EQUITA GROUP

Interim Report at

31 March 2020

“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
Thierry Porté	Deputy Chairman (Independent)
Stefano Lustig	Director (Executive)
Sara Biglieri	Director (Non-executive)
Michela Zeme	Director (independent)
Massimo Ferrari	Director (independent)

Board of Statutory Auditors

Franco Fondi	Chairman
Laura Acquadro	Statutory Auditor
Paolo Redaelli	Statutory Auditor
Andrea Polizzi	Alternate Auditor
Filippo Annunziata	Alternate Auditor

Independent Auditor

KPMG S.p.A.

Financial Reporting Officer

Stefania Milanesi

Corporate Information

Registered Office:	Via Turati 9 – 20121 MILAN
VAT Code:	09204170964
Identification No.:	20070.9
Share Capital (fully paid in):	€11,376,344.50
Milan Companies Register No.	2075478
Listed on:	MTA, Borsa Italiana S.p.A. – STAR segment
Ticker symbol:	BIT: EQUI

Equita Group S.p.A.

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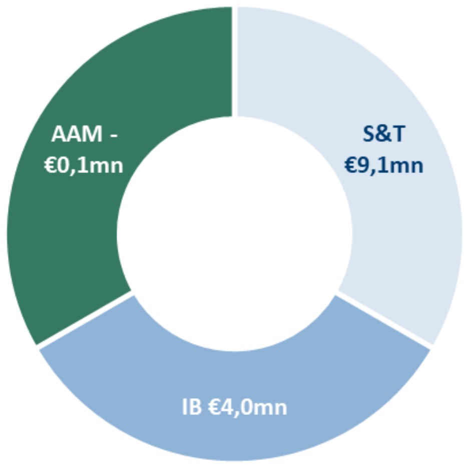
email:	info@equita.eu
corporate website:	www.equita.eu

Management Report

Highlights Financial Results

(€/000)	Q1 2020	Q1 2019	%
Global Markets:	9,108	9,138	(0%)
Investment Banking	3,951	2,051	93%
Alternative Asset Management	-143	1,422	(110%)
Net Revenues	**12,916**	**12,611**	**2%**
Staff Costs	(5,896)	(5,760)	2%
Operating Costs	(4,313)	(4,010)	8%
Total Costs	**(10,210)**	**9,770)**	**4%**
Profit Before Tax	2,707	2,841	(5%)
Tax	(820)	(827)	(1%)
Net Profit After Tax	**1,888**	**2,014**	**(6%)**
Net Profit Adjusted	**2,881**	**1,866**	**54%**

NET REVENUES – MARCH 31, 2020

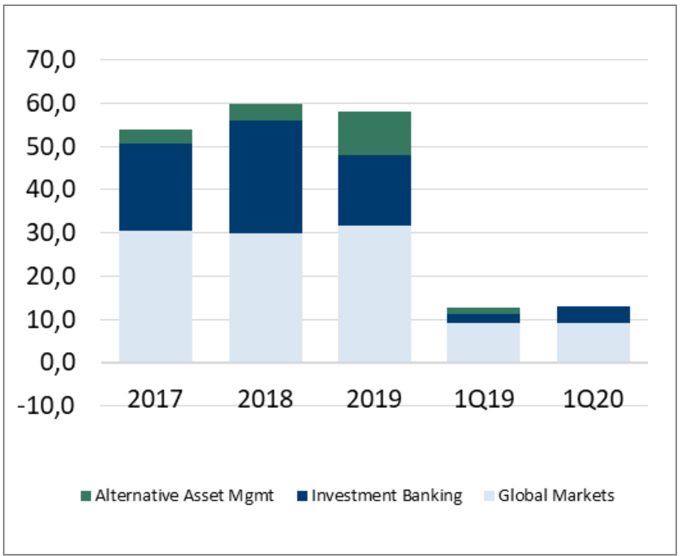


(€/000)	Q1 2020	Q1 2019	Delta Q1 %	Q4 2019	Delta Q1 '20 vs Q4 '19%
Global Markets:	9,108	9,138	(0%)	6,977	*31%*
Investment Banking	*3,951*	2,051	93%	7,839	(50%)
Alternative Asset Management	*(143)*	1,422	(110%)	5,500	(103%)
Net revenues	**12,916**	**12,611**	**2%**	**20,315**	**(36%)**
Staff costs	(5,896)	(5,760)	2%	(9,760)	(40%)
Operating Costs	(4,313)	(4,010)	8%	(5,031)	(14%)
Total Costs	**(10,210)**	**(9,770)**	**4%**	**(14,791)**	**(31%)**
Profit before tax	**2,707**	**2,841**	**(5%)**	**5,524**	**(51%)**
Tax	(820)	(827)	(1%)	(1,669)	(51%)
Net Profit After Tax	**1,888**	**2,014**	**(6%)**	**3,855**	**(51%)**
Net Profit Adjusted	**2,881**	**1,866**	**54%**	**3,690**	**(22%)**

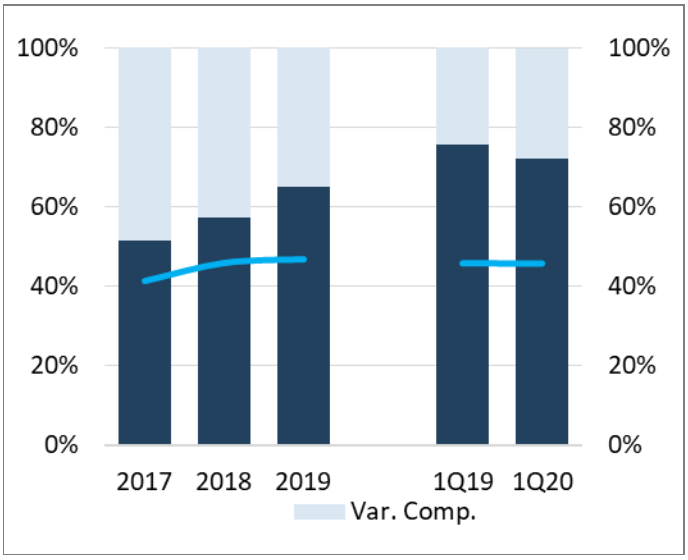
Net revenues" = item CE110 intermediation margin + CE200 Profit/loss from equity investment;
"Staff cost"=item CE140a) staff cost less "Board and statutory auditor";
"Other Administrative expenses" = item CE120 "impairment on credit" + CE140a) other administrative expenses + " Board and statutory auditor" + CE160 Adjustments on tangible assets + CE170 Adjustments on intangible assets + CE180 Other operating income and charges;
"Tax"=item CE250 Tax expenses;
"Net profit of the period"=item 280 Net profit of the period.

Highlights 2020

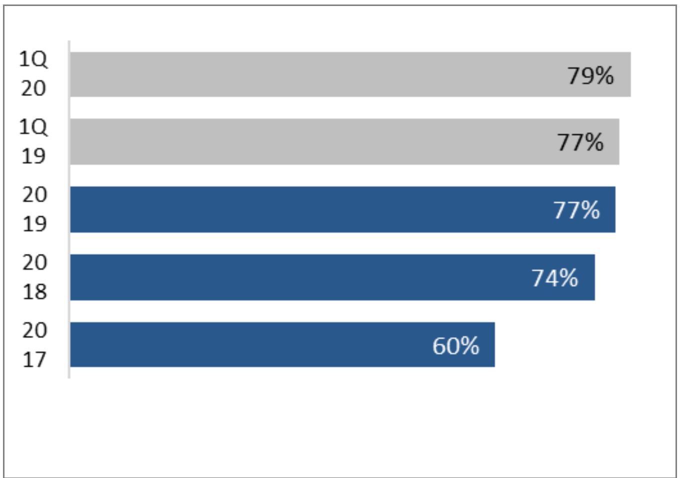
NET REVENUES (€ mln)



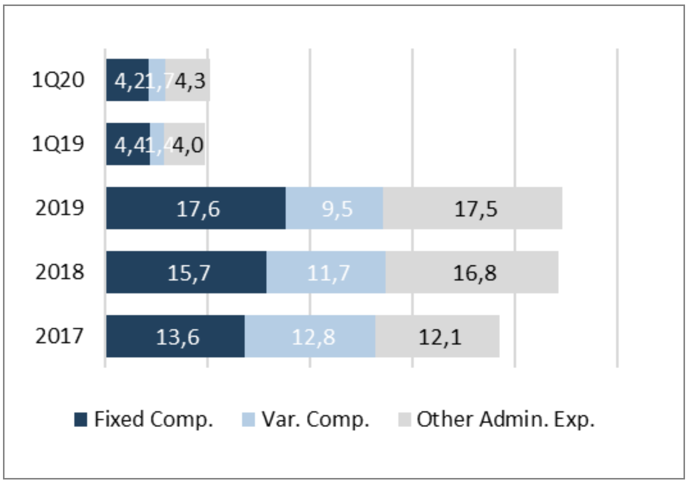
STAFF COSTS



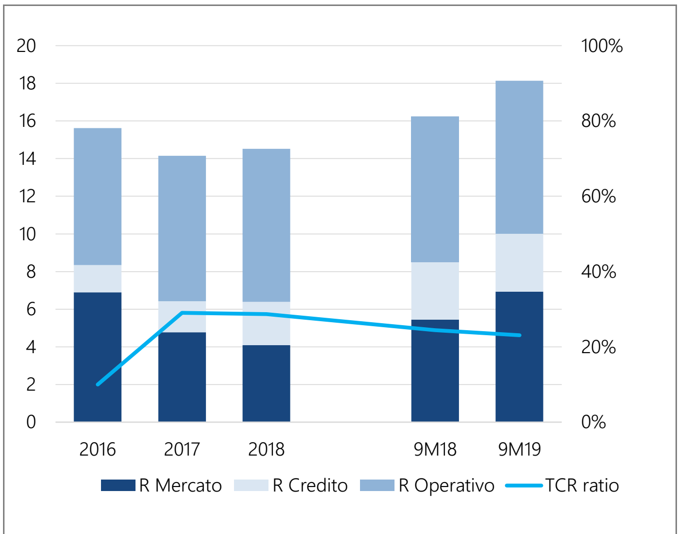
COST/INCOME RATIO



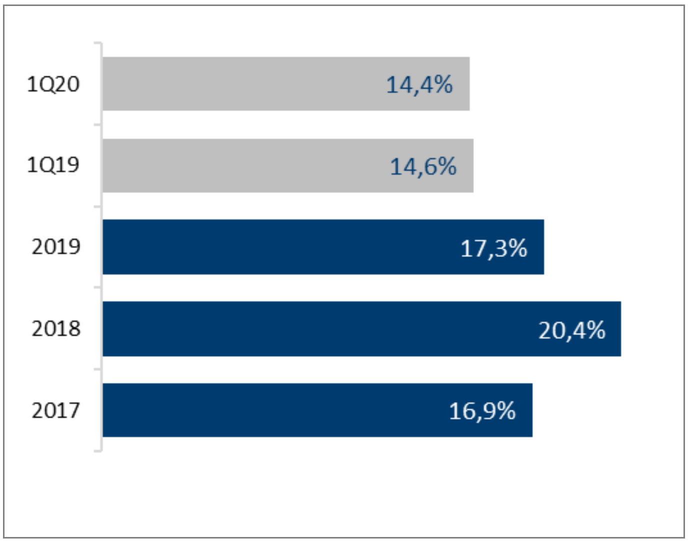
OPERATING COSTS



TOTAL CAPITAL RATIO - RWAs



RETURN ON TANGIBLE EQUITY - ROTE (%)



Macroeconomic Backdrop

In the first few months of 2020 the production and aggregate demand of all economies were affected by the Covid-19 pandemic. Covid-19 struck China initially to then spread globally, affecting Italy more severely in the second half of February. On 12 March, the World Health Organization (WHO) declared a state of pandemic. In the face of these dramatic events, in March economic activity suffered a fall without precedent in the postwar era. The global shock stemming from the spread of Coronavirus caused a severe selloff and volatility increased significantly. Concerns about a strong slowdown in growth in Italy, with a consequent rise in public debt resulted in a widening of the BTP-Bund spread. The central banks and the governments announced expansionary measures: The Trump administration obtained approval of a $2 trillion maneuver, equal to 7.5% of GDP, in record time, while the FED first approved a $700 billion QE program and, then, another €2.3 billion relief package for businesses.

The impact of the Covid-19 pandemic on growth worldwide, while extremely difficult to quantify, will likely be very severe. The projections of the international institutions have been repeatedly and decidedly revised downward. The projections announced in April by the International Monetary Funds (IMF) call for a drop in global GDP of 3% in the year. The contraction should be more pronounced in advanced economies, where the containment measures for the epidemic have been, up until now, on average more extensive and stricter. The risks remain tilted to the downside. In light of the drop in production and consumption recorded already and the deteriorating outlook, Italian GDP is expected to fall by 8% in 2020 (April DEF of the Ministry of Economics and Finance), with GDP down by more than 15% in the first half and bouncing back subsequently in the second half of the year.

Market Analysis and Business Trends

In the first quarter of 2020 the stock market was characterized by constant growth with volatility in line with year-end 2019. Beginning in March, market conditions worsened as the Coronavirus spread. Volatility, in particular, increased and the MIB index closed with volatility at 90.6% (versus 14.8% at year-end 2019). Compared to the prior quarter and the first quarter of 2019, the volumes traded on the MTA were 33.3% and 47% higher, respectively.

MIB share prices slowed sharply, closing at -27.5% against year-end 2019.

In April the volatility began to slow and stock prices to fluctuate less, with a limited number of trades.

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 over the last few months, the market characterized by lower prices and high volatility kept both companies and investors away.

Conversely, the number of M&A transactions was higher than in the first quarter of 2019 with volumes rising significantly, as described below.

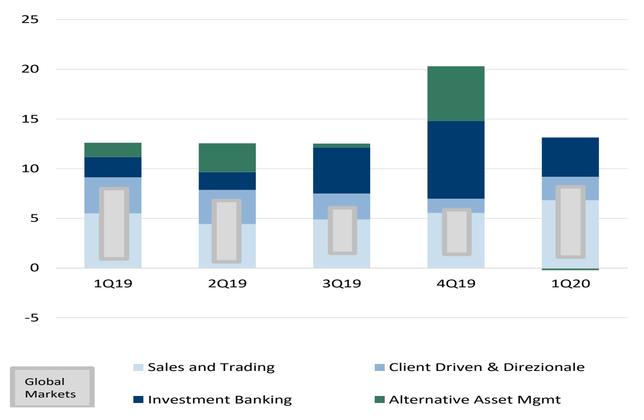
Group Financial Performance

The income statement for the period ending on 31 March 2020 shows a net profit of €1.9 million compared to €2,014 thousand in 2019. As reported in greater detail below, the Group's figures for first quarter 2020 (1Q20) were affected by the measurement at realizable value of the BETR fund investment, net of which adjusted consolidated net profit amounted to €2.8 million, significantly higher than the adjusted figure reported in the same period 2019 (€ 1.9 million).

Net revenues totaled €12.9 million in 1Q20, with revenues up against the same period 2019 by 2%.

The comparison of net revenues adjusted for the impact of the BETR fund mentioned above shows an increase of 16% QoQ.

NET REVENUES BY BU



Global Markets

The net revenues from Trading, part of Global Markets, amounted to €9.1 million in the first quarter of 2020, in line with the same period 2019. With regard specifically to third party brokerage, an increase of 25% against 31 March 2019 was recorded. This performance reflects the higher volatility that drove portfolio turnover for both institutional (+16%) and retail (+58%) clientele.

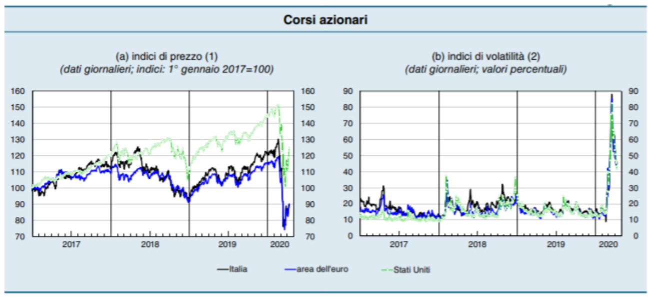
Sales and Trading

The conditions of the Italian financial market were positive 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.



The correction caused the German and French indices, along with the entire Euro zone, to record similar losses. The implied volatility of the stock indices exceeded the highs reached during the 2008-09 financial crisis. As of the end of March prices have recovered partially and volatility has dropped.

Bond yields and CDS premiums on bank names rose rapidly. This trend was controlled by the central banks which took steps to limit the cost of funding and help increase intermediaries' liquidity.

Based on the data compiled by Assosim, in 1Q20 EQUITA's market share of volumes brokered for third parties on the Italian MTA market reached 8.2% of the total volumes traded (versus 8.8% in the same period 2019): confirming the rank recorded in December 2020 (6th place).

In terms of the bonds brokered, EQUITA's market share reached 6.3% compared to 5.8% in the same period 2019.

Client Driven and Directional Trading

In the first three months of 2020 the profitability of the proprietary books was fueled by the *"client driven and bond market maker"* portfolios while, in a highly unpredictable environment, the directional portfolio defended the results achieved through February and posted a slight loss in March.

The stock market fell sharply in the first quarter of 2019 due to the spread of Covid-19 in Italy (in March alone it was down by 22%).

The revenues for the proprietary books, fueled mainly by Client Driven (ETF, Far East and Bond Brokerage) & Bond Market Making, came to €3.6 million, while directional trading posted a loss of €1.3 million.

At present Risk Arbitrage activity is limited due to the "Short Ban" issued by both Consob, relative to the Italian market, and the other European regulators (in order to reduce/prevent excessive selling).

Since the beginning of the year directional trading has been focused on conservative stock picking hedged by index futures and options which made it possible to limit the losses stemming also from early covering of shorts with respect to the long positions (a dramatic movement of this entity was not expected)

The directional positions were reduced mid-March while waiting for market conditions to improve.

Volatility hovered at around 90% at the peak of the virus in March. A level this high has only been recorded twice in recent history, during the attack on the twin towers in 2001 and during the subprime crisis (the collapse of Lehman Brothers) in 2008. This increase allowed the volatility book to increase margins and, consequently, generate revenues well above expectations thanks to option flows from clients.

Investment Banking

The Group offers a complete range of Investment Banking products and services relative to Equity Capital Markets, Debt Capital Markets, Debt Advisory & Restructuring, and Mergers & Acquisitions advisory, as well as Corporate Broking, targeting primarily midcaps listed in Italy, as well as private Italian 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.

In the first quarter of 2020 Investment Banking posted net revenues of €4 million, almost double the amount recorded in the same period 2019 (€2.1 million).

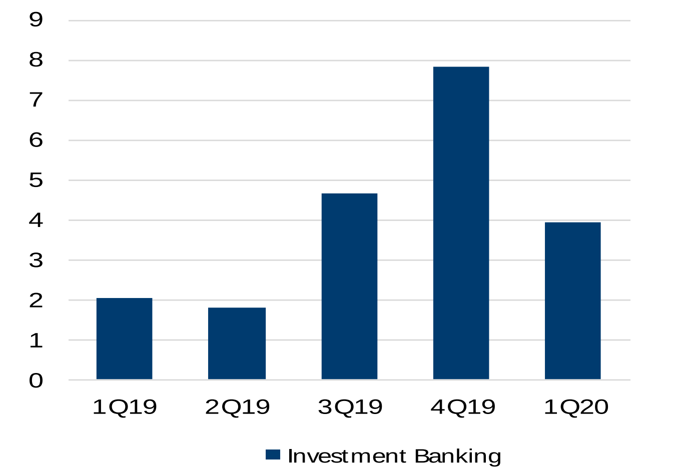
The Coronavirus crisis has not yet had a significant impact on the number and entity of investment banking transactions completed on the Italian market in 1Q202. In the first quarter of the year 231 M&A transactions were completed compared to 213 in first quarter 2019 for an amount that was significantly higher, rising from the circa €6.6 billion recorded in first quarter 2019 to around €9.2 billion in first quarter 2020 thanks to the positive contribution of one transaction which, by itself, was worth more than half the total amount transacted (Source: KMPG S.p.A.). While the amount of Equity Capital Market transactions was still limited, it did rise from the circa €0.6 billion recorded in first quarter 2019 to around €0.9 billion in first quarter 2020 although the number of transactions fell from 9 to 7 (Source: Dealogic). The corporate Debt Capital Market transactions completed on the Italian market were lower in terms of both the entity and number of transactions: the amount of the transactions fell from around €4.7 billion in first quarter 2019 to roughly €3.2 billion in first quarter 2020 and the number of transactions went from 7 in first quarter 2019 to 6 in first quarter 2020 (Source: Bondradar).

In the first quarter of 2020, EQUITA assisted different companies with investment banking transactions and 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;
- Financial advisor of Amissima Assicurazioni and Amissima Vita during the search for an industrial partner;
- Financial advisor for the independent directors of INWIT during the merger with Vodafone Towers;
- intermediary in charge of coordinating the collection of acceptances in the partial public takeover of Intek Group's 2015-2020 notes.

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

NET REVENUES (€M) BY QUARTERS

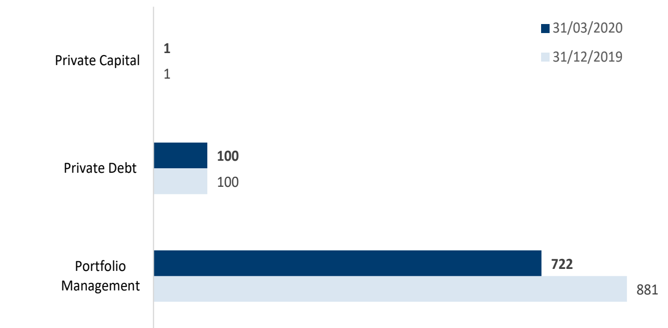


Alternative Asset Management

In the first quarter 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 first quarter 2020 the area posted a loss of €0.2 million explained for -€1.5 million by the one-off fair value measurement of the Blueglen fund and for +€1.3 million by recurring revenue which was 14% higher than in first quarter 2019 thanks to the contribution of discretionary accounts.

ASSET UNDER MANAGEMENT



The AUM at 31 March were significantly lower than at the beginning of the year due to the combined effect of a negative market performance and redemptions (estimated at -€90 mn, of which -€50 mn in March).

Portfolio Management

Assets managed fell from €881 million at year-end 2019 to €722 million. This noticeable drop (approximately -18%) reflects the combined effect of the considerable drop in stock prices recorded in the quarter (impact on the performance of -8%) and the circa €90 mn in outflows from products with a strong equity component.

The team manages a total of three discretionary accounts and two flexible funds.

The average performance of the three lines before tax, weighted for AUM, was down -19.42% in absolute terms at the end of March and up +2.40% against the benchmark.

The flexible fund Euromobiliare Equity Mid Small Cap posted a net performance of -7.08% since the beginning of the year with volatility of 8.31%. Please note that a portfolio fully invested in mid/small cap Italian and European indices would have closed the quarter down by -24.9%. Since the launch at the beginning of December 2018 the fund is flat.

At the end of March Euromobiliare Equity Selected Dividend posted a net performance YTD of -11.23% with volatility of 17.15%. A portfolio fully invested in the Eurostoxx600 index and FTSEMIB would have closed the quarter down -23.5%. Since the launch at the beginning of July 2019 the fund is down by -7.50%.

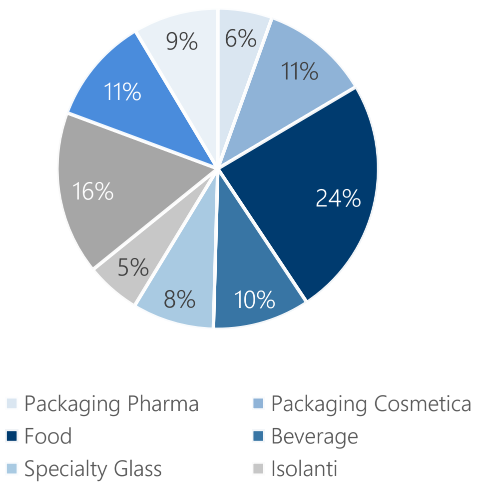
Private Debt

In first quarter 2020 the Italian Private Debt market performed well in the first two months, while the business slowed in March due to the uncertainties linked to Covid-19.

During the reporting period, the Equita Private Debt Fund focused on monitoring the investment 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 with the 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 the private debt fund portfolio by sector is shown below.

BREAKDOWN PORTAFOGLIO INVESTMENTS



Private Equity

In first quarter 2020, the private equity team continued to prepare for the launch, expected to take place by the end of third quarter 2020, 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.

Research Team

In the first quarter of the year the Research Team initiated coverage of 1 new company. At the end of the reporting period a total of 160 companies was covered, of which 120 in Italy and 40 in Europe. The team also provides research on 17 bond issues made by 6 financial and 2 non-financial companies.

In the first three months of the year the Research Team published about 125 reports (on individual stocks and sectors) 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 190 meetings between listed companies and institutional investors in the quarter. Since the beginning of March, due to the restrictions caused by the health crisis, EQUITA has worked to guarantee that communications between investors and listed companies remained up-to-date and fluid, substituting face-to-face meetings with conference calls and video conferences. In the first months of the year EQUITA also organized three conferences in Milan and London, dedicated to bond issuers, local utilities and infrastructure stocks.

In 2020 the Research Team once again confirmed its position at the top of the rankings for the quality of research compiled by Institutional Investor and Extel.

Il team di ricerca ha confermato anche per il 2020 il posizionamento ai vertici delle principali classifiche di valutazione della qualità della ricerca stilate da Institutional Investor e da Extel.

Group Performance

Reclassified income statement

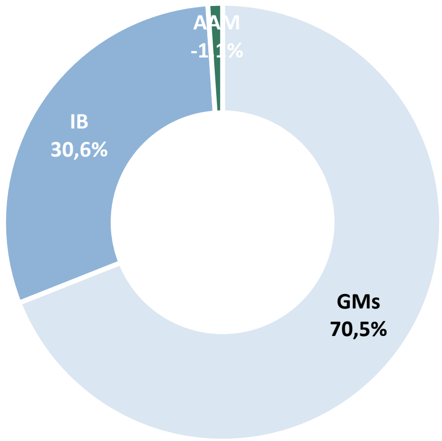
The consolidated net profit, adjusted for the loss posted by the open-end fund BETR, amounted to €2.8 million in the first three months of 2020, compared to €1.9 million adjusted in the same period 2019.
The quarterly result was impacted by the valuation effects at 31 March, but benefitted from the good performance of Global Markets and Investment Banking. Revenues for Investment Banking were, in fact, double the amount posted in the same period 2019, reaching €4 million in an extremely complex market environment.

At 31 March 2020 the Group confirmed a high capital ratio for both CET1 and TCR of 22.5%. The Group always maintained its capital ratios above the regulatory limits, even in March when market fluctuations and volatility caused an explosion in the volumes brokered.

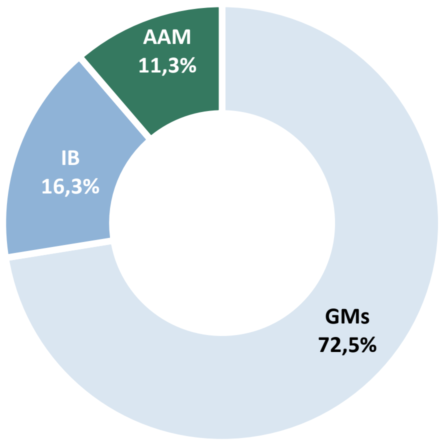
The breakdown of consolidated net revenues by business segment is shown in the following tables.

NET REVENUES BY BU

1ST QUARTER 2020



1ST QUARTER 2019



Financial Performance

(€/000)	Q1 2020	Q1 2019	Delta %
Global Markets:	9.108	9.138	(0%)
Investment Banking	*3.951*	2.051	93%
Alternative Asset	*-143*	1.422	(110%)
Net Revenues	**12.916**	**12.611**	**2%**
Staff Costs	(5.896)	(5.760)	2%
of which fixed compensation	*(4.244)*	*(4.360)*	*-3%*
of which variable	*(1.652)*	*(1.400)*	*18%*
Operating Costs	(4.313)	(4.010)	8%
Total Costs	**(10.210)**	**(9.770)**	**4%**
Comp/revenues	*46%*	*46%*	(0%)
Cost/income ratio	*79,0%*	*77%*	*2%*
Profit Before Tax	**2.707**	**2.841**	**(5%)**
Tax	(820)	(827)	(1%)
Net Profit After Tax	**1.888**	**2.014**	**(6%)**
Net Profit Adjusted	**2.881**	**1.866**	**54%**

The item Other Expenses includes expenses for directors & statutory auditors and other income statement items tied to value adjustments to property, plant & equipment and intangible assets.

The **Global Markets** area covers 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 quarter 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) and a considerable drop in stock prices (Borsa Italiana's MIB index was down -27.5%). The effects of this event were devastating and impacted the performance of Global Markets, in particular.

Even though the result for the area is in line with the same period 2019 (€9.1 million), the performances of the different products differed considerably. More in detail, volatility made it possible for the net revenues for third party brokerage to rise by 24% against the first quarter of the prior year to €6.8 million. Client driven and market making posted growth of 139%, with net revenues coming in at €3.6 million, while the directional portfolio, influenced by the drop in stock prices, posted a loss of €1.3 million (-159% compared to 31 March 2019).

Despite what was a decidedly challenging environment due to the events described above, net revenues for **Investment Banking** rose 93% against the same period of the prior year to €4 million thanks to the robust pipeline in place already at the end of 2019.

Alternative Asset Management posted a loss of €0.1 million attributable mainly to the above mentioned loss on the open-end fund BETR that offset the €1.3 million in recurring revenue, which was also affected by the drop in AUM, above all in March. The AUM fell from €881 million at year-end 2019 to €771 million at the end of first quarter 2020.

Operating costs amounted to €10.2 million versus €9.8 million in the same period 2019. Personnel expense was 2% higher than in first quarter 2019 due mainly to an increase in the variable component linked to revenues (the total headcount went from 146 at 31 March 2019 to 145 at 31 March 2020).

The **comp/revenue** ratio came to roughly 46% at 31 March 2020, in line with the same period 2019.

Other administrative expenses were 8% higher than in the prior period. This change is attributable to:

- higher costs for upgrades of IT and trading infrastructure as a result of the increase in the volumes brokered by the Group (€0.1 million),
- an increase in fixed costs of €0.4 million offset by lower marketing costs of €0.2 million.

The **cost/income ratio** came to 79%, higher than in the same period of the prior year (77%).

Income tax for the period amounted to €0.8 million, calculated at a tax rate of 30%, in line with 2019, but slightly higher than in the same period 2019.

Balance Sheet Trend

	31/03/2020	31/12/2019	Delta %
Financial assets measured at fair value trought P&L	79.864	74.237	8%
Financial assets measured at amortized cost	237.647	184.180	29%
Investments	1.006	1.020	-1%
Property, equipment and intangible assets	22.262	22.416	-1%
Tax assets	4.201	5.077	-17%
Other assets	2.908	1.312	122%
Total assets	**347.889**	**288.242**	**21%**
Debts	227.212	172.882	31%
financial liabilities held for trading	13.347	12.293	9%
Tax liabilities	2.740	2.323	18%
Other liabilities	16.525	14.176	17%
Employees' termination indemnities	1.943	2.521	-23%
Allowances for risks and charges	3.916	3.915	0%
Shareholders' equity	82.204	80.132	3%
Total liabilities and shareholders' equity	**347.889**	**288.242**	**21%**

Financial assets measured at fair value through profit or loss came to roughly €80 million, higher by around €5.6 million against 31 December 2019 due to an increase in the proprietary portfolio's long positions. More in detail, the long equity positions increased. The bond portfolio holdings were in line with the prior year and include the market making and specialist portfolio acquired with the Retail Hub business.

The item includes assets mandatorily measured at fair value, comprising the Blueglen Fund investment valued at €3.9 million, the investment in the Sparta 60 bond of €10.8 million made in fourth quarter 2019 and the UCITS relating to the Private Debt fund investment (€4.3 million), as well as the ICF Group shares (€0.24 million—special shares), for a total of €19.3 million.

Financial liabilities held for trading amounted to €13.4 million, an increase of roughly €1 million against 31 December 2019 attributable mainly to short positions.

Financial assets measured at amortized cost rose by €53 million due mainly to amounts owed for order execution (+€50 million) which were settled after 31 March 2020.
The cash balances in current accounts were roughly €15 million lower.

Securities lending with banks was around €17 million higher at 31 March.
There was a change of about €1 million in receivables for services.
The item includes approximately €5.6 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 and intangible assets were largely in line with the prior year. Intangible assets include capitalized software costs, as well as the €0.9 million in goodwill paid for the acquisition of the Retail Hub business from Nexi S.p.A. in May 2018 and the consolidated goodwill and trademark 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 higher by roughly €54 million compared to 31 December 2019 due mainly to the increase in funding as a result of changing operating needs. The Group utilized two lines of credit of €10 million each, increased the pre-existing committed lines by €20 million and increased utilization of the currency lines by roughly €10 million.
The item includes the lease payables recognized in accordance with IFRS 16 (€4.4 million).

Other liabilities recorded an increase of around €2.4 million explained primarily by 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 31 March 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 €1.9 million in the first three months of 2020.

At 31 March 2020 the **Return on Tangible Equity ("ROTE")**[1] stood at 14%, down from 17% at year-end 2019, but in line with first quarter 2019.

The consolidated Total Capital Ratio ("TCR") was 22.5%, well above prudent levels, but lower compared to 31 December 2018 (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 midsize 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 €2.05 at 31 March 2020, bringing the Group's market capitalization to approximately €103 million with a Total Shareholder Return on the listing price of -14.1% which reflects the adverse impact of the market correction triggered by the uncertainty surrounding the global pandemic. In the first three months of 2020 an average of 24 thousand shares were traded per day.

Outlook

In the second quarter of 2020 the Group's objective will be to increase and diversify revenues by focusing on:

- the placement and funding of the second Private Debt fund, that has a solid pool of investments (already made and in the pipeline) which will benefit the fund once it starts operations. The first closing of €100 million should take place by July 2020;
- further marketing of the ELTIF fund through the subsidiary of the SGR;
- process innovation through continuous efforts to optimize the existing ones;
- development of new products for institutional clients.

In the next quarter the Group expects market volatility to be lower than in March, but above the levels seen last year.

The expectations for the coming months are hard to determine; in line with our generally cautious approach, we will try to leverage on the stock market's short-term movements. A drop in volatility will give a slight boost to the directional business and result in lower margins for fixed income and options.

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

[1] Calculated based on the net profit recorded in the last 12 months.

Key Initiatives in 2020

…Business

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 analysed 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

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).

Integration of the Incentive Plan

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

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

… Sustainability

Creating long-term value for our stakeholders (employees, clients, suppliers, the financial community and the local community), not just in financial terms but in terms of social well-being, is the Group's main objective.

That commitment is the constant focus of the internal process we use to enhance our approach to sustainability, as well as implement and ramp up a vast range of initiatives based on environmental, social, and governance (ESG) principles to the benefit of all our stakeholders.

For our employees…

- we offer specific training programs, both in Italy and abroad (e.g. in the United Kingdom, USA and India) in order to strengthen the managerial, specialized and transversal skills of our employees.

We introduced a company "WELFARE" system which covers many different types of expenses including, for example: (i) medical costs, including those not covered by the company insurance plan and any deductibles (i.e. preventive medical costs, check-ups), (ii) education expenses, and (iii) leisure time costs.

We guarantee insurance coverage for all employees, regardless of the position held, and their families (spouse and children) which provides for the refund of medical expenses, as well as benefits for employees in the event of accidents, invalidity and for family members in the event of death.

Beginning in 2019 all employees are offered free medical check-ups and personalized preventive healthcare guidance.

We have a remuneration policy that provides for benefits and incentives aimed at both improving the quality of life of our employees, as well as rewarding performance and the achievement of specific objectives based on merit.

Consistent with our other social impact initiatives, based on this policy the qualitative indicators used to assess employees also include ESG factors.

For the environment…

…we have implemented environmental friendly solutions which include (i) the adoption of technologies and digital solutions which reduce the use of paper, (ii) expanded the use of flexible benefits to include public transit passes, (iii) made company bicycles available to all employees for short trips, (iv) approved the "Code of Conduct for a Sustainable Office**"** which governs the ways in which recyclables are collected and establishes common sense rules targeting, above all, an efficient use of natural resources and the elimination of single-use plastic (in anticipation, therefore, of some of the obligations introduced in EU Directive 2018/0172 which will take effect in 2021).

For our clients…

…we are committed to fully understanding them through a frequent and continuous exchange of information based on business meetings, roadshows and telephone calls so that we are able to provide targeted answers to their financial and social wellbeing needs.

We assess "Customer Satisfaction". One of the parameters we use is "number of client complaints", of which we have received a total of zero in over ten years.

For the financial community

…we have always been committed to creating partnerships with universities and associations that have social implications:

- we entered into a long-term partnership with Bocconi University in 2013 in order to promote discussions about the market's structural elements, development and possible solutions for the growth of the capital markets for Italian companies;
- we entered into a partnership with ALTIS - Università Cattolica in order to research and study corporate social responsibility, with a specific focus on SMEs. The partnership also calls for EQUITA's active involvement in the *Master in Finance: instruments, markets and sustainability* organized by ALTIS Università Cattolica;
- thanks to the partnership with Ponti X l'Arte, we organized the EquitArte project aimed at promoting young artists who work in innovative disciplines and mediums;
- the partnership with the Accademia di Belle Arti di Brera allows us to reward young talents, as well as finance education and research in the arts through prizes, three scholarships and three donations;

- we also entered into a partnership with the American Chamber of Commerce in Italy with a view to promoting the Italian capital markets with US investors.

We guarantee an open dialogue with all our stakeholders based on the principles of maximum transparency.

As of the transition to the STAR Segment we voluntarily adhere to Borsa Italiana's "Corporate Governance Code" based on which we have structured our Governance and Internal Control System. The composition of the latter is also based on the ESG principle relative to "Gender and Diversity".
This principle is widely adhered throughout the company: 27% of the employees who report directly to the CEO or the Board of Directors are women, who in turn manage 50% of all staff members.

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.

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 PEP Holding S.r.l..
Equita Capital SGR S.p.A;
Equita Capital Investimenti S.p.A.

Branches

EQUITA Group does not have any branches.

Declaration of the Financial Reporting Officer

Mr Andrea Vismara, in his capacity as Chief executive Officer of Equita Group S.p.A., and Ms Stefania Milanesi, in her capacity as Financial Reporting Officer of Equita Group S.p.A., in accordance with Article 154-bis (2) of the “Consolidated Law on Financial Intermediation”

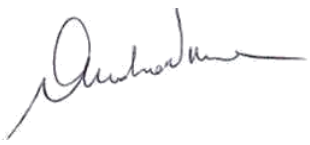
do hereby declare

that the financial disclosures contained in this Consolidated Interim Report on Operations at 30 September 2019 correspond to the documented accounts, ledgers, and records held.

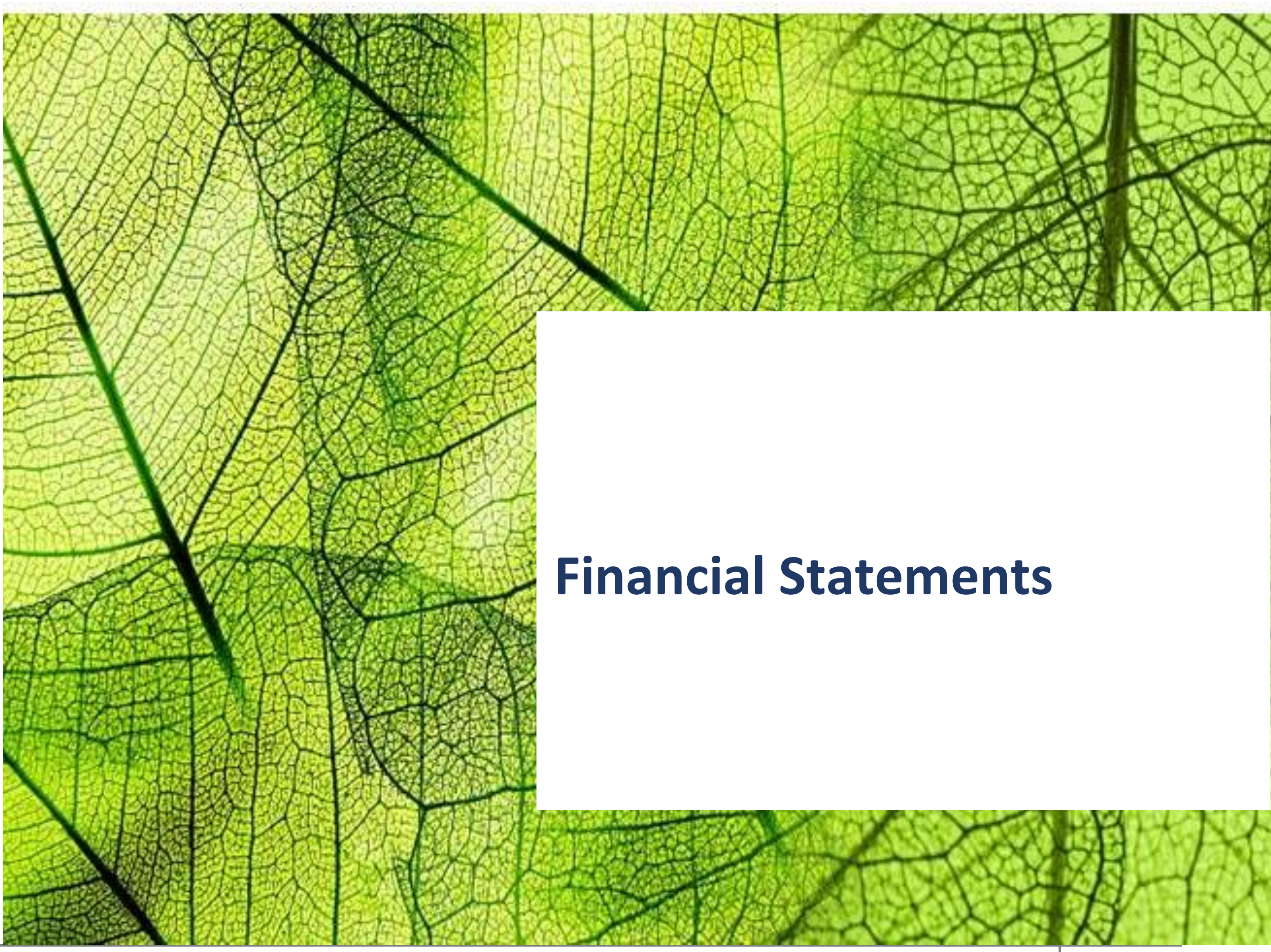
Milan, May 6 2020

Equita Group S.p.A.

Chief Executive Officer
Mr *Andrea Vismara*



Financial Reporting Officer
Ms Stefania Milanesi



Financial Statements

Financial Statements

Consolidated Balance Sheet Assets

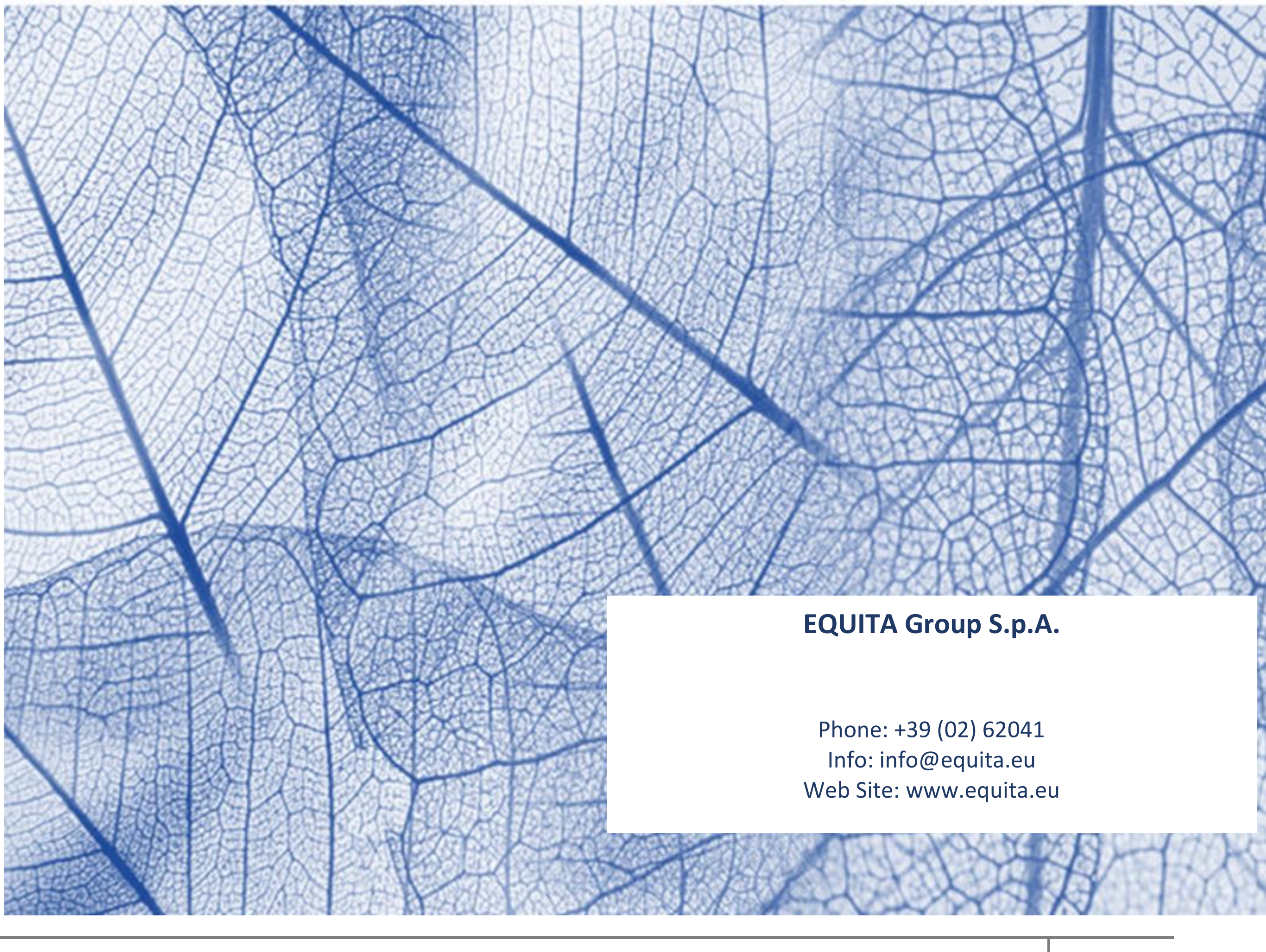
	Assets	31/03/2020	31/12/2019
10	Cash and cash equivalents	67	67
20	Financial assets measured at fair value through profit or loss	79,864,325	74,236,855
	a) financial assets held for trading	60,551,277	53,737,684
	b) financial assets designated at fair value		
	c) other financial assets mandatorily measured at fair value	19,313,048	20,499,170
30	Financial assets at fair value through other comprehensive income		
40	Financial assets measured at amortised cost	237,646,902	184,180,012
	a) due from banks	175,569,997	155,339,636
	b) due from financial institutions	58,155,652	25,087,356
	c) loans to customers	3,921,253	3,753,022
50	Hedging derivatives		
60	Changes in fair value of portfolio hedged items (+/-)		
70	Investments in associates and companies subject to joint control	1,006,295	1,019,677
80	Property and equipment	7,058,275	7,320,292
90	Intangible assets	15,204,116	15,095,969
	of which:		
	- goodwill	11,914,258	11,914,258
100	Tax assets	4,200,971	4,986,668
	a) current	2,857,591	3,643,287
	b) deferred	1,343,380	1,343,380
110	*Non-current assets and disposal groups classified as held for sale*		
120	Other assets	2,908,312	1,452,716
	Total assets	**347,889,263**	**288,292,255**

Consolidated Balance Sheet Liabilities

	Liabilities and shareholders' equity (€)	31/03/2020	31/12/2019
10	Financial liabilities measured at amortised cost	227,211,650	172,881,760
	a) debts	227,211,650	172,881,760
	b) debt securities in issue		
20	Financial liabilities held for trading	13,347,648	12,299,505
30	Financial liabilities designated at fair value		
40	Hedging derivatives		
50	Value adjustment of hedged financial liabilities (+/-)		
60	Tax liabilities	2,740,012	2,323,370
	a) current	2,017,692	1,601,050
	b) deferred	722,320	722,320
70	Liabilities associated with assets classified as held for sale		
80	Other liabilities	16,525,478	14,219,594
90	Employees' termination indemnities	1,943,489	2,520,797
100	Allowances for risks and charges	3,915,999	3,915,449
	a) committments and guarantees given	550	
	b) post-employment benefits		
	c) other allowances for risks and charges	3,915,449	3,915,449
110	Share capital	11,376,345	11,376,345
120	Treasury shares (-)	-4,548,025	(4,548,025)
130	Redeemable shares		
140	Share premium reserve	18,198,319	18,198,319
150	Reserves	55,224,775	45,613,161
160	Valuation reserves	-12,884	(12,884)
170	Net income (loss) (+/-)	1,887,893	9,504,865
180	Minority shareholders' equity (+/-)	78,566	
	Total liabilities and shareholders' equity	**347,889,263**	**288,292,255**

Consolidated Income Statement

	Consolidated income statement	31/03/2020	31/03/2019
10	Net trading income	2,176,366	3,675,883
20	Net gains (losses) on hedge accounting		
30	Gains (Losses) on disposal and repurchase of:		
	a) financial assets at amortised cost		
	b) financial assets at fair value through other comprehensive income		
	c) financial liabilities		
40	Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(1,317,760)	254,577
	a) financial assets/liabilities designated at fair value		
	b) other financial assets mandatorily at fair value	(1,317,760)	
50	Commission income	13,224,913	9,685,174
60	Commission expense	(1,760,032)	(1,189,981)
70	Interest and similar income	515,909	190,422
80	Interest and similar expense	(413,926)	(278,165)
90	Dividends and similar revenues	469,555	255,072
110	**Intermediation margin**	**12,895,026**	**12,592,982**
120	Net losses/recoveries for credit risks associated with:	43,343	27,593
	a) financial assets measured at amortised cost	43,343	27,593
	b) financial assets at fair value through other comprehensive income		
130	**Net profit (loss) from financial activities**	12,938,369	12,620,575
140	Administrative expenses:	(9,693,761)	(9,403,974)
	a) personnel expenses	(6,210,920)	(6,012,103)
	b) other administrative expenses	(3,482,841)	(3,391,871)
150	Net provisions for risks and charges		
160	Net (losses) recoveries on impairment of tangible assets	(323,701)	(294,847)
170	Net (losses) recoveries on impairment of intangible assets	(93,450)	(60,035)
180	Other operating income and expense	(106,681)	(38,911)
190	**Operating costs**	(10,217,593)	(9,797,768)
200	Profit (loss) on equity investments	(19,213)	18,026
210	Net gains (losses) on property, plant and equipment and intangible assets measured at fair value		
220	Goodwill impairment		
230	Gains (Losses) on disposals on investments		
240	**Profit (loss) on ordinary operations before tax**	2,701,563	2,840,833
250	Income tax on ordinary operations	(820,354)	(826,687)
260	**Net Profit (loss) on ordinary operations after tax**	1,881,209	2,014,146
270	Profit (loss) of business groups in demission net taxes		
280	**Net income (loss) (+/-)**	1,881,209	2,014,146
290	Minority profit (loss) of the year	(6,684)	
300	**Parent Company's profit (loss) of the year**	**1,887,893**	**2,014,146**



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