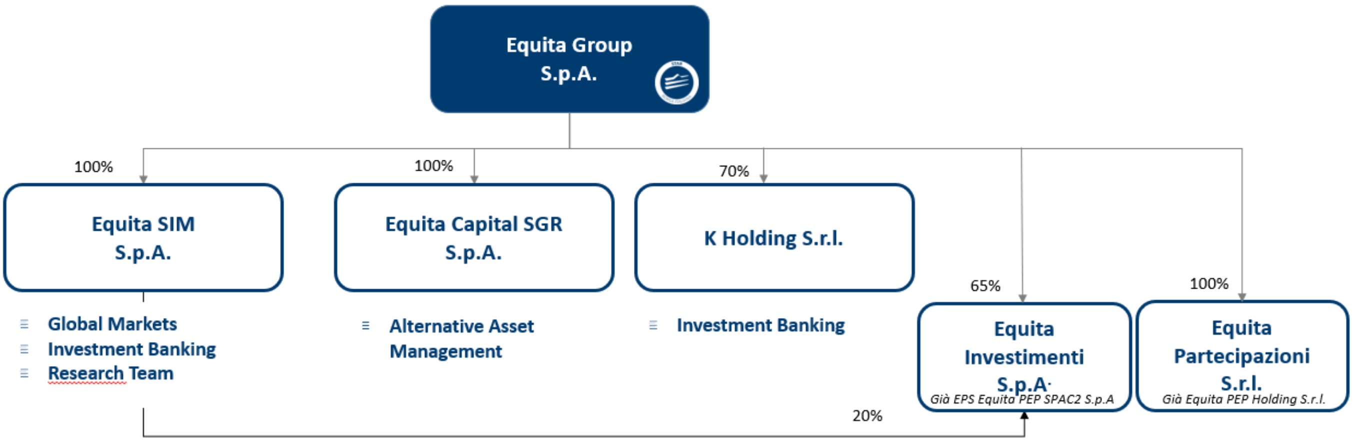
Shareholder structure



Shareholders	Number of shares
Management and employees	27.332.507
Free float	18.607.691
Treasury shares	4.059.802
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 31 July 2020



Equita on the Italian Stock Exchange[a]

Market capitalization at 31 December 2019 (€ millions) [b]	143,0
Market capitalization at 30 September 2020 (€ millions) [b]	113,5
Average stock price (€)	2,459
Minimum price (€)	2,009
Maximum price (€)	2,908
Average daily volume (number of shares)	27.876
Dividend per share paid in 2020 (€)	0,190
Dividend Yield (on the average price 2020, %)	7,7%

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

ISIN code	IT0005312027
Other ID codes	EQUI:IM / EQUI:MI Mercato:
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

Interim report on operations

The income statement for the period ended 30 September 2020 shows a consolidated net profit of roughly €9.2 million, an increase of 63% on the same period in 2019. The result recorded at 30 September 2020 includes the €1.3 million (€0.4 million attributable to non-controlling interests) contributed by the subsidiary Equita K Finance, which was consolidated by Equita Group as of 14 July 2020.

Macroeconomic backdrop

During the first nine months of 2020 there was a rapid deterioration in the global market conditions triggered by the spread of the COVID-19 pandemic worldwide. In response to the health crisis, containment measures were adopted in almost all countries which included restrictions on mobility, quarantines and other public emergency measures which severely impacted world trade and the entire production system. After the sharp decline caused by the restrictions imposed in the spring, a global economic recovery began in the summer which is, however, largely dependent on the extraordinary stimulus measures introduced in all the main economies. The outlook for the future is still influenced by the uncertainty surrounding the pandemic. The Euro zone also returned to economic growth, but has yet to reach pre-pandemic levels, and is still in need of broad monetary stimulus. The ECB's Governing Council has stated that it is ready to further recalibrate its instruments. These monetary policy measures, coupled with increased government spending and the agreement on the Recovery Fund have fueled significant improvement in financial market conditions. Beginning in June there has been an increase in the demand for Italian securities by non-residents. The rating agency S&P`s confirmed Italy's sovereign debt rating of `BBB` and unexpectedly upgraded the outlook from "negative" to "stable". According to S&P`s the deterioration in public finances triggered by the pandemic is offset by i) the ECB's Pandemic Emergency Purchase Program or PEPP (€1.35trn or 11.3% of EU GDP) and the new TLTRO auctions, ii) the government's introduction of extraordinary fiscal measures and a pro-growth 2021 budget, and iii) the European Union's Recovery Fund which is set to provide Italy with up to 12.7% of gross domestic product in grants and loans over the next 4 years.

The International Monetary Fund reduced its 2020 economic growth forecast considerably. Based on the projections updated at October 2020, the global economy is expected to shrink 4.4% in 2020, versus the estimated growth of 3.3% forecast in early January. These projections are characterized by a great deal of uncertainty given the lack of visibility relative to a number of factors including, for example, the duration and intensity of the pandemic, the effectiveness of the containment measures, healthcare industry advances, the speed of the recovery in demand, along with the second wave of the pandemic currently underway in many countries. The new daily Covid-19 infections have begun to rise again after the temporary lull recorded in August.

Market analysis and business trends

In the first nine months 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 increased and the MIB index, in particular, closed the first 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 period July – September volatility was stable at around 20%.

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 30 June and -3.1% at 30 September.

In the nine-month period the volume traded on the MTA was roughly 14% higher than in the same period of the prior year. This increase is attributable solely to the first quarter of 2020.

The primary market contracted noticeably. More in detail, only one IPO was made on the MTA in the first quarter. 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 three transfers from the AIM market to the MTA, one new listing on the MTA and six on the AIM/MAC market.

As described below, in the first nine months of the year the drop in the amount transacted in M&A deals (-58%) was higher than the decrease in volume (-15%) attributable mainly to the lack of large transactions. In Italy the negative impact of the pandemic on the first nine months was, however, offset by the presence of sizeable transactions (i.e. Intesa-Ubi).

The focus over the next few months will be on the Borsa Italiana deal and the *Lega* soccer league TV rights.

In this backdrop, private equity firms found room to close deals in the pipeline, above all in the second and third quarters. [Source: PWC].

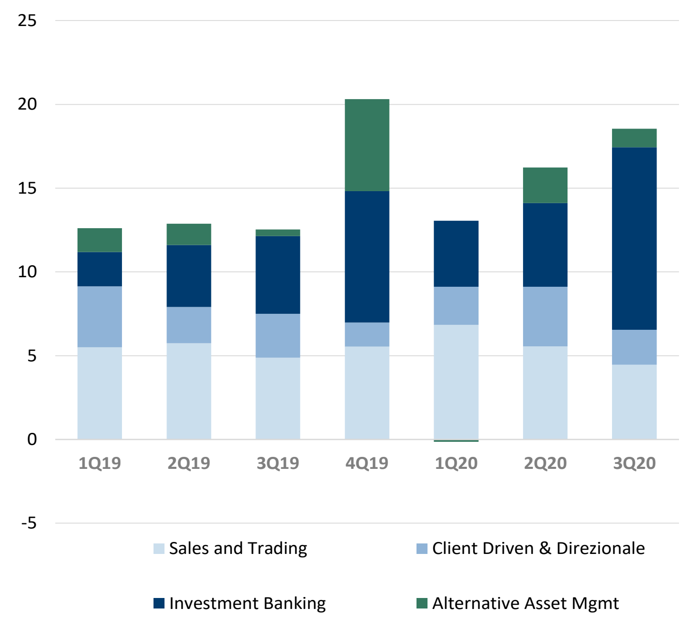
Group financial performance

The income statement for the period ending on 30 September 2020 shows a net profit of €9.2 million, compared to €5.6 million in 2019 (+63%).

The result recorded in the first nine months of includes the €1.3 million (€0.4 million attributable to non-controlling interests) contributed by the subsidiary Equita K Finance, which was consolidated by Equita Group as of 14 July 2020.

Net revenues totaled €47.7 million in the first nine months, 25% higher than in the first nine months of 2019 (€38 million). Net the change in the scope of consolidation (namely excluding Equita K Finance) the Group's net revenues came to €45.6 million.

CHANGES IN NET REVENUES BY QUARTER



Global Markets

The net revenues from Trading, part of Global Markets, amounted to €24.8 million in the first nine months of 2020, slightly higher (+1%) than in the same period 2019. Third party brokerage recorded a strong increase in net revenues (+5%), above all in the first six months of the year as trading slowed subsequently when volatility stabilized. Institutional recorded a 2% drop in net revenues, while Retail maintained the growth recorded in prior months coming in at +26%.

With regard to proprietary trading, the negative market performances caused the results to fall and the area closed the nine months with net revenues of €7.9 million, 6% lower than in the same period of 2019.

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.

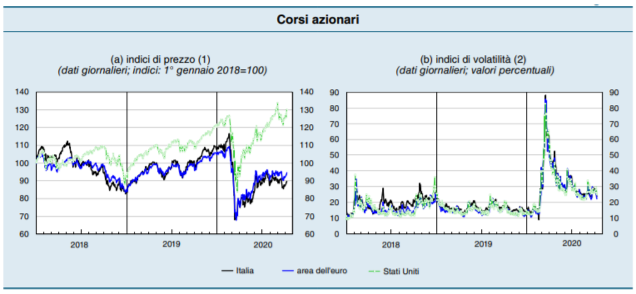
The effects of the pandemic impacted production and aggregate demand across all economies, suggesting that there will be a sharp reduction in world trade this year. The deteriorating growth outlook resulted in a sharp drop in stock market indices, a spike in volatility and increased risk aversion. In 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 Governing 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 main 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.

After a period of relative stability, stock prices began to fall at the end of August due to a surge in infections in a few European countries. In the third quarter Italy's main index was down 0.7 % (versus an increase of 1.4% in the Euro zone); the bank index was 4.1% lower (-10.1 in the Euro zone).



Fonte: elaborazioni su dati Refinitiv.

Beginning in April, secondary market yields for bonds issued by non-financial companies and lenders fell by 86 and 131 basis points, and more recently by 41 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, in fact, have continued to fall, coming in at €0.6 billion in the third 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 in the first quarter 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. The increase in net inflows continued over the summer and reached €4.3 billion in August.

With regard to Equita's positioning, according to the statistics compiled by Assosim, in 9M 2020 EQUITA's market share of volumes brokered for third parties on the Italian MTA market reached 8.1% of the total volumes traded (versus 9.4% 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 6.5% (versus 6.4% at September 2019), once again after large players with retail operations.

In 9M 2020 net revenues for third party brokerage - Sales & Trading – were 5% higher than in the same period 2019, coming in at €16.9 million.

Net revenues for Institutional were down by 2% compared to 2019, while the retail hub posted growth of 26% against 2019.

Client Driven and Directional Trading

At 30 September 2020, the volumes traded on the MTA market by Equita's proprietary trading desk, one of the market's top six players, were up 5% against the same period 2019. The market share for Italian bonds traded was lower.

Net revenues for the proprietary books (client driven & market making and directional trading) amounted to €7.9 million, lower than in the same period 2019 (€8.4 million).

This result reflects the double-digit growth in revenues posted by client driven and market making. The losses recorded in the first quarter by directional positions, attributable to the market turbulence caused by the pandemic, were, in fact, only partially recovered.

The result for proprietary trading was affected by volatility, which was higher than the average recorded in the last two years, but peaked in March, and the directional trading desk's reduced appetite for risk in a market that was hard to interpret which compromised the ability to recover the losses recorded in the early part of the year. Client driven, however, continued to make a positive contribution, even though there was a slowdown in August – September.

In the third quarter the performance of the FTSEMIB was largely unchanged (-1%), hitting a high of 21,100 on 21 July 2020, a low of 18,500 on 25 September and closing at around 19,000.

The uncertainty and sideways market seen in the reporting period were influenced by three main events:

1) outcome of the US elections;
2) impact of the pandemic on companies' results;
3) effects of a second wave of Covid-19 in the fall and, at the same time, progress in the development of a vaccine.

The ECB's monetary and fiscal policy, as well as the measures implemented by local governments to sustain businesses and families, continue to be key.

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 listed companies, as well as privately held domestic companies and financial institutions. 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 nine months of 2020 were 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 nine months of 2020 537 M&A transactions were completed in Italy (versus 810 in the first nine months of 2019) for a total of roughly €28.5 billion, a decrease of 19% compared to the €35.2 billion posted in the first nine months of 2019. The impact of Coronavirus was particularly significant in the period April – September 2020 during which 285 M&A transactions were completed, while 238 transactions were completed the first quarter.

The number of Equity Capital Markets transactions completed on the Italian market fell from 39 in the first nine months of 2019 to 28 transactions in the first nine months of 2020, while the amount of the transactions was basically unchanged, going from €5.2 billion in the first nine months of 2019 to €5.5 billion in first nine months of 2020. In 9M 2020 there were more ABB transactions, which amounted to approximately 73% of the total amount transacted (vs. 57% in the first nine months of 2019), while IPOs were down considerably and accounted for only 12% of the total Equity Capital Markets transactions (vs. 43% in 9M 2019). [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 nine months of 2020 were basically in line with the same period of the prior year, with issues totaling roughly €2.6 billion. [Source: BondRadar data compiled by Equita Group]

Despite the challenging and volatile market environment, in the first nine months of 2020 net revenues for Investment Banking rose 91% from €10.4 million in the first nine months of 2019 to €19.9 million.

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Mergers and Acquisitions

In the third quarter of 2020 EQUITA advised Intesa Sanpaolo in the voluntary public purchase and exchange offer on UBI Banca, TIM in the sale of a minority stake to KKR with a view to forming a new, single domestic network operator and Business Integration Partners in the cross-border acquisition of the British company Chaucer.

Equity Capital Markets

In the third quarter of 2020 EQUITA acted, among other things, as the appointed broker for the coordination of acceptances in the public tender and exchange offer on Centrale del Latte d'Italia.

Debt Capital Markets

As for Debt Capital Markets transactions, in the third quarter EQUITA assisted, among other things, Carraro International as Placement Agent and Sole Bookrunner in the issue of a €150 million 6-year senior unsecured bond and AMCO – Asset Management Company as Joint Lead Manager in the issue of a senior unsecured bond broken down into a 3-year €1.25 billion tranche and a 7-year €750 million tranche.

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 third quarter of 2020, the number of Corporate Broker and Specialist mandates was largely unchanged.

Despite the challenging market environment, Equita was involved in many of 2020's most important transactions which made it possible to almost double revenues (including the Equita K Finance transaction), which rose from €10.4 million in 2019 to €19.9 million at 30 September 2020.

Alternative Asset Management

In the first nine months of 2020 Alternative Asset Management continued to develop both private debt, marketing the second investment fund, and private capital, structuring and preparing for the closing of the ELTIF fund.

Alternative Asset Management posted revenues of €3.1 million in the first nine months of 2020, in line with the same period of 2019 (€3.1 million). After a first half of the year characterized by lower management fees as a result of the lower average value of the AUM, the third quarter of 2020 benefitted from the slight market recovery begun in May 2020 and a rekindled investor confidence which stopped the wave of redemptions begun in March 2020.

Portfolio Management

As already mentioned in this report, the first nine months of 2020 were impacted strongly by Covid-19, the global economic crisis triggered by the spread of the pandemic and the decided action taken by governments and central banks to prevent the recession from turning into a long-term depression.

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.

In this market backdrop, the AUM went from €880 million at 31 December 2019 to €732 million at 30 September 2020. due to both the negative performance and the roughly €120 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 -9.0% in absolute terms and up +2.6% against the benchmark at 30 September 2020

The flexible fund Euromobiliare Equity Mid Small Cap posted a net performance of +1.8% in the same period and +9.5% since its launch (3 December 2018).

Euromobiliare Equity Selected Dividend closed the reporting period at -9.5% and is down -5.7% since its launch (1 July 2019). At March the fund's dividend payout came to 1.5% of the initial investment.

The management fees generated by the management of the funds and the discretionary accounts amounted to €2.3 million in the first nine months of 2020, lower than in the same period 2019.

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. The fund almost completely recovered the losses recorded in the first quarter when the credit spreads widened considerably due to the pandemic. The performance for BETR is down 0.45% YTD and up +2.96% on an annualized basis since the launch of the fund.

Thanks to the uptick in prices registered in the nine-month period the Group posted a loss of roughly €100 thousand, partially offset by the quarterly dividend payments received.

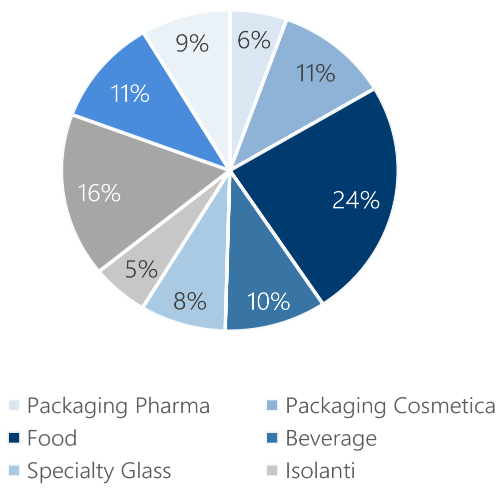
Private Debt

In the first nine months 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 April.

During the reporting period, the Private Debt Fund team focused on monitoring the first fund's investment portfolio and closed its investment period. As mentioned in the quarterly report, 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.

The breakdown of investments of the EPD I fund by sector is shown below.

BREAKDOWN OF THE INVESTMENT PORTFOLIO



As for new business initiatives, in September 2020 the Group successfully concluded the first closing of the second private debt fund, Equita Private Debt Fund II ("EPD II"). EPD II is a PIR compliant, closed-end Italian fund managed by Equita Capital SGR. The first phase of EPD II's fundraising closed at €100 million. First closers included a significant portion of new subscribers (including the European Investment Fund), as well as existing Equita Private Debt Fund investors (Including *Fondo italiano di Investimento)*. Equita and the management team also invested more than in the predecessor fund, consistent with the Group's proven co-investment strategy and further aligning its interests with those of investors.

At the time of the first closing the management team had already sourced 4 deals, equal to roughly 26% of the target size which, along with the existing pipeline, confirms the strong appetite for alternative sources of financing even in challenging markets.

With this in mind, the expectation is that deployment of the capital gathered by EPD II will be faster than for the first fund which will benefit investors' returns.

The second phase of fundraising for the Fund, launched in October and still underway, will begin in the fourth quarter of 2020 and will target Italian and international institutional investors. The target size is €200 million with a hard cap of €250 million.

EPD II's investment strategy will have the same characteristics as the predecessor fund, namely:

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

Private Equity

Part of Alternative Asset Management, the Private Equity team is responsible for identifying venture capital investment opportunities.

In the first nine months of 2020, the private equity team began the authorization process with the competent authorities for the launch of Equita Smart Capital – ELTIF (or the "Fund"), a closed-end, alternative investment fund focused on investments in small and medium sized enterprises. Authorization for the initial marketing of the Fund, authorized as an ELTIF (European Long-Term Investment Fund) following the Bank of Italy's approval of its regulations on 16 June 2020, is expected to be received by year-end 2020.

With regard to the SPAC "EPS 2" initiatives, the events that took place in the first part of the year are summarized below. 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 the shareholder 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 its purpose so that the company may act as a holding company.

In January 2020 Equita Group had already taken over 85% of Equita PEP SPAC (now Equita Investimenti S.p.A.) which was delisted after failing to complete a relevant transaction. The name of the company was changed to Equita Investimenti, while the its purpose was basically unchanged

Research team

In the first nine months of 2020 the Research Team initiated coverage of 7 new companies (4 Italian and 3 European). At the end of the reporting period a total of 158 companies was covered, of which 119 in Italy and 39 in Europe.

In the first nine months of the year the Research Team published about 322 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, two monthly summaries of the Italian market and a monthly summary of the European equities covered).

The team organized roughly 67 roadshows (largely virtual due to Covid-19) between listed companies and institutional investors in the half. A growing number of meetings took place during the 5 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 Group's consolidated net profit amounted to €9.2 million in the first nine months of 2020 compared to €5.6 million in the same period 2019. Equita Group's portion of net profit amounted to €8.8 million.

As mentioned in this report, the holding company's net profit includes the €0.9 million contribution made by Equita K Finance S.r.l. which was acquired in July 2020.
The result for the nine months was impacted by the negative performance of the stock and bond markets, above all in the first four months of the reporting period. The directional portfolio and alternative investments were particularly affected. Third party brokerage, however, benefitted from the heightened volatility.
These performances changed gradually due to the slow recovery that began in the second and third quarters.

Investment banking took advantage of this window and completed several projects begun in the reporting period.
At 30 September 2020 the Group confirmed a high capital ratio for both CET1 and TCR of 19%. 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 ratio for the third quarter reflects the consolidation of Equita K Finance S.r.l..

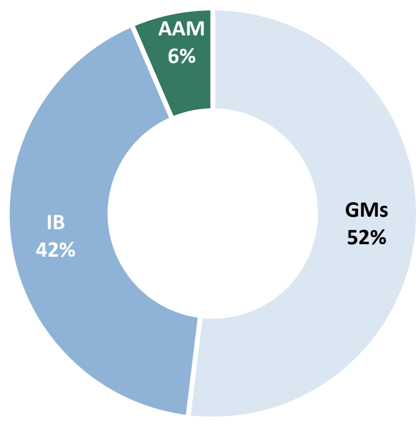
The Group's performance indicators are shown in the following table.

Alternative Performance Indicators	30/09/2020	30/09/2019
Comp/revenues	*47%*	*46%*
Cost/income ratio	*74%*	*79%*
Tax rate	*(26,2%)*	*(30,9%)*
N. of employees	*161*	*151*
TCR	*20%*	*23%*
Earnings per share (outstanding)	*0,19*	*0,14*
DPS – prior year	*0,19*	*0,22*

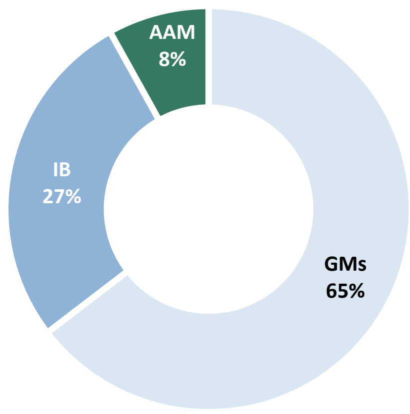
The breakdown of consolidated net revenues by business line in the first nine months of 2020 and 2019 is shown in the following tables.

CONTRIBUTION TO NET REVENUES BY BUSINESS LINE

9M 2020



9M 2019



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 net revenues.

(€/000)	30/09/2020	30/09/2019	Change %
Global Markets:	24.765	24.550	1%
Sales & Trading	16.868	16.130	5%
Client Driven & Directional Trading	7.897	8.420	(6%)
Investment Banking	19.852	10.393	91%
Alternative Asset Management	3.076	3.068	0%
Net revenues	**47.693**	**38.011**	**25%**
Cost of labor	(22.557)	(17.351)	30%
Other administrative expenses	(12.717)	(12.509)	2%
Total Costs	**(35.274)**	**(29.860)**	**18%**
Comp/revenues	47%	46%	4%
Cost/income ratio	74%	79%	(6%)
Profit before tax	12.419	8.151	52%
Tax	(3.250)	(2.517)	29%
Tax rate	(26%)	(31%)	-15%
Net profit for the period	**9.169**	**5.634**	**63%**
Equita Group's portion of net profit	**8.778**	**5.634**	**56%**
Adjustment	0	587	
Equita Group's adjusted net profit	**8.778**	**6.221**	**41%**

"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.

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

As described above, the first nine months of 2020 were 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 settle at 32.3% at the end of June) that stabilized subsequently at around 20% at the end of September 2020.

At the same time, stock prices also fell considerably in the first nine months of 2020 (Borsa Italiana's MIB index was down 27.5% in March and17.6% in June, to then level off at -3.1% at 30 September).

The effects 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 5% (reaching €16.9 million) against the same period 2019 (€16.1 million).

Client driven and market making also benefitted from the market's performance and gross revenues rose by 53% from €5.8 million in 2019 to €8.8 million in 2020.

The directional portfolio, influenced by the drop in stock prices, closed the nine months at -€0.9 million.

As a result of the results posted by the three business lines, Global Markets closed the nine-month period in line with 2019 and posted net revenues of €24.8 million.

Despite what was a decidedly challenging environment due to the events described above**, Investment Banking** recorded net revenues of €19.9 million, almost double the amount posted in the same period 2019, thanks to the robust pipeline in place already at the end of 2019 and the contribution of the Equita K Finance team.

Equity and 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 €3.1 million, in line with the same period 2019.

Operating costs amounted to €35.3 million at 30 September 2020 versus €29.9 million in the same period 2019.

Personnel expense was 30% higher than in the same period 2019, coming in at €22.6 million, due to an increase in the variable component linked to revenues and a slight drop in the fixed component compared to the same period 2019 (the total headcount went from 151 at 30 September 2019 to 161 at 30 September 2020).

The **comp/revenue** ratio came to 47% at 30 September 2020, slightly higher than in the same period 2019 (46%).

Other administrative expenses were slightly higher (+2%) than in the prior period, coming in at €12.7 million. This increase is attributable to higher structural costs explained by the larger perimeter and costs incurred for non-recurring items (charity events and M&A, for example), offset by a drop in IT costs.

The **cost/income ratio** came to 74%, lower than in the same period of the prior year (79%).

In the reporting period Income tax amounted to €3.2 million, calculated at a tax rate of 26% which was lower than in the same period 2019 (31%).

(€/000)	30/09/2020	31/12/2019	Change %
Financial assets measured at fair value through P&L	75.996	74.237	2%
Financial assets measured at amortized cost	182.390	184.180	-1%
Equity investments	63	1.020	-94%
Property, plant and equipment and intangible assets	31.435	22.416	40%
Tax assets	2.819	5.077	-44%
Other assets	2.454	1.312	87%
Total assets	**295.158**	**288.242**	**2%**
Payables	182.045	172.882	5%
Financial liabilities held for trading	10.468	12.293	-15%
Tax liabilities	1.790	2.323	-23%
Other liabilities	15.328	14.176	8%
Employee severance	2.249	2.521	-11%
Provisions for risks and charges	1.902	3.915	-51%
Shareholders' equity	81.376	80.132	2%
Totale liabilities	**295.158**	**288.242**	**2%**

Financial assets measured at fair value through profit and loss came to roughly €76 million, showing a slight increase against slightly 31 December 2019 of around €1.7 million.
In 9M 2020 A**ssets held for trading** saw a decrease overall of about €5.3 million in long positions.
This decrease is explained by an increase in long equity derivative positions of around €2.4 million, offset by a drop of around €8 million in long positions in equities and bonds.
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.

Assets mandatorily measured at fair value amounted to €27.6 million at 30 September 2020 and include the Blueglen Fund investment for roughly €5 million, the investment in the Sparta 60 bond made in fourth quarter 2019 for €11 million, the investment in the Olimpia bond for €5.6 million and Olimpia company shares for €1 million, as well as the quotas in the Equita Private Debt fund (€4.4 million) and the ICF Group shares. The change in the reporting period is attributable mainly to the investment in Olimpia made in June 2020.
Financial liabilities held for trading amounted to €10.5 million, a decrease of roughly €1.8 million against 31 December 2019 explained by the combined effect of the short-selling ban, for roughly €2.3 million, offset by a slight increase in short positions in index futures and equity derivatives.

Financial assets measured at amortized cost were down slightly against 31 December 2019, coming in at €182.3 million.

This change is attributable mainly to lower balances with banks of €4.7 million, offset by higher receivables from financial institutions and clients of €2 million and € 1 million, respectively.
The item includes approximately €9 million (€11.8 million at 31 December 2019) of receivables due from CC&G (Cassa di Compensazione e Garanzia) for margins paid and default funds, classified as deposits held with financial institutions.

Property, plant and equipment was down by 10% against prior year, due to depreciation recognized in the reporting period.

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, the consolidated goodwill and trade name of €13.1 million recognized for the subsidiary Equita SIM and the temporary allocation of goodwill recognized following the acquisition of Equita K Finance for around €6.7 million. The Group began the process of applying a Purchase Price Allocation to the acquisition.
None of the assets show signs of impairment.

Other assets were higher (by €1 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 €9.1 million higher than at 31 December 2019, coming in at €182 million, explained mainly by a roughly €6 million increase in hot money of which €6.5 million was used to invest in a long-term bond, an additional €20 million relating to the Intesa Sanpaolo line, offset by a €20 million drop in the utilization of a line granted by Popolare di Sondrio.
In the third quarter Equita utilized a total of €8.1 million (€5.5 million for the purchase of Equita K Finance) of the medium/long-term credit facility (total availability €30 million).

Operating costs dropped by approximately €5 million against 31 December 2019.

This item includes the lease payables recognized in accordance with IFRS 16 which were roughly €0.5 million lower than at 31 December 2019.

Other liabilities were approximately €1.1 million higher due mainly to the provisions made in the reporting period for variable compensation payable to employees.

The drop of €0.3 million in **employee severance** ("TFR") is attributable primarily to severance paid to employees who left the Group in January 2020, offset by the increase associated with the subsidiary Equita K Finance.

At 30 September 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 €9.2 million in the first nine months of 2020, an increase of 63% compared to the same period 2019.

Equita Group's portion of net profit came to €8.8 million at 30 September 2020.

At 30 September 2020 the **Return on Tangible Equity** ("ROTE") stood at 26% higher with respect to both year-end 2019 (17%) and 30 September 2019 (14%).

The consolidated **Total Capital Ratio** ("TCR") was 19%, well above prudent levels, but slightly 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 €2.27 on 30 September 2020, bringing the Group's market capitalization to approximately €113.5 million and the average 2020 dividend yield to 7.7%.

In the nine-month 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 nine-month financial report at 30 September 2020 occurred after the close of the reporting period.

Outlook

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

The Group will continue along the strategic path undertaken in 2020 focused on growth through both acquisitions and product diversification.

With regard, specifically, to product diversification, the Group has worked intensely on the creation of the second debt fund and the first ELTIF fund.

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 took all the steps needed to integrate the new subsidiary.

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 also continue to pursue its strategy for organic growth through process efficiencies and quality services.

In addition to the financial-economic targets described 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 profile. 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.

Lastly, the Group's economic, financial and operating performance in the fourth quarter 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 expiring on 30 June 2023.

The new facilities will be used specifically 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 on capital markets” relative to fund raising on the debt markets, the MTA and AIM Italia.
The purpose of this event is to highlight how important the capital markets are to helping companies find ways of financing growth and gathering new resources to invest without having to depend totally on the banking system.
In this new economic environment, 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 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 following companies received the prizes awarded by EQUITA, with the support of Borsa Italiana and Bocconi University:
- for the category “Fund raising on 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 on 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 on Equity Capital Markets - AIM”, first place went to Pattern. The transaction was AIM’s largest IPO 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 factors 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 prepared a second equity-based incentive plan which was approved during the Shareholders’ Meeting held on May 2020 for senior management. The new plan is founded on the idea of shared company objectives and focus on 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 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 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 Social Responsibility 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 rapid 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 also 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, came to a of **€234,000** to be used to sustain initiatives of non-profit organizations who support families and young people in need and quality education.
We will, therefore, double 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). 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 donate 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 CO_2 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.), in order to comply with government provisions 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 also 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 opt-out 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 nine 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.;
Equita K Finance S.r.l.;
K holding S.r.l..

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 nine months of 2020.

The assessment as to the adequacy of the administrative and accounting procedures used to prepare the 2020 condensed consolidated nine-month 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;

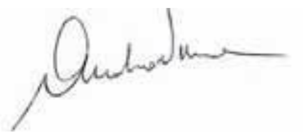
c) provide fair and truthful disclosure of the financial status and performance of the issuer and the companies included in the scope of consolidation.

The interim report on operations contains a reliable analysis of the significant events that occurred in the first nine months of the year and their impact on the condensed nine-month financial statements, along with a description of the main risks and uncertainties for the remaining three months of the year. The consolidated nine-month financial 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, 12 November 2020

Equita Group S.p.A.

The Chief Executive Officer
Andrea Vismara



Manager in charge of financial reporting
Stefania Milanesi

Consolidated financial statements at 30 September 2020

Financial statements

Consolidated statement of financial position

(in Euros)

	Assets	30/09/2020	31/12/2019
10	Cash and cash equivalents	67	67
20	Financial assets measured at fair value through profit and loss	75.995.985	74.236.855
	a) financial assets held for trading	48.412.464	53.737.684
	c) other financial assets mandatorily measured at fair value.	27.583.522	20.499.170
40	Financial assets measured at amortized cost	182.390.199	184.180.012
	a) due from banks	150.677.465	155.339.636
	b) due from financial institutions	27.256.159	25.087.356
	c) loans to customers	4.456.574	3.753.022
70	Equity investments	62.865	1.019.677
80	Property, plant and equipment	6.528.099	7.320.292
90	Intangible assets	24.907.158	15.095.969
	of which:		
	- goodwill	11.914.258	11.914.258
100	Tax assets	2.819.451	4.986.668
	a) current	2.074.600	3.643.287
	b) deferred	744.851	1.343.380
110	*Non-current assets or disposal groups held for sale*		
120	Other assets	2.454.185	1.452.716
	Total assets	**295.158.010**	**288.292.255**

Consolidated statement of financial position

(in Euros)

	Liabilities and shareholders' equity	30/09/2020	31/12/2019
10	Financial liabilities measured at amortized cost	182.045.162	172.881.760
	a) Payables	182.045.162	172.881.760
20	Financial liabilities held for trading	10.467.925	12.299.505
60	Tax liabilities	1.789.909	2.323.370
	a) current	1.067.589	1.601.050
	b) deferred	722.320	722.320
80	Other liabilities	15.328.084	14.219.594
90	Employee severance	2.248.586	2.520.797
100	Provisions for risks and charges	1.902.312	3.915.449
	c) other provisions for risks and charges	1.902.312	3.915.449
110	Share capital	11.376.345	11.376.345
120	Treasury shares (-)	(4.059.802)	(4.548.025)
140	Share premium reserve	18.198.319	18.198.319
150	Reserves	46.759.194	45.613.161
160	Valuation reserves	(14.241)	(12.884)
170	Net income (loss)	9.169.329	9.504.865
180	Minorities' portion of shareholders' equity	(53.112)	
	Total liabilities and shareholders' equity	**295.158.010**	**288.292.255**

Consolidated income statement

(in Euros)

	Income statement	30/09/2020	30/09/2019
10	Net trading income	6.570.100	4.602.676
40	Gains (losses) on assets and liabilities measured at fair value	(220.575)	241.179
	b) other financial assets mandatorily measured at fair value	(220.575)	241.179
50	Commission income	43.935.662	33.144.291
60	Commission expense	(5.018.874)	(3.815.418)
70	Interest and similar income	1.406.824	671.223
80	Interest and similar expense	(1.511.205)	(1.862.648)
90	Dividends and similar income	2.520.905	5.569.640
110	**Intermediation margin**	**47.682.837**	**38.550.943**
120	Net losses/recoveries for credit risks on:	(98.524)	(5.524)
	a) financial assets measured at amortized cost	(98.524)	(5.524)
130	**Net profit (loss) from financial activities**	**47.584.313**	**38.545.419**
140	Administrative expenses:	(33.636.105)	(28.484.604)
	a) personnel expenses	(23.566.480)	(18.130.216)
	b) other administrative expenses	(10.069.626)	(10.354.388)
160	Net (losses) recoveries on impairment of property, plant and equipment	(972.079)	(988.591)
170	Net (losses) recoveries on impairment of intangible assets	(272.401)	(197.220)
180	Other operating income and expense	(284.786)	(183.995)
190	**Operating costs**	**(35.165.372)**	**(29.854.411)**
240	**Profit (loss) on current operations before tax**	**12.418.941**	**8.151.118**
250	Income tax on current operations	(3.249.612)	(2.517.300)
260	**Net Profit (loss) on ordinary operations after tax**	**9.169.329**	**5.633.818**
280	**Profit (loss) for the reporting period**	**9.169.329**	**5.633.818**
290	**Minorities' portion of profit (loss)**	391.479	
300	**Equita Group's portion of profit (loss) for the year**	**8.777.850**	**5.633.818**

Milan, 12 November 2020

On behalf of the Board of Directors

The Chief Executive Officer

Andrea Vismara

ISIN code	IT0005312027
Other ID codes	EQUI:IM / EQUI:MI Mercato:
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