

# EQUITA GROUP

## Consolidated Half-Year Financial Report

2021

*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*

**WE KNOW HOW**

# 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)
Michela Zeme	Director (independent)
Marzio Perrelli	Director (independent)

## Board of Statutory Auditors

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

## External Auditors

KPMG S.p.A.

## Financial Reporting Manager

Stefania Milanese

## Corporate Information

Registered office	Via Turati 9 - 20121 MILAN
Tax ID and VAT code	09204170964
Identification number	20070.9
Share capital (fully paid-up)	€11,427,910.50
Milan Corporate Registry No.	2075478
Listing market	MTA Borsa Italiana S.p.A. – STAR segment
Ticker symbol	BIT: EQUI

## Equita Group S.p.A.

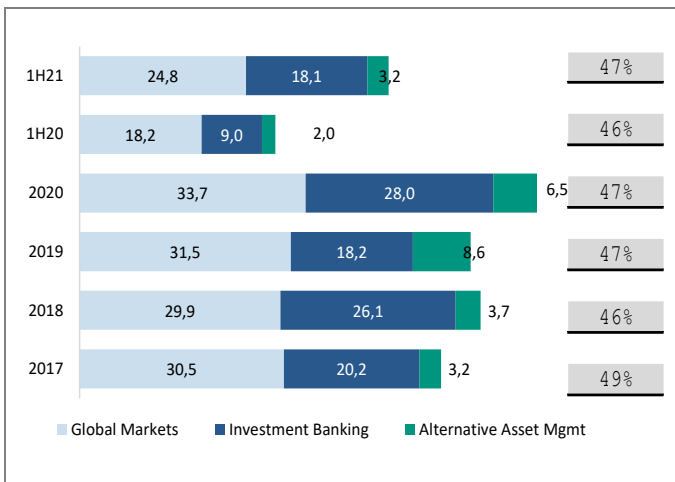
Telephone	+39 (02) 6204.1
E-mail address	info@equita.eu
Corporate website	<a href="http://www.equita.eu">www.equita.eu</a>

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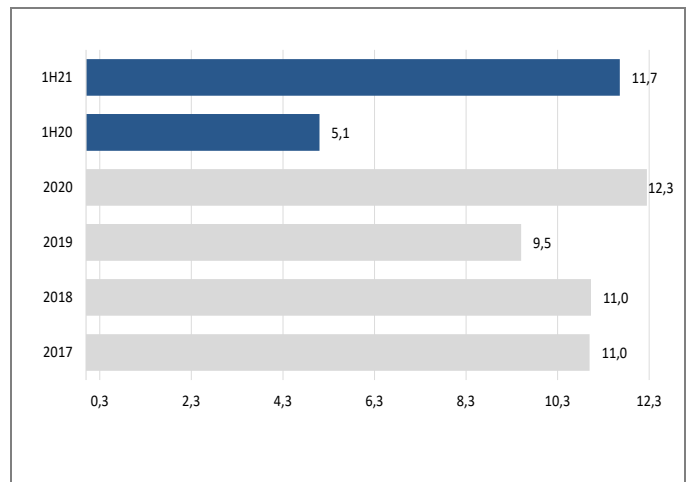
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# Financial Highlights

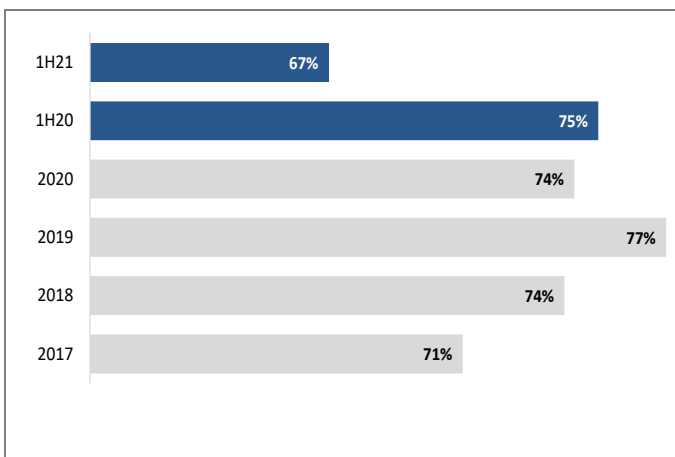
## NET REVENUES (€ mn) – COMP/RATIO %



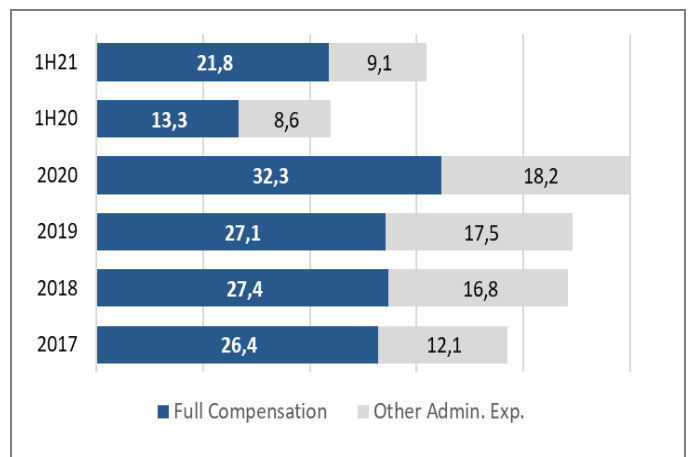
## NET PROFIT (€ mln)



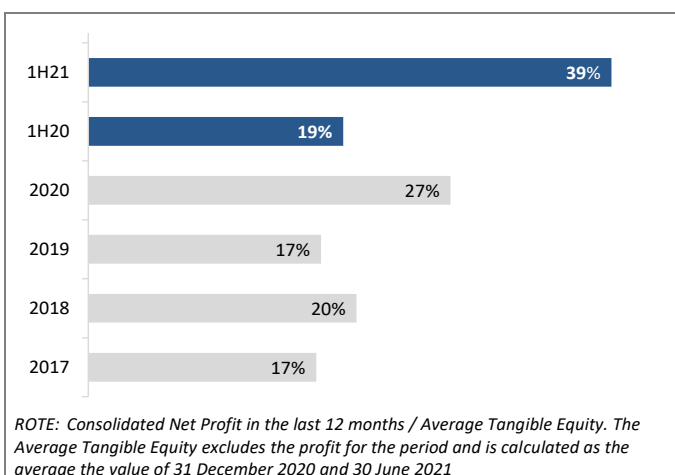
## COST/INCOME RATIO (%)



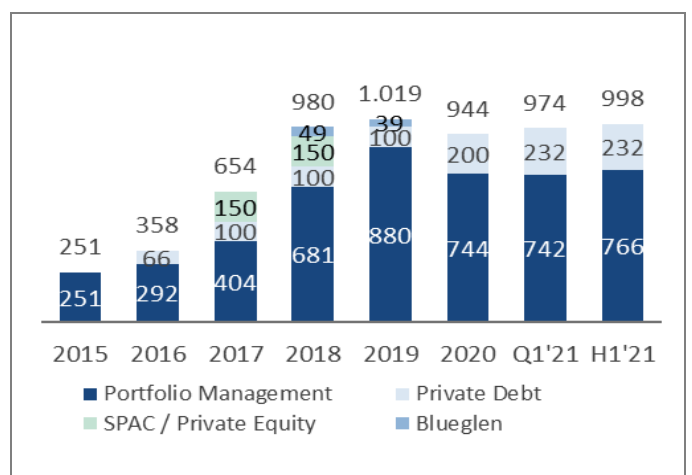
## OPERATIONAL COSTS (€ mln)



## RETURN ON TANGIBLE EQUITY (%)



## ASSET UNDER MANAGEMENT



## Income statement highlights

(€/000)	1 H 2021	1 H 2020	Delta%
Global Markets	24.796	18.219	36%
Investment Banking	18.095	8.954	102%
Alternative Asset Management	3.189	1.970	62%
<b>Net revenues</b>	<b>46.079</b>	<b>29.143</b>	<b>58%</b>
Cost of labor	(21.803)	(13.305)	64%
Other administrative expenses	(9.106)	(8.620)	6%
<b>Total Cost</b>	<b>(30.908)</b>	<b>(21.925)</b>	<b>41%</b>
Comp/revenues	(47%)	(46%)	4%
Cost/income ratio	(67%)	(75%)	(11%)
<b>Profit before tax</b>	<b>15.171</b>	<b>7.218</b>	<b>110%</b>
Tax	(3.508)	(2.101)	67%
<b>Net profit</b>	<b>11.662</b>	<b>5.116</b>	<b>128%</b>
Net profit – non-controlling interests	239	(7)	n.s.
<b>Net profit – parent company</b>	<b>11.423</b>	<b>5.122</b>	<b>123%</b>

€/000	Q1 2021	Q1 2020	Q2 2021	Q2 2020	Delta Q1%	Delta Q2%	Q2vsQ1
Global Markets	12.527	9.108	12.269	9.111	38%	35%	(2%)
Investment Banking	6.127	3.951	11.967	5.003	55%	139%	95%
Alternative Asset Management	1.606	(143)	1.583	2.113	n.s.	(25%)	(1%)
<b>Net revenues</b>	<b>20.260</b>	<b>12.916</b>	<b>25.819</b>	<b>16.226</b>	<b>57%</b>	<b>59%</b>	<b>27%</b>
Cost of labor	(9.687)	(5.896)	(12.115)	(7.409)	64%	64%	25%
Other administrative expenses	(4.360)	(4.313)	(4.746)	(4.307)	1%	10%	9%
<b>Total Cost</b>	<b>(14.047)</b>	<b>(10.210)</b>	<b>(16.861)</b>	<b>(11.716)</b>	<b>38%</b>	<b>44%</b>	<b>20%</b>
Comp/revenues	47%	46%	47%	46%	3%	3%	0%
Cost/income ratio	69%	79%	65%	72%	(12%)	(10%)	(6%)
<b>Profit before tax</b>	<b>6.213</b>	<b>2.707</b>	<b>8.958</b>	<b>4.511</b>	<b>130%</b>	<b>99%</b>	<b>44%</b>
Tax	(1.860)	(820)	(1.648)	(1.281)	127%	29%	(11%)
<b>Net profit</b>	<b>4.353</b>	<b>1.884</b>	<b>7.310</b>	<b>3.230</b>	<b>131%</b>	<b>126%</b>	<b>68%</b>
Net profit – non-controlling interests	(111)	0	350	(7)	n.s.	n.s.	n.s.
<b>Net profit – parent company</b>	<b>4.464</b>	<b>1.884</b>	<b>6.960</b>	<b>3.237</b>	<b>137%</b>	<b>115%</b>	<b>56%</b>

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 <sup>(a)</sup>

## Global Markets

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

## Investment Banking

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

## Research Team

- 14 analysts with a high degree of seniority in the company
- 160 listed companies covered, of which 120 Italian and 40 European
- More than 90% of the total Italian market capitalization covered
- Team at the top of international rankings for the quality of its research ("Best Italian Research Team" and #2 "Best Country Analysis") and first on the research on small e mid-caps
- "virtual" and "on site" conferences organized during the year and more than 200 reports published in the first semester

## Alternative Asset Management

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

## Finance, Operations and Governance

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

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

# Equita at a glance

## The leading independent investment bank in Italy

Equita has been using its expertise and understanding of financial markets to serve professional investors, corporates and institutions for more than 45 years. The shareholders of the holding **Equita Group, listed on the “STAR” segment of the Italian Stock Exchange**, include managers and employees who hold approximately 54% of the share capital, which ensures a strong alignment with investors’ interests.

With its Global Markets activities, today Equita is the leading independent broker in Italy. It provides institutional clients with brokerage services for equities, fixed income, derivatives and ETFs and is able to support investors’ decisions with valuable analyses and insightful investment ideas for the Italian and European financial markets - thanks also to the continuous support of its award-winning **Research Team** – renowned internationally for its top-quality research.

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

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

# Our Vision, Our Mission, Our Values

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

Equita is committed to:

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

**Independent**

Focus on client

**Excellence**

Sustainability

**Entrepreneurship**

# Group Overview

## Independence – a distinctive quality

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

## A clear and diversified business model

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

### Global Markets

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

Equita supports investors' decisions 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 its 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 supported by Equita's Research Team, which for years has been one of the best in Italy and recognized by important domestic and international institutional investors for its excellence.

## Leadership in small-mid caps

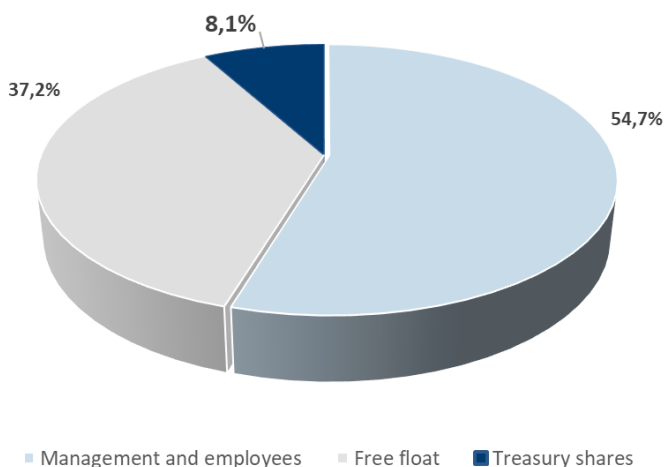
Equita is the partner of choice for many best-in-class Italian small and mid-cap companies. Equita's goal is to provide its clients with a wide range of services, while guaranteeing access to high-quality debt and equity instruments, as well as solutions tailored to meet their needs.

## Socially responsible

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

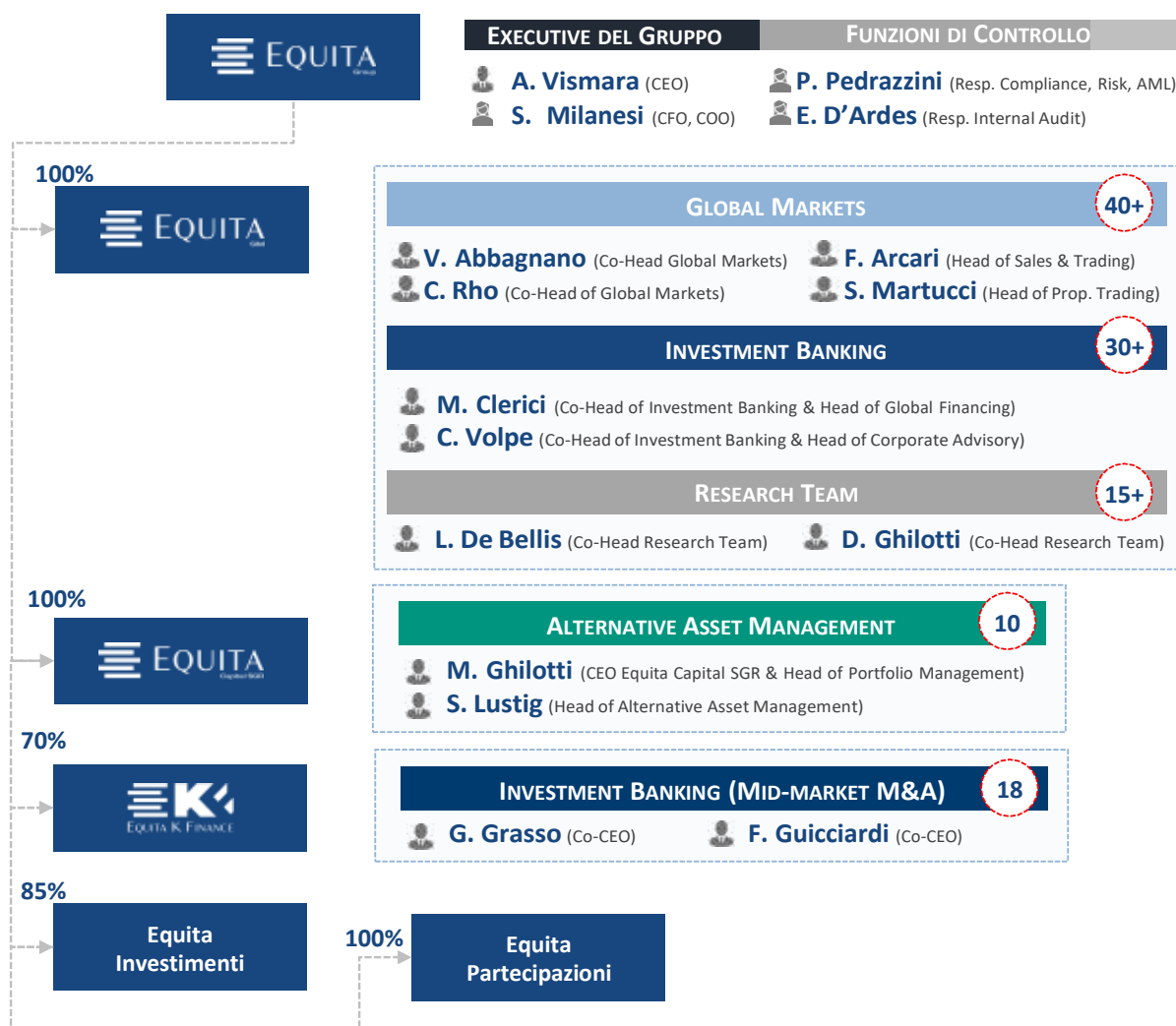
# Equita Group's Capital Structure

## Shareholder structure



Shareholders as of 30 June 2021	Number of shares
Management and employees	27,473,284
Free float	18,691,114
Treasury shares	4,059,802
<b>Total</b>	<b>50,224,200</b>

## Equita Group's structure at 30 June 2021



## Equita in borsa<sup>(a)</sup>

Market capitalization at 31 December 2020 (€ millions) <sup>(b)</sup>	158.5
Market capitalization at 30 June 2021 (€ millions) <sup>(b)</sup>	121.5
Average stock price (€)	2.903
Minimum price (€)	2.430
Maximum price (€)	3.190
Average daily volume (number of shares)	43,000
Dividend per share paid in 2020 (€)	€0.20 <i>(I tranche €0.10 may II tranche €0.10 november)</i>
Dividend Yield (on average price 2021 and including dividend fully approved, %)	6.9%
Total Return dall'IPO (23 november 2017) (except II tranche of dividend)	34.5%

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

<sup>(a)</sup> From 31 December 2020 to 30 June 2021

<sup>(b)</sup> On the total number of outstanding shares



# Interim report on operations



The income statement for the period ending on 30 June 2021 shows a consolidated net profit of roughly €11.7 million, considerably higher than the consolidated net profit of €5 million recorded in the same period 2020.

## Macroeconomic Backdrop

In the first half of 2021 the initial signs of a recovery in the world's largest economies materialized fueled mainly by the rollout of the Covid-19 vaccination campaigns. The gradual normalization of the public health situation was also accompanied by the significant expansionary fiscal and monetary policies implemented by governments and central banks.

More in detail, the IMF estimates that the American GDP will grow by a solid +7.0% in 2021, in the wake of annualized growth of +6.4% in 1Q 2021 and a 2Q which is expected to show further improvement. The strong boost in the USA was driven not only by the reopening of businesses, but also by the \$1.9 trillion stimulus package approved in March 2021. An additional two infrastructure packages (which should result in a bipartisan agreement for \$1.2 trillion), as well as a welfare package (\$1.8 trillion proposed) have also been put on the table. Recovery in demand, along with the supply-side shock triggered by the rising cost of raw materials and supply chain disruptions, also resulted in inflation with the core CPI index up +3.8% in May 2021, a level which had not been seen since the early 1990s. The FED, however, did not revise its monetary policy and excluded the possibility of a less accommodative stance before 2023, as the drastic increase in prices over the last few months was viewed as "transitional".

On the other side of the Atlantic, Europe was witness to dynamics similar to those in the US, albeit more limited in scope and expected to have a larger impact in the second part of the year. The vaccine rollouts and the reopening of businesses proceeded at a slower pace than in the USA, as did the approval of the €1.8 trillion in programs tied to the EU Budget 2021-2027 and NextGeneration EU. A majority of the individual domestic Recovery and Resilience Plans or RRP (*Piano Nazionale di Ripresa e Resilienza* or *PNRR*) were, in fact, not approved until June 2021 as was the EU Commission's issue of the first €20 billion bond to finance these plans.

Growth stimulus was further strengthened by the expansionary policy maintained by the ECB, through both the Pandemic Emergency Purchase Program (PEPP) and the long-term refinancing operations (TLTRO III). Inflation is also expected to rise in Europe, albeit not to the extent seen in the USA, which caused the ECB to revise its inflation target from under 2% to around 2%. Lastly, in the EU the Stability Pact (maintaining the debt-GDP ratio below the 3% ceiling) was also suspended for 2021 and 2022.

In light of the improvement in the general scenario and the combined impact of the recovery measures being implemented, the European Commission recently raised its estimates for 2021 GDP growth in the EU from the 4.2% called for in the spring to 4.8%. In Italy the estimated growth was also revised upward to 5% from the previous 4.2%, thanks also to the political stability guaranteed by Prime Minister Draghi who took office in February 2021.

## Market analysis and business trends

In the first half of 2021 the stock market was characterized by sustained volumes and a constant increase in volatility which peaked in May, to then close lower in June.

The first half of 2021 is compared with 2020, a year impacted by the complexities stemming from the pandemic.

The volumes traded on the MTA were 10% lower overall than in the first half of 2020. The main stock market index went from 22,233 points at year-end 2020 to 25,102 at the end of first half 2021 versus 19,376 in June 2020. The index posted a 12.9% increase against the beginning of the year.

There was a gradual decrease in volatility which closed the first half of 2021 at 12.1% versus 14.7% at year-end 2020 and 32.4% at the end of June 2020 (in 2020 volatility peaked at 90.6% at the end of March due to the spread of the pandemic).

In terms of corporate finance transactions, there was a return to M&A in the first half of 2021 after a 2020 penalized by the pandemic effect. Entrepreneurs showed a renewed interest in external growth which was, once again, seen as a strategic option for businesses. In the first six months of the year 522 deals closed in Italy (+24.6% vs first half 2020) for a total of around €42.4 billion or +88% more than in the same period of the prior year (€22.5 billion in the first half of 2020). Cross-border M&A (foreign companies in Italy and Italian companies abroad) was particularly buoyant and accounted for roughly 76% of the Italian M&A market, with 243 deals closed for a total of €32 billion.

Growth in the primary market was focused mainly on the AIM/MAC segment. More specifically, in the first half 16 IPOs were completed (excluding transactions across segments), only 2 of which on the MTA.

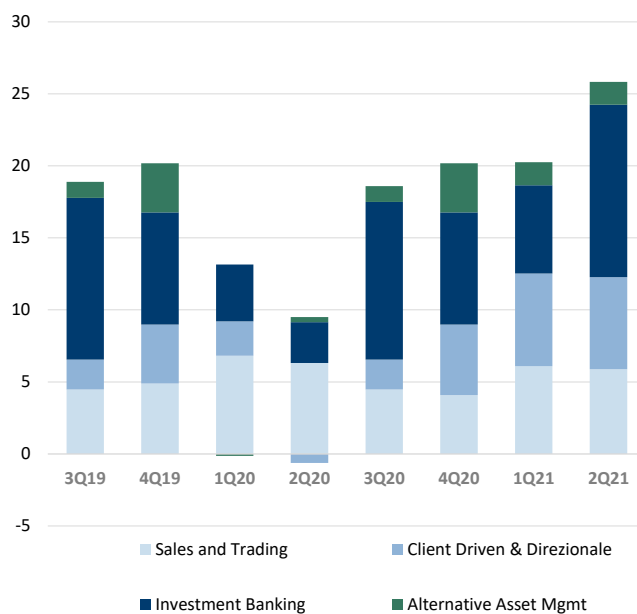
The first half of 2020 was characterized, rather, by a lack of transactions due to the uncertainty of the global market conditions. The limited number of transactions testifies to this situation: two transfers from the AIM market to the MTA, one new listing on the MTA and two on the AIM/MAC market.

## Group financial performance

The income statement for the period ending on 30 June 2021 shows a consolidated net profit of €11.7 million compared to €5 million in 2020.

Net revenues totaled €46.1 million in the half, 58% higher than in the first six months of 2020.

### 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 half of 2021, 36% higher than in the same period 2020. This performance was driven mainly by proprietary trading which, boosted by market confidence, posted a decided recovery with respect to the prior year. This trend also affected the retail hub which benefitted from the flows generated by trading online. Client driven & market making were largely stable. Conversely, institutional trading was down due to a decrease in the trading of high margin products and lower volatility, particularly when compared to the first half of 2020.

### Market environment

The main economic factors impacting this division's business in the first half of 2021 are described below.

As the vaccine rollouts continued, world output increased; the projections point to further improvement, but vary across the different regions. Monetary policies remain expansionary in all the main countries.

Given that the gradual improvement recorded is still characterized by significant uncertainties tied to the pandemic and how the economy will react to the reopening of businesses, the ECB directive council reiterated that the extremely accommodative financial conditions will be maintained. The Council also decided to maintain the robust pace of the monthly purchases made under the Pandemic Emergency Purchase Programme, PEPP.

In the first quarter of 2021 economic activity in the Euro zone fell further (-0.3%). The GDP fell markedly in Germany, and less noticeably in Spain and France; in Italy there was a slight increase.

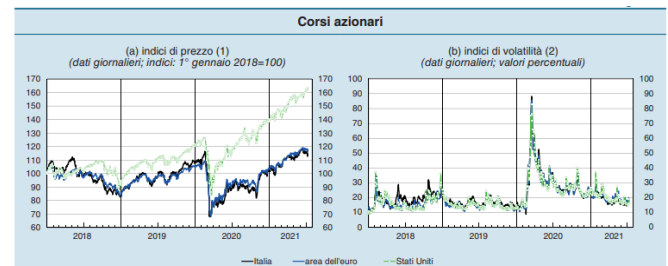
Based on available indicators, growth in Italy gained momentum in the second quarter, boosted by accelerated vaccine rollouts and the gradual easing of the restrictions, coming in 1% higher than in the prior period. The growth was driven by stronger manufacturing and the beginning of a recovery for services. This uptick is attributable mainly to investments. The conditions for investing are decidedly better and collective investment has accelerated during the year.

Consumption began to grow again in the second quarter, but the propensity to save remains high for precautionary reasons.

The ECB's accommodative monetary policy continues to help ease financial market conditions and bank credit. Government bond yields are still low with the sovereign risk

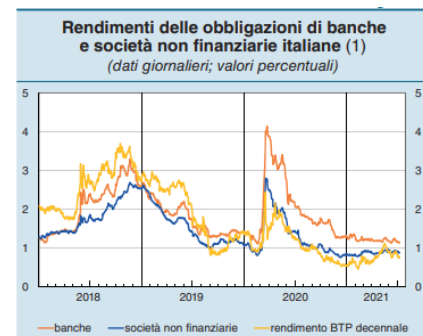
premium below pre-pandemic levels.

Since the beginning of the year through March 2021 stock prices in Italy were in line with the Euro zone (7% and 8%, respectively). As of mid-March stock prices in Italy have performed similarly to the Euro zone (3% and 4%, respectively), thanks to an improved outlook for corporate earnings due to the expectations that there will be a decided recovery in economic activity. The increase in the banking sector index was more pronounced in Italy than in the Euro zone (5.3% and 3.5%, respectively), due mainly to higher profitability and the prospects for sector consolidation. Stock price volatility was largely unchanged.



Fonte: elaborazioni su dati Refinitiv.  
(1) Indici: FTSE MIB per l'Italia, Dow Jones Euro Stoxx per l'area dell'euro, Standard & Poor's 500 per gli Stati Uniti. - (2) Indici: VSTOXX per l'area dell'euro, volatilità implicita nelle opzioni sull'indice FTSE MIB per l'Italia, VIX per gli Stati Uniti.

Secondary market yields for bonds issued by banks and non-financial companies have both increased by around 7 basis points since the beginning of the year. As of mid-April the yields have been largely stable, posting a change of -4bps and 2bps, respectively.



Fonte: elaborazioni su dati ICE BofAML e Bloomberg.  
(1) I dati si riferiscono ai rendimenti (a scadenza) medi di un paniere di titoli obbligazionari denominati in euro di banche e società non finanziarie italiane scambiati sul mercato secondario. Anche se il paniere contiene titoli di diversa scadenza, selezionati sulla base di un grado sufficiente di liquidità, la figura riporta per confronto il rendimento del BTP decennale, particolarmente rappresentativo dei rendimenti offerti dai titoli di Stato italiani.

## Sales and Trading

In the context described above, third party brokerage – *Sales & Trading* – recorded a slight decrease in net revenues of 2% against the same period 2020.

Institutional posted a decrease (around -9%) while the retail hub reported higher net revenues (around +10%) thanks also to trading online which has increased gradually since last year. In the half there was an increase in activity involving stock dividend and stock option products which was in line

with the total volumes traded on the IDEM and EUREX markets. [Source: Assosim].

Based on the usual statistics compiled by Assosim, in 1H21 EQUITA's and the sales & trading team's market share of volumes brokered for third parties on the Italian MTA market reached 7.53% of the total volumes traded (versus 8.15% in the same period 2020) with a better ranking than in June 2020 (4<sup>th</sup> place versus 5<sup>th</sup>).

EQUITA's market share of the bonds brokered reached 8.14% compared to 6.3% in the same period 2020.

## Client Driven and Directional Trading

At 30 June 2020 the volumes traded on the MTA market by Equita's proprietary trading desk, one of the market's top-five players, were in line with the same period 2020. The market share for bonds traded by the proprietary trading desk on the Italian Stock Exchange was slightly higher.

In the first half of 2021 revenues for the proprietary books (client driven & market making and directional trading) were significantly higher than in the same period 2020 which was compromised by the instability caused by the COVID19 pandemic. The division's net revenues amounted to roughly €12.8 million at 30 June 2021, compared to €6 million in the first half of 2020.

This result was driven by the directional books which leveraged on the interest in banking sector equity instruments. In the first half of the year the banking sector was up +24.4% (FTSE Italia All Share Banks) while the general index rose +12.9%. This strategy fueled net revenues of more than €6.3 million, versus a loss of around €1.1 million in 2020.

In 2021 client driven posted net revenues of approximately €6.6 million, down slightly against the €7.1 million posted in 2020. This performance is explained by bond trading which was impacted by the decreased appetite in the reporting period attributable also to the lack of volatility in the underlying market and lower yields.

In terms of listed instruments for which it acts as Specialist – liquidity provider, Equita continued to quote prices for more than 1,850 financial instruments. Equita acted as market maker for corporate bonds, certificates and other financial instruments listed on the MOT, SeDeX and EuroTLX markets.

Equita was also designated broker for 8 asset management companies in the open-end fund market.

## Investment Banking

The Group offers a complete range of Investment Banking products and services including Mergers & Acquisitions advisory and relating to Equity Capital Markets, Debt Capital Markets, Debt Advisory & Restructuring, as well as Corporate Broking, targeting primarily listed mid and large caps, 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 half of 2021, the economic recovery fueled by Covid-19 vaccination rollouts had a positive impact on financial markets resulting in an increase in the volume of investment banking transactions completed in Italy. More in detail, in the first half of 2021 522 M&A deals were closed in Italy (versus 381 in the first six months of 2020) for a total of roughly €42.4 billion, showing strong growth against the €22.5 billion recorded in the first half of 2020 (+88%). Cross-border M&A (foreign companies in Italy and Italian companies abroad) was particularly buoyant and accounted for roughly 76% of the Italian M&A market, with 243 deals closed for a total of €32 billion [Source: KPMG].

Italian Equity Capital Market transactions increased in number, rising from 17 transactions in the first half of 2020 to 29 in the same period 2021. Volumes rose 21.2%, going from €3.9 billion in the first half of 2020 to €4.8 billion in the first half of 2021. This increase is attributable mainly to the issue of convertible instruments which was triple the amount reported in first half 2020 and represented roughly 50% of the total Equity Capital Markets transactions [Source: Dealogic data compiled by Equita Group].

The Debt Capital Market transactions completed on the Italian market in the first half of 2021, particularly corporate issues of High Yield and Non-Rated bonds, increased markedly against the same period of the prior year. The amount transacted went from €1.5 billion in first half 2020 to approximately €8.0 billion in first half 2021 (Source: Bondradar data compiled by Equita Group).

The upbeat market environment had a positive impact on Investment Banking which recorded net revenues of €18 million, double the net revenues recorded in the same period 2020.

This result also reflects the €2.1 million in net revenues

contributed by Equita K Finance, included in the scope of consolidation since July 2021.

## Equity Capital Markets

In the first half of 2021, EQUITA acted as Joint Bookrunner in the Accelerated Bookbuilding of Prysman shares for a total of €293 million, Joint Bookrunner and Sponsor for the placement of €225 million in Antares Vision shares to re-IPO the firm on the STAR segment of the MTA market, Joint Bookrunner and Nomad for the REVO IPO on the AIM Italia market for €220 million, Sole Bookrunner for the Reverse Accelerated Bookbuilding of Banca Popolare di Sondrio shares for €75 million, Joint Bookrunner of the Accelerated Bookbuilding of Garofalo Health Care shares for €43 million, Sole Bookrunner of the Reverse Accelerated Bookbuilding of Gruppo Unipol shares for €34 million, Sole Bookrunner of the Reverse Accelerated Bookbuilding of Banca Farma Factoring shares for €11 million. EQUITA has had a key role in other Equity Capital Markets transactions acting as Equity Capital Markets Advisor for the public takeover bid on ASTM shares for €1,900 million, designated broker for the collection of acceptances in the public offer on shares of Credito Valtellinese for €855 million, Equity Capital Markets Advisor for the public takeover bid on shares of Guala Closures for €300 million and designated broker for the collection of acceptances in the public offer on SIT warrants for €2 million.

## Capital Markets, Debt Advisory e Debt Restructuring

Looking at Debt Capital Markets transactions, in the first half of 2021 EQUITA acted as Placement Agent and Sole Bookrunner for Newlat Food's issue of €200 million in 6-year senior unsecured notes which were listed on Borsa Italiana's MOT market and Placement Agent and Sole Bookrunner for Italian Wine Brands' issue of €130 million in 6-year senior unsecured notes which were listed on Borsa Italiana's MOT market. EQUITA also acted as the Co-Manager for the issue by Webuild of €200 million in senior unsecured notes which were in addition to the €550 million issued by the company in December 2020.

## Mergers and Acquisitions

In the first half of 2021 the main deals in which EQUITA's M&A team assisted as financial advisor included:

- Credit Agricole Italia's tender offer on all Credito Valtellinese shares for €855 million;
- Ferrovie Nord Milano's acquisition of 82.4% of Milano Serravalle – Milano Tangenziali for a consideration of €519 million,
- the sale by Sintonia of the 88.1% held by Atlantia in ASPI to the consortium led by CDP based on an equity value € 9.3 billion,
- FLY's public takeover bid on Carraro shares for € 54 million,
- the sale by Alperia, Dolomiti Energia and Finest of 57.9% of PVB Power Bulgaria's capital based on an enterprise value of €48 million,
- the valuation by CDP Equity of CDP Equity's listing on Euronext,
- the Redini family's sale of Cedral Tassoni to the Lunelli Group,
- Astaldi's Committee for Related Party Transactions partial proportional demerger of Astaldi in favor of Webuild,
- MagMa Holding's sale of a majority stake in MagMa to the multinational Ravago Group,

- Finanziaria Trentina's sale of a minority stake to the Dolomiti Energia Group,
- Linea Group Holding's shareholders' merger of Linea Group Holding in A2A,
- the reorganization by Carige and Banca Cesare Ponti of their private banking activities.

The deals in which the subsidiary Equita K-Finance were involved should be added to this list. The most compelling transactions include:

- Advisory in Lucart S.p.A.'s acquisition of ESP Ltd;
- Advisory, sell – side, in IGI Private Equity's acquisition of OME Metallurgica Erbesse, Stampinox and Hexagonal;
- Advisor for Camicissima's acquisition of Nara Camicie.

## Corporate Broking and Specialist

Corporate Broking continues to be a strategic area for both the cross-selling and cross-fertilization of other Investment Banking products and services. In the first half of 2021, the number of Corporate Broker and Specialist mandates was largely unchanged.

## Alternative Asset Management

Looking at the market environment in which this division operates, according to Assogestioni's most recent studies the net inflow toward open-end funds, attributable entirely to foreign funds, was positive in the first quarter of 2021 (€18.7 billion). Investors bought both equity funds (net inflow of €13.1 billion) and balanced funds (€4.3 billion), as well as bond (€2.8 billion) and money market (€1.4 billion) funds. There was a net outflow from hedge and flexible funds (-€0.1 and -€2.8 billion, respectively). Net inflows toward open-end funds continued in April and May (€4.1 and €4.9 billion versus €7.5 billion in March).

This context shaped the business of the Group's Alternative Asset Management division which recorded net revenues of roughly €3.1 million in the first half of 2021. Recurring revenues amounted to around €2.5 million, approximately 30% higher than in first half 2020, while the gains stemming from asset valuations amounted to €0.6 million versus basically flat in the prior year.

The AUM came to roughly €1 billion at 30 June, 14% higher than in the same period of 2020.

## Portfolio Management

The first half of 2021 was positive for stock markets globally and for European small-mid caps in particular (FTSE Italia Mid Cap index +24.1%, DJ European Mid Small index +14.6%).

During the first half the assets under management grew from €744 million at the beginning of the year to €766 million at 30 June 2021 to which the advisory fund of €27 million should be added. The structural redemptions of the flexible funds were offset by the positive inflows for asset management, the positive performance effect and the assets of the new European equity advisory fund.

The team manages a total of three benchmarked discretionary accounts and two flexible funds with VAR limits. Since the beginning of January, it also provides advisory for a benchmarked European equity fund.

The average performance of the three lines before tax, weighted for AUM, was up +20.72% in absolute terms at the end of June and +5.88% against the benchmark.

The flexible fund Euromobiliare Equity Mid Small Cap posted a net performance of +6.56% since the beginning of the year.

The fund was much less dynamic than the European mid small caps due to the VAR limits which do not allow for an equity exposure of more than 55% and calls for the portfolio to also

have big caps which typically have a lower VAR, as well as some stock picks made during the reporting period which did not pay off.

At the end of June Euromobiliare Equity Selected Dividend posted a net performance YTD of +5.37% which takes into account the maximum dividend payment permitted as per the prospectus of 3%. Solely for the sake of comparison, the ETF Euro Dividend Aristocrats, which has the same strategy but is fully invested, reported a performance of +10.19% (from the inception the performance comes to +2.39% and +2.58%, respectively).

Lastly, the European equity advisory fund closed the half with a net performance of +16.09% in absolute terms and +5.34% against the benchmark

## Private Debt

The Italian Private Debt market slowed in the first half of 2021 due mainly to the amount of time it took to close deals and the presence of a few one-off players.

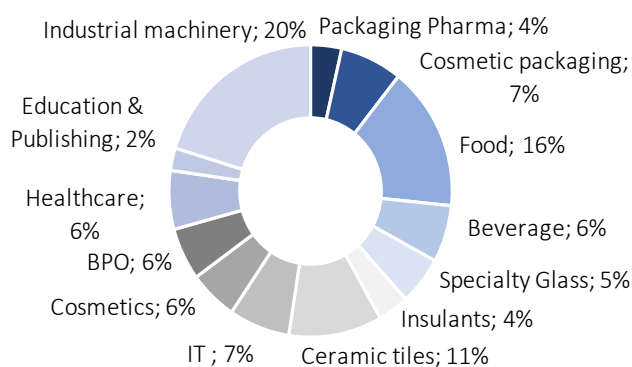
During the reporting period, the team focused mainly on fundraising for Equita Private Debt Fund II (“EPD II”) and monitoring the investment portfolio while also pursuing the strategy to enhance the existing portfolio including through follow-on investments.

On 6 July 2021 EQUITA successfully concluded the EPD II’s third closing, bringing the total commitments to €148.5 million and confirming the visibility of the year-end 2021 €200 million target.

A new investment of around €15 million in a company, leader in the circular economy and focused on recycling and reusing paper and plastic, is also in the process of being finalized. The transaction is expected to close by August 2021. During the first half a few portfolio companies continued along their growth paths, including through acquisitions, and in a few instances were supported directly by the private debt funds managed by EQUITA.

The breakdown of the private debt fund’s investment portfolio by sector is shown below:

### BREAKDOWN OF THE INVESTMENT PORTFOLIO



## Private Equity

In first quarter 2021, the private equity team continued to work on the launch of the fund Equita Smart Capital – ELTIF (the “Fund”) focused on private equity investments in Italian SMEs.

On 4 June 2021, Equita Capital SGR received the greenlight for the commercial launch of the fund from CONSOB and, therefore, opened the first subscription period. The placement of quotas in the Fund with professional investors will be managed directly by the SGR, while placement with all types of investors (professional and retail) will be done through the Allfunds Bank platform.

The first closing is expected to take place in the fourth quarter of 2021 once the commitments reach at least €30 million, the minimum threshold needed to begin operations indicated in the fund’s regulations.

At the same time, the investment team worked on building a pipeline of eligible fund investments.

## Research team

In the first half of the year, the Research Team began coverage of 6 new companies (4 in Italy and 2 in Europe). At the end of the reporting period, the Research Team covered 155 companies, of which 117 in Italy and 38 in Europe.

In the first six months of the year the Research Team published around 210 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, and two monthly summaries, one of the Italian market and one of the European equities covered).

The team organized roughly 84 events involving listed companies and institutional investors in the half. Despite the restrictions caused by the health crisis, EQUITA worked to guarantee that communications between investors and listed companies remained up-to-date and uninterrupted by substituting in-person meetings with conference calls and video conferences. During the first six months of the year, EQUITA also organized 5 virtual conferences dedicated to bond issuers, as well as infrastructure and manufacturing stocks.

In the latest rankings compiled by Institutional Investor and Extel, the Research Team was confirmed at the top of the main categories for research quality.

# Group performance

## Reclassified income statement

The consolidated net profit amounted to €11.7 million in the first six months of 2021, compared to €5 million in the same period 2020. The result for first half 2021 includes the contribution of €0.2 million made by minorities.

The half benefitted from the positive performance of the capital markets energized by the vaccine rollouts and the global initiatives of the central authorities, as well as the positioning and visibility achieved by EQUITA Group since its listing in 2017.

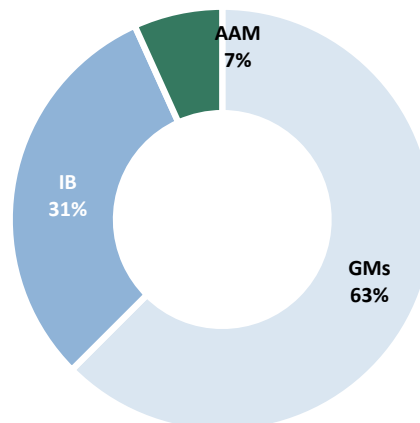
More in detail, Global Markets and the proprietary books benefitted from this good performance, as did Investment Banking which found windows of opportunity to complete the significant pipeline built in prior months.

Conversely, the lack of volatility limited the opportunities for third party brokerage.

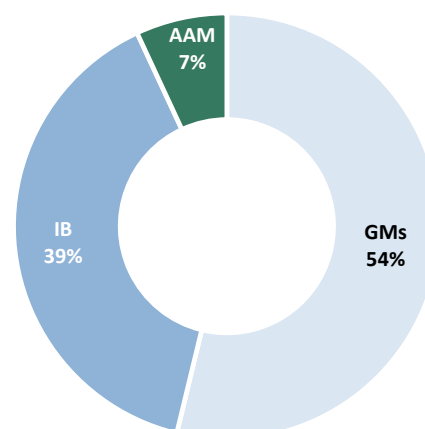
The breakdown of consolidated net revenues, in the first six months of 2021 and 2020, by business division is shown in the following tables.

### CONTRIBUTION TO NET REVENUES BY BUSINESS DIVISION

1H2020



1H2021



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

(€/000)	I H 2021	I H 2020	Delta%
Global Markets:	24.796	18.219	36%
<i>Sales &amp; Trading</i>	11.969	12.400	(3%)
<i>Client Driven &amp; Directional Trading</i>	12.827	5.819	116%
Investment Banking	18.095	8.954	102%
Alternative Asset Management	3.189	1.970	62%
<b>Net revenues</b>	<b>46.079</b>	<b>29.143</b>	<b>58%</b>
Personnel expenses	(21.803)	(13.305)	64%
Other administrative expenses	(9.106)	(8.620)	6%
<b>Total cost</b>	<b>(30.908)</b>	<b>(21.925)</b>	<b>41%</b>
Comp/revenues	(47%)	(46%)	4%
Cost/income ratio	(67%)	(75%)	(11%)
<b>Profit before tax</b>	<b>15.171</b>	<b>7.218</b>	<b>110%</b>
Tax	(3.508)	(2.101)	67%
<b>Net profit for the period</b>	<b>11.662</b>	<b>5.116</b>	<b>123%</b>
<i>Minorities' portion of net profit</i>	239	(7)	n.s.
<b>EQUITA Group's portion of net profit</b>	<b>11.423</b>	<b>5.122</b>	<b>123%</b>

"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.

In the first half of 2021 **Global Markets** was impacted by the recovery of the stock markets. The primary index rose 12.9% since the beginning of the year and the banking sector index was up 24.4%.

The directional books recorded revenues of more than €6 million compared to a loss of €1 million in the first half of 2020. Client driven generated revenues of around €6.5 million, down 8% compared to the same period 2020.

The largely stable volatility (around 12%), had a slightly negative impact on third party brokerage which closed the half down slightly (- 2%).

Overall revenues for Global Markets were up 36% against the same period of 2020.

**Investment Banking** reported net revenues of €18 million, doubling the amount posted in the same period 2020, thanks to the robust pipeline which had been in place since year-end 2020.

Equity and Capital Markets and M&A made a larger contribution to the division's results thanks to a significant increase in revenues.

**Alternative Asset Management** recorded net revenues of €3.2 million, 62% higher than in the same period of 2020. This increase is attributable mainly to the impact that the market had on assets under management, which have grown since year-end 2020, as well as the product diversification carried out in past years which bore fruit in the latter part of 2020 and the half that just closed.

**Operating costs** amounted to €31 million at 20 June 2021 versus €22 million in the same period 2020.

Personnel expenses came to €21.8 million, more than 64% higher than in the first half of 2020 due mainly to an increase in the variable component linked to revenues and the higher fixed component explained by Equita K Finance personnel (+12 resources). The total headcount went from 159 at 30 June 2020 to 162 at 30 June 2021, in addition to 14 interns.

The **comp/revenue** ratio was around 47% at 30 June 2021, slightly higher than in the same period 2020.

**Other administrative expenses** were 5% higher than in the prior period, coming in at €9.1 million. This increase is attributable to the restart of investments in marketing, charitable initiatives and the expanded perimeter (the latter amounted to €0.3 million).

The **cost/income ratio** came to 67%, lower than in the same period of the prior year (75%).

**Income tax** for the period amounted to €3.5 million, calculated at a tax rate of 23%, lower than in the same period 2020. The decrease is attributable to the release of goodwill and the use of carried forward tax losses relative to EKF.

Alternative Performance Indicators		
	30/06/2021	30/06/2020
<i>Comp/revenues</i>	47%	46%
<i>Cost/income ratio</i>	67%	75%
<i>Tax rate</i>	(23%)	(29%)
<i>N. employees</i>	162	146
<i>Earnings per share (outstanding)</i>	0.32	0.11
<i>DPS- prior year</i>	0.20	0.19

(€/000)	30/06/2021	31/12/2020	Delta %
Financial assets measured at fair value through P&L	71.996	43.850	64%
Financial assets measured at amortized cost	229.543	203.342	13%
Equity investments	67	67	0%
Property, plant and equipment and intangible assets	33.126	33.747	-2%
Tax assets	2.996	3.106	-4%
Other assets	2.837	1.644	73%
<b>Total assets</b>	<b>340.566</b>	<b>285.755</b>	<b>19%</b>
Payables	205.095	157.034	31%
Financial liabilities held for trading	12.081	14.217	-15%
Tax liabilities	3.229	2.178	48%
<i>Other liabilities</i>	27.644	21.700	27%
<i>Employee severance ("TFR")</i>	2.270	2.270	0%
Provisions for risks and charges	1.929	2.673	-28%
Shareholders' equity	88.318	85.684	3%
<b>Total liabilities</b>	<b>340.566</b>	<b>285.755</b>	<b>19%</b>

**Financial assets measured at fair value through profit and loss** came to roughly €72 million, significantly higher than at 31 December 2020 (+64%). **Assets held for trading** saw an increase of about €24.5 million in long equity derivatives positions.

The proprietary portfolio includes bond holdings, which were up €5 million against the prior year due, in part, to the market making and specialist portfolios acquired with the Retail Hub business.

The **assets mandatorily measured at fair value** at 30 June 2021 amounted to around €8 million, in line with 31 December 2020.

These assets comprise the investment in the Sparta 60 bond made in fourth quarter 2019 for €11.1 million, 87% of which was sold in 2020, the quotas in Equita Private Debt I (€4.3 million) and Equita Private Debt II (€1.8 million), as well as shares of the ICF Group.

**Financial liabilities held for trading** amounted to €12.1 million, a decrease of roughly €2.1 million against 31 December 2020 explained by a decrease in short positions of €1.8 million.

**Financial assets measured at amortized cost** rose by roughly €26 million due mainly to a €33.5 million increase in deposits, an increase in receivables of around €14 million, offset by a drop in the securities lending business of €23 million.

The item includes a total of €25 million in receivables due from CC&G (Cassa di Compensazione e Garanzia) for margins and default funds. This item rose noticeably due to an increase in both the group's operations and the market activity which affects CCP's guarantees (€9.4 million at 31

December 2020) classified as deposits held with financial institutions.

**Property, plant and equipment and intangible assets** were largely in line with the prior year (-8%).

Intangible assets include capitalized software costs and the €0.9 million in goodwill paid when the Retail Hub business was acquired from Nexi S.p.A. in May 2018, as well as the consolidated goodwill and trade name recognized for the subsidiary Equita SIM of €13.1 million and for Equita K Finance of around €12 million.

None of the fixed assets show signs of impairment.

**Other assets** were higher (by roughly €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 €47.9 million higher than at 31 December 2020 coming in at €205 million explained mainly by €44 million in hot money used to finance a temporary increase in the Group's trading, as well as seasonal liquidity needs.

Operating expenses to be settled were about €5 million higher, consistent with period seasonality.

This item includes the lease payables recognized in accordance with IFRS 16 which were approximately €0.5 million lower.

**Other liabilities** were €4.9 million higher due mainly to an increase in trade payables and tax payables offset by the

payment of the €0.5 million earned out to the shareholders/sellers of Equita k Finance.

**Employee severance** (“TFR”) was in line with 31 December 2020.

**Provisions for risks and charges** were lower at the end of first-half 2021 due to the deferred bonuses paid in the reporting period.

At 30 June 2021, the **share capital** of EQUITA Group S.p.A. amounted to €11,427,911 (of which €11,376,345 raised through the IPO and €51,566 from the free capital increase completed in February 2021), consisting of 50,224,200 shares without a stated par value.

Treasury shares amounted to approximately €4 million.

The 2020 dividend totaled €9,232,879.60. The first tranche (50%) was paid in the half, while the balance will be paid in November 2021.

The consolidated **net profit** amounted to €11.7 million in the first six months of 2021, higher than the €5.1 million recorded in the same period 2020.

At 30 June 2021 the **Return on Tangible Equity** (“ROTE”) was roughly 39% higher with respect to both year-end 2020 (27%) and first half 2020 (19%).

The consolidated **Total Capital Ratio** (“TCR”) was 25%, well above prudent levels, but lower compared to 31 December 2020 (26%) due to the increase in RWAs (risk weighted assets) connected to market and credit risk.

With regard to the **consolidated Total Capital Ratio**, as of 26/06/2021 investment firms are no longer subject to the CR DIV Directive which governed prudent capital requirements. The Group monitored the capital requirements and found that they had all been complied with the first half of 2021.

At the end of July, the Bank of Italy confirmed that Regulation 680/2014 would no longer be applicable and that the new EU Regulation 2033/2019 (“IFR”) would take effect as of 26 June. Based on this new regulation, the Group must submit an evaluation of the new Directive’s impact as at 30 June 2021 by 15 September 2021. At the date of this half-year report, the Group has assumed a level of minimum prudential requirements that is well above the new prudential requirements.

For more information refer to the IFR/IFD Directive section below in the Interim Report on Operations.

## 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 €3.17 on 30 June 2020, bringing the Group’s market capitalization to approximately €159 million with a Total Shareholder Return on the listing price of +34%. In the first half of 2021 an average of roughly 43 thousand shares were traded per day, compared with 28 thousand shares traded per day in the same period of the previous year.

## Significant events after the close of the reporting period

No significant corporate events which should have been taken into account when preparing this condensed consolidated financial report at 30 June 2021 occurred after the close of the reporting period.

## Outlook

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

The Group will continue working on the strategic plan launched at the beginning of 2021 focused on the targets for organic growth, as well as product diversification.

More in detail, with regard specifically to product diversification, the Group has worked intensely on the launch and management of its first ELTIF fund in the second half of 2021.

All of the Group's initiatives are geared to meet the needs of its expert clientele which, above all in the current economic phase, is looking not only for good returns, but also for high quality investment products which Equita's team of experts can provide.

The Group will continue to pursue its strategy based on organic growth including through process efficiencies and the quality of its services.

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

In the second half of 2021 the Group's economic, financial and operating performance will also be affected by market trends and the global market conditions.

## Key Initiatives in 2021

### ...Business

#### VIII edition of the Bocconi – Equita partnership event

Equita and Bocconi University celebrated the eighth anniversary of their partnership with the traditional annual conference aimed at promoting capital markets and stimulating discussions about the structural elements, development factors and solutions. Over the years the partnership has promoted a number of initiatives and policy recommendations that have contributed to improving the capital markets and the relative regulations.

The new position paper, realized by Bocconi University's BAFFI Carefin Center for Applied Research in collaboration with Equita, was presented by Stefano Caselli, Vice-Rector for International Affairs and Algebris Chair in Long-term Investment and Absolute Return, and Stefano Gatti, Antin IP Associate Professor of Infrastructure Finance, during the webinar "*Shareholders' ownership characteristics of Italian listed companies: do they really matter for performance?*".

One of the research's objectives was to analyze whether or not the ownership structure of Italian listed companies affects the company's performance and, more specifically, if and which performance indicators are associated with the characteristics of the shareholders holding more than 2% of the voting rights.

In the study seven classes of shareholders were identified (Association/Foundation, Family Office, Financial Institution, Government, Manufacturing Group, Physical Person and Trust). Five indicators were used to gauge the performance: two relative to the market (price and the stock's volatility) and three relative to growth (Return on Equity - ROE, Return on Net Assets - RONA and the yearly employee turnover).

In the first part of the study, it emerged that the role of the entrepreneur is crucial: the percentage of the votes held by the "Physical person" class of shareholders had a positive impact on the price, ROE, RONA and the yearly employee turnover.

The second part of the study, which focused on understanding if a key "fulcrum shareholder" – where applicable – influences performance, confirmed once again that shareholders categorized as physical persons have a positive impact on price, ROE, RONA and employee turnover.

From the data collected it emerged that the ownership structure of Italian companies is characterized by a high degree of ownership concentration and the presence of controlling shareholders – or, at any rate, a pervasive presence of shareholders with substantial voting rights – and in both parts of the study it emerged that the presence of a controlling shareholder had a positive impact on the price and lessened volatility which indicates lower risk.

The study shows that ownership concentration is not necessarily negative for performance. The presence of an entrepreneur or family ownership has a positive impact on the company's results, consistent with prior studies which found that over time a stable ownership structure is key to reducing overhead and to guaranteeing that the management has the support needed to achieve long-term goals.

For more information about the content of the study, please refer to EQUITA Group's website.

During the event Equita also presented its fifth Monitor on Capital Markets in Italy which examines the most important issues, as well as the most active brokers and investors, and, as of this year, contains a section dedicated entirely to analyzing ESG issues and performance on the market.

Lastly, the prize for the best strategies on capital markets awarded by Equita – and sponsored by Bocconi University and *Borsa Italiana* – in recognition of the most original and effective transactions that succeeded in leveraging on the capital markets used to relaunch and develop the business.

## ...governance

### IFR/IFD Directive

As of 26 June 2021 firms authorized and regulated by the MIFID directive are subject to the new prudential framework. More in detail, the EU Regulation n. 2033/2019 of 27.11.2019 (the Investment Firm Regulation or «IFR») was introduced along with the EU Directive 2019/2034 (the Investment Firm Regulation or «IFR») which, for investment firms, substituted the CRR II / CRD IV reporting regulations which will be applied solely to banking groups and substitute the current CRR / CRD III regime.

The most innovative changes of the new regime relate to:

- the classification of investment firms (referred to in Art. 12 IFR) which are broken down into groups based on the business model and size;
- the prudential requirements, which vary based on the above classification, and will refer to (Art. 52 of IFR):
  - o level and breakdown of own funds
  - o capital requirements and the applicable K Factors: Risk to Client; Risk to Market; Risk to firm;
- concentration risk;
- liquidity requirements (only Class 2 firms).

Based on the analysis carried out, EQUITA Group qualifies as a Class 2 firm which includes investment firms which provide one or more of the services referred to in MIFID 2, are authorized to hold clients' cash and financial instruments and exceed at least one of the thresholds for AUM - Assets Under Management, COH - Client Orders Handled, annual gross revenue, on- and off-balance sheet assets items, proprietary trading and/or underwriting.

The new requirements for own funds of Class 2 investment funds are determined as follows:

- a)  $\frac{\text{Capitale primario di Classe 1}}{D} \geq 56\%$
- b)  $\frac{\text{Capitale primario di Classe 1} + \text{Capitale Aggiuntivo di Classe 1}}{D} \geq 75\%$
- c)  $\frac{\text{Capitale primario di Classe 1} + \text{Capitale Aggiuntivo di Classe 1} + \text{Capitale di Classe 2}}{D} \geq 100\%$

Where the denominator represents the greater of:

- **fixed overhead requirement** (own funds equal to at least ¼ of the previous year's fixed overhead – Art. 13 IFR)
- **permanent minimum requirement** (refer to Directive 2034/2019 which calls for €0.75 million versus €1 million - Art. 14 IFR)
- sum of the **K factors** (Art. 15 et seq. IFR)

While waiting for the new regulatory technical standards ("RTS") to be adopted by the European Commission, EQUITA Group has held roundtable discussions with *Assosim* and *Banca d'Italia*, performed benchmark analyses relating to technology and applicable reporting and has begun to prepare for the new reporting process.

The Group expects to complete implementation of the new reporting system by the end of third quarter 2021 in accordance with the deadline for the first report, namely 30 September 2021.

As mentioned above, in the bulletin of 30 July – n 1139561/21 the Bank of Italy confirmed that Regulation 680/2014 was no longer in place and that the new EU Regulation 2033/2019 ("IFR") would take effect as of 26 June. Based on this new regulation, the Group must submit an evaluation of the new Directive's impact as at 30 June 2021 by 15 September 2021.

## 2021 Wellness Plan

Equita promotes the development of the skills and well-being of its employees; this is the goal of the wellness plan. The objective is to further incentivize and engage both senior and junior resources, by providing an interesting combination of benefits, monetary and non, along with a pleasant, and, consequently, more productive work environment. Particular attention is paid to the well-being of our employees and their families, above all during a difficult period like the one we are currently experiencing.

The Group decided to confirm the initiatives benefitting all employees already offered in the past also for 2021 which are broken down in the following areas as summarized below: assistance, caring and education.

The most important changes include:

### Assistance

- based on the needs expressed by employees, the Group has allocated more than €1 million each year for the past two years to providing EQUITA's professionals services and non-

monetary benefits (including additional medical assistance, training and the refund of educational expenses, as well as recreational/leisure time activities and sports);

- free, complete medical check-ups for each employee, aimed at encouraging preventive healthcare;
- matching contributions made by the company if the employee has adhered to supplementary pension plans;
- organization of a series of meetings – including 1-to-1 - with pensions advisers to help staff, both junior and senior, to find the best pension solutions in light of their long-term objectives and as part of financial education programs;
- insurance coverage and refunds of medical expenses incurred by employees and their close family members, off-the-job and on-the-job accident policies, benefits for employees in the event of disabilities, as well as life insurance.

### Caring

The Group has always worked actively to enhance the wellbeing of all employees in order to promote a pleasant, and, consequently, more productive work environment. As it did throughout 2020, in 2021 Equita will continue to provide its professionals with all the support needed to deal with the health crisis and prevent the spread of Covid-19. From the beginning of the pandemic, the Group, in fact, moved quickly to guarantee remote operations and make swab testing and serological tests available to employees and family members. The Group also stipulated agreements with a few specialized medical centers for the administration of flu and antipneumococcal vaccines.

### Education

The initiatives dedicated to Education, namely to training and the development of new skills, are continuous and diversified based on the needs of each resource. During the last three years, Equita has provided more than 1,000 hours of training for the development of soft skills and career paths.

The education provided includes:

- generic training provided by both Equita's top management, as well as external professionals and consultants, which allow all Group employees to learn more about different topics of general interest, from legal and accounting issues, to fintech and the financial markets, as well as sector studies, through sustainability;
- specialized training courses for single business divisions, in order to develop useful vertical skills and provide even better service to clients;
- training courses focused on the development of soft skills;

In addition, internal job rotation is also offered to all the Group's professionals, with a view to making job skills as circular as possible.

## **... Sustainability**

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.

The Group promotes 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 the Group made the choice to make sustainability an integral part of its organizational model and business decisions.

The Group has, in fact, developed a CSR strategy closely related to its 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.**

For more information, please refer to the dedicated section on the website [www.equita.eu](http://www.equita.eu)

## 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 reporting period.

### 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 six months of 2021 were all performed under intercompany service agreements for services and the transfer of personnel in place with:

- Equita Group S.p.A.;
- 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.;

as well as managers with strategic responsibilities, members of the Board of Statutory Auditors. For further details, please see the notes to the financial statements found in the Annual Report.

### Branches

EQUITA Group does not have any branches.

## **Certification of the Half Year 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 Milanese, 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 Half Year consolidated financial statements during the first half of 2021.

The assessment as to the adequacy of the administrative and accounting procedures used to prepare the 2021 consolidated half-year report was based on the evaluation of the internal control system and the processes relative, including indirectly, to the accounting entries and preparation of the financial statements.

The undersigned also confirm that the Half Year consolidated financial statements:

- a) have been prepared in accordance with the applicable International accounting standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
- b) correspond to the ledgers and accounting entries;
- c) provide fair and truthful disclosure of the financial status and performance of the issuer and the companies included in the consolidation.

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

Milan, 9 September 2021

### **Equita Group S.p.A.**

The Chief Executive Officer

*Andrea Vismara*



Manager in charge of financial reporting

*Stefania Milanese*





# **Consolidated half-year financial statements and explanatory notes**



# Financial statements

## Consolidated statement of financial position

(in Euros)

Assets	30/06/2021	31/12/2020
10 Cash and cash equivalents	435	464
20 Financial assets measured at fair value through profit and loss	71.995.542	43.849.094
a) financial assets held for trading	64.310.126	35.269.620
c) other financial assets mandatorily measured at fair value	7.685.415	8.579.474
40 Financial assets measured at amortized cost	229.543.303	203.341.806
a) due from banks	170.426.101	173.573.118
b) due from financial institutions	49.039.617	19.563.356
c) loans to customers	10.077.585	10.205.331
70 Equity investments	67.267	67.267
80 Property, plant and equipment	5.724.529	6.223.374
90 Intangible assets	27.401.901	27.523.570
Of which:		
- goodwill	24.152.987	24.152.987
100 Tax assets	2.995.902	3.105.994
a) current	2.209.502	2.092.866
b) deferred	786.400	1.013.128
120 Other assets	2.837.364	1.643.880
<b>Total assets</b>	<b>340.566.243</b>	<b>285.755.448</b>

## Consolidated statement of financial position

(in Euros)

Liabilities and shareholders' equity	30/06/2021	31/12/2020
10 Financial liabilities measured at amortized cost	205.094.878	157.033.579
<i>a) Payables</i>	205.094.878	157.033.579
20 Financial liabilities held for trading	12.081.476	14.217.087
60 Tax liabilities	3.229.239	2.178.034
<i>a) current</i>	2.460.256	1.417.632
<i>b) deferred</i>	768.984	760.403
80 Other liabilities	27.643.551	21.700.338
90 Employee severance	2.270.271	2.269.815
100 Provisions for risks and charges	1.929.162	2.672.933
<i>c) other provisions for risks and charges</i>	1.929.162	2.672.933
110 Share capital	11.427.911	11.376.345
120 Treasury shares (-)	(4.059.802)	(4.059.802)
140 Share premium reserve	18.737.040	18.198.319
150 Reserves	50.512.257	47.217.515
160 Valuation reserves	(37.928)	(30.315)
170 Net income (loss)	11.662.140	12.896.353
180 Minorities portion of shareholders' equity	76.049	85.248
<b>Total liabilities and shareholders' equity</b>	<b>340.566.244</b>	<b>285.755.448</b>

## Consolidated income statement

(in Euros)

Income statement	30/06/2021	30/06/2020
10 Net trading income	10.983.672	4.503.825
40 Gains (losses) on assets and liabilities measured at fair value	354.373	(201.375)
b) other financial assets mandatorily measured at fair value	354.373	(201.375)
50 Commission income	36.101.851	26.273.397
60 Commission expense	(3.528.476)	(3.368.302)
70 Interest and similar income	442.926	931.759
80 Interest and similar expense	(1.398.393)	(999.505)
90 Dividends and similar income	3.129.358	1.962.584
<b>110 Intermediation margin</b>	<b>46.085.312</b>	<b>29.102.383</b>
120 Net losses/recoveries for credit risks on:	(69.040)	(34.156)
a) financial assets measured at amortized cost;	(69.040)	(34.156)
<b>130 Net profit (loss) from financial activities</b>	<b>46.016.273</b>	<b>29.098.226</b>
140 Administrative expenses:	(29.978.484)	(20.797.546)
a) personnel expenses	(22.524.664)	(13.991.123)
b) other administrative expenses	(7.453.820)	(6.806.424)
160 Net (losses) recoveries on impairment of property, plant and equipment	(626.657)	(646.656)
170 Net (losses) recoveries on impairment of intangible assets	(159.955)	(174.362)
180 Other operating income and expense	(80.603)	(232.896)
<b>190 Operating costs</b>	<b>(30.845.700)</b>	<b>(21.857.561)</b>
<b>240 Profit (loss) on current operations before tax</b>	<b>15.170.573</b>	<b>7.216.765</b>
250 Income tax on current operations	(3.508.432)	(2.101.007)
<b>260 Net Profit (loss) on ordinary operations after tax</b>	<b>11.662.140</b>	<b>5.115.758</b>
<b>280 Profit (loss) for the reporting period</b>	<b>11.662.140</b>	<b>5.115.758</b>
290 Minorities' portion of profit (loss)	238.911	(6.661)
<b>280 Parent company's portion of profit (loss)</b>	<b>11.423.229</b>	<b>5.122.419</b>

## Consolidated statement of comprehensive income

(in Euros)

Items	30/06/2021	30/06/2020
<b>10 Profit (loss) for the reporting period</b>	11.662.140	5.115.758
<b>Other comprehensive income net of tax that will not be reclassified to profit and loss</b>		
20 Equity instruments designated at fair value through other comprehensive income		
30 Financial liabilities designated at fair value through profit or loss (changes in credit worthiness)		
40 Hedge accounting of equity instruments designated at fair value through other comprehensive income		
50 Property, plant and equipment		
60 Intangible assets		
70 Defined benefit plans	(7.613)	(1.357)
80 non-current assets and disposal groups classified as held for sale		
90 Portion of the valuation reserves – equity accounted investees		
<b>Other comprehensive income net of tax that may be reclassified to profit and loss</b>		
100 Foreign investment hedging		
110 Exchange differences		
120 Cash flow hedging		
130 Hedging instruments (non-designated items)		
140 Financial assets (other than equities) measured at fair value through other comprehensive income		
<b>150 Non-current assets held for sale</b>		
<b>160 Part of valuation reserves from investments valued at equity</b>		
<b>170 Total other comprehensive income, net of tax</b>	(7.613)	(1.357)
<b>180 Total comprehensive income (Items 10 + 170)</b>	<b>11.654.527</b>	<b>5.114.401</b>
<b>190 Minorities' portion of total comprehensive income</b>	<b>238.911</b>	<b>(6.661)</b>
<b>200 Parent company's portion of total comprehensive income</b>	<b>11.415.616</b>	<b>5.121.063</b>

# Statement of changes in shareholders' equity - 30 June 2021

(in Euros)

	Balances as at 31.12.2020	Changes in opening balances	Balances as at 01.01.2021	Allocation of profit from the previous year		Changes in reserves	Changes in the period						Comprehensive income as at 30.06.2021	Group shareholders' equity as at 30.06.2021	Minorities' portion of shareholders' equity as at 30.06.2021
				Reserves	Dividends and other allocations		Equity transactions								
							Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Changes in equity instruments	Changes in reserves as per IFRS 2	Other changes			
Share capital	11.376.345	-	11.376.345	-	-	-	51.566	-	-	-	-	-	-	11.427.911	85.248
Share premium reserve	18.198.319	-	18.198.319	-	-	-	538.721	-	-	-	-	-	-	<b>18.737.040</b>	-
Reserves:	47.217.517	-	47.217.517	3.663.473	-	-	(590.287)	-	-	-	355.909	(134.355)	-	50.512.258	-
a) retained earnings	22.189.702	-	22.189.702	3.663.473	-	-	(590.287)	-	-	-	355.909	(134.355)	-	25.484.443	(9.199)
b) other	25.027.815	-	25.027.815	-	-	-	-	-	-	-	-	-	-	25.027.815	-
Treasury shares	(4.059.802)	-	(4.059.802)	-	-	-	-	-	-	-	-	-	-	(4.059.802)	-
Valuation reserves	(30.315)	-	(30.315)	-	-	-	-	-	-	-	-	-	(7.613)	(37.928)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	12.896.353	-	12.896.353	(3.663.473)	(9.232.880)	-	-	-	-	-	-	-	11.662.140	11.662.140	238.911
Total shareholders' equity	85.598.416	-	85.598.416	-	(9.232.880)	-	-	-	-	-	355.909	(134.355)	11.654.527	88.241.618	X
Group's portion of shareholders' equity	84.952.735	-	84.952.735	-	(9.099.789)	-	-	-	-	-	355.909	302.187	11.415.616	X	X
Minorities' portion of shareholders' equity	645.681	-	645.681	-	(133.090)	-	-	-	-	-	-	(436.542)	238.911	X	314.960

## Statement of changes in shareholders' equity - 30 June 2020

(in Euros)

	Balances as at 31.12.2019	Changes in opening balances	Balances as at 01.01.2020	Allocation of profit from the previous year		Changes in reserves	Changes in the period						Comprehensive income as at 30.06.2020	Group shareholders' equity as at 30.06.2020	Minorities' portion of shareholders' equity as at 30.06.2020
				Reserves	Dividends and other allocations		Equity transactions								
							Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Changes in equity instruments	Changes in reserves as per IFRS 2	Other changes			
Share capital	11.376.345	-	11.376.345	-	-	-	-	-	-	-	-	-	-	11.376.345	85.248
Share premium reserve	18.198.319	-	18.198.319	-	-	-	-	-	-	-	-	-	-	18.198.319	
Reserves:	45.613.161	-	45.613.161	868.990	-	-	-	-	-	219.452	2.474	-	-	46.704.076	
a) retained earnings	21.172.114	-	21.172.114	868.990	-	-	-	-	-	219.452	2.474	-	-	22.263.029	
b) other	24.441.048	-	24.441.048	-	-	-	-	-	-	-	-	-	-	24.441.048	
Treasury shares	(4.548.025)	-	(4.548.025)	-	-	-	-	-	-	-	-	-	-	(4.548.025)	
Valuation reserves	(12.884)	-	(12.884)	-	-	-	-	-	-	-	-	(1.357)	(14.241)		
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit (loss) for the period	9.504.865	-	9.504.865	(868.990)	(8.635.875)	-	-	-	-	-	-	5.122.419	5.122.419	(6.661)	
Shareholders' equity	80.131.778	-	80.131.778	-	(8.635.875)	-	-	-	-	219.452	2.474	5.121.063	76.838.892	78.587	

## Statement of cash flows (direct method)

(in Euros)

A. Operating activities	30/06/2021	30/06/2020
<b>1 Operations</b>	<b>16.479.592</b>	<b>5.834.730</b>
- interest received and similar income	442.926	931.759
- interest paid and similar expenses	(1.398.393)	(999.505)
- dividends and similar income	3.129.358	1.962.584
- net commissions (+/-)	32.504.336	22.905.095
- personnel expenses (-)	(22.000.154)	(13.781.409)
- other expenses (-)	(7.534.423)	(7.578.455)
- other revenues (+)	11.297.779	4.495.668
- taxes	38.164	(2.101.007)
<b>2 Cash flow generated/absorbed by financial assets</b>	<b>(21.714.040)</b>	<b>(12.506.372)</b>
- financial assets held for trading	(29.000.240)	(3.131.744)
- financial assets designated at fair value / mandatorily measured at fair value	894.058	(7.020.279)
- financial assets measured at amortized cost	7.475.533	(3.857.278)
- other assets	(1.083.392)	1.502.929
<b>3 Cash flow generated/absorbed by financial liabilities</b>	<b>48.098.070</b>	<b>(37.939.288)</b>
financial assets measured at amortized cost	48.061.298	(12.902.047)
- financial liabilities held for trading	(2.135.611)	(3.988.128)
- other liabilities	2.172.382	(21.049.114)
<b>A Net cash flow generated/absorbed by operating activities</b>	<b>42.863.622</b>	<b>(44.610.931)</b>
<b>B. Investing activities</b>		
<b>2 Cash flow absorbed by:</b>	(166.098)	(325.998)
property, plant and equipment	(127.813)	(128.968)
intangible assets	(38.285)	(197.030)
<b>B Net cash flow generated/absorbed by investing activities</b>	<b>(166.098)</b>	<b>(325.998)</b>
<b>C. Funding activities</b>		
- issue/purchase of treasury shares	590.287	219.452
issue/purchase of equity instruments	(377.929)	
- dividend distribution and other	(9.232.880)	(8.631.733)
<b>C Net cash flow generated/absorbed by funding activities</b>	<b>(9.020.521)</b>	<b>(8.412.281)</b>
<b>Net cash flow generated/absorbed during the period</b>	<b>33.677.002</b>	<b>(53.349.210)</b>
<b>Reconciliation</b>	<b>30/06/2021</b>	<b>30/06/2020</b>
<b>Cash and cash balances at the beginning of the reporting period</b>	<b>6.741.873</b>	<b>11.353.166</b>
Total net cash flow generated/absorbed during the period	33.677.002	(53.349.210)
<b>Cash and cash balances at the end of the reporting period</b>	<b>40.418.875</b>	<b>(41.996.044)</b>

“Cash and cash balances at the end of the reporting period” equals the net balance of item 40 – Financial assets measured at amortized cost – deposits and current accounts and item 10 – financial assets measured at amortized cost – loans.

# Explanatory Notes

## Part A – Accounting standards and policies

### A.1 General introduction

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

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

#### *Section 1 - Statement of conformity with International Financial Reporting Standards*

These condensed half-year financial statements at 30 June 2020 were prepared in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards Interpretation Committee (IFRIC), adopted by the European Commission and in effect at 30 June 2021 as established by Regulation (EU) no. 1606/2002 of 19 July 2002. In particular, the condensed interim consolidated financial statements were drawn up in compliance with the requirements of IAS 34, which governs interim financial statements.

The accounting standards adopted for the preparation of this condensed consolidated half-year report, and specifically with regard to classification, recognition, valuation and elimination are the same as those adopted to prepare Equita Group's 2020 Consolidated Annual Report.

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

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

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

The publication of the condensed half-year consolidated financial statements was authorized by Equita Group S.p.A.'s Board of Directors during the meeting held on 9 September 2021 in accordance with IAS 10.

## Section 2 - General drafting principles

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

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

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

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

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

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

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

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

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

The main instances for which management may be required to make subjective assessments are as follows:

- the use of valuation models for measuring the fair value of financial instruments not listed on active markets;
- the quantification of provisions for personnel and provisions for risks and charges;
- estimates and assumptions regarding the recoverability of deferred tax assets;
- the quantification of impairment losses on loans and receivables and, in general, on other financial assets.

At the close of the consolidated Annual Report 2020, goodwill was subject to impairment testing which confirmed it was in line with the carrying amount. In light of the fact that all the information needed is available only at the end of the year and that, to date, there have been no relevant indicators of impairment which call for immediate testing, it was deemed not necessary to conduct testing at 30 June 2021. For more information see the 2020 Annual Report.

### *Section 3 – Subsequent events*

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

### *Section 4 – Other aspects*

Regulation n. 25/2021 of 13 January 2021 which incorporates the document “Interest Rate Benchmark Reform—Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16”, published by IASB on 27 August 2020 which relates to phase 2 of the Interest Rate Benchmark Reform – IBOR Reform, became mandatorily applicable for the first time as of 2021.

The main changes introduced relate to the possible accounting impact that the application of a new interest rate might have (replacement issues), particularly with regard to accounting for changes to contractual cash flows or hedging relationships. With regard to the former – pursuant to IFRS 19, but also similar to the application of IFRS 16 to leases and IFRS 4 to insurance contracts – the document clarifies that the amendments made as a result of the IBOR Reform relating to the substitution of the existing IBOR rate with a new Risk-Free Rate is not to be considered a derecognition event, but is to be viewed as a modification for accounting purposes. Toward this end, a practical expedient was introduced based on which these modifications, if made as a direct consequence of the IBOR Reform and under similar economic conditions, may be recognized as an update to the effective interest rate which will impact future interest margins. With respect to hedge accounting, a few exceptions to IAS 39 (and IFRS 9 for those who applied it to hedges) were introduced which establish that changes to the method for assessing hedge effectiveness due to modifications required by IBOR reform and under similar economic conditions, will not result in the discontinuation of hedge accounting. The modifications provided for in the standard did not impact EQUITA Group, consistent with the purpose of the amendments introduced by the IASB which aim to prevent the reform from distorting financial statements.

## Risks and uncertainties stemming from the Coronavirus epidemic

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

In the first six months of 2021, the Group continued with the initiatives begun in 2020 following the spread of the COVID-19 virus to protect the health of employees, suppliers and clients, ensure business continuity and control risks, as well as limit the socio-economic effects of the pandemic.

The steps taken to ensure business continuity and safeguard health, already described in the 2020 Annual Report, were driven by the desire to limit risks in the workplace (specific personal and collective protective measures) and included the use, where possible, of remote working; investments in strengthening IT capabilities, the company IT network and cyber security; revision of a few operational processes.

The campaign begun in 2020 to make flu and antipneumococcal vaccines available to employees upon demand, to which a considerable contribution was made by the different company divisions involved (for example, finding where vaccines were available, coordinating the requests, finding doctors and medical centers), is part of the steps taken to promote personal wellbeing. The initiative based on which all employees were given a rapid Covid-19 test is also consistent with this approach.

The health crisis caused by the spread of the COVID-19 pandemic, its evolution and the effectiveness of the economic support measures implemented by the ECB continue to be the source of the uncertainty that will influence the financial system and its performance in the near future.

Even in this environment, the Group's business model appears diversified and well balanced: The Group can, in fact, count on a business model with sources of revenue that are broadly diversified which makes it possible to face complex, stressful situations like the present one. The Group's revenues are based on three main areas: trading, investment banking and alternative asset management. Typically, there is no correlation between the performances of these divisions and periods of crisis.

Diversification proved particularly successful in the first half of 2021, guaranteeing the profitability of the Group's business. If, on the one hand, the limited volatility did not bode well for third party brokerage, market confidence buoyed proprietary trading and the Investment Banking business. The recovery of stock prices helped to boost the recovery of AUM, albeit with a certain lag, which benefitted Alternative Asset Management.

The health crisis stemming from the pandemic did not affect the Group's overall liquidity, which remained solid and stable. During the first half, including during the peak of the pandemic, all of the liquidity ratios and analyses showed ample headroom.

With regard to the impairment testing conducted at 30 June 2021 of (i) intangible assets with an indefinite life, namely goodwill and trade names, and (ii) property plant and equipment with finite useful lives, no indicators of impairment were found which required adjustments to be made to the carrying amount. For further details on impairment testing please refer to the Explanatory Notes.

There was, therefore, no substantial impact on the strategic direction, targets and the Group's business model that might compromise business continuity going forward, nor do we estimate that there will be any significant economic and financial repercussions overall, due to the diversification in the sources of revenue mentioned above.

## Section 5 – Scope and methods of consolidation

### Scope and methods of consolidation

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

Equita K Finance S.p.A. is owned by Equita Group S.p.A. for the 70% with a put-call option on the minority.

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

and the carrying value of the investment is eliminated against the residual share of the subsidiary's equity.

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

- a) the combination of like assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary;
- b) the offsetting (elimination) of the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary (as described below, IFRS 3 Business Combinations explains how to account for any related goodwill);
- c) the elimination of intragroup assets and liabilities, equity, income, expenses and cash flows from transactions between the two entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets are eliminated in full).

Company	Method of consolidation	% owned / votes	Registered office	Share capital	Parent company
Equita SIM S.p.A.	Line-by-line	100%	Milan - Via Turati 9	26.793.000	Equita Group S.p.A.
Equita Capital SGR S.p.A.	Line-by-line	100%	Milan - Via Turati 9	1.000.000	Equita Group S.p.A.
Equita Investimenti S.p.A.	Line-by-line	65%	Milan - Via Turati 9	568.323	Equita Group S.p.A.
Equita Investimenti S.p.A.	Line-by-line	20%	Milan - Via Turati 9	568.323	Equita SIM S.p.A.
Equita Partecipazioni S.r.l.	Line-by-line	100%	Milan - Via Turati 9	20.000	Equita Group S.p.A.
Equita K Finance S.r.l.	Line-by-line	70%	Milan - Via Durini 27	110.000	Equita Group S.p.A.

All have a majority of voting rights in the ordinary shareholders' meeting.

#### Investments in exclusively controlled companies with significant third party interests.

Company	Minority interests	Voting rights	Dividends
Equita Investimenti S.p.A.	15%	15%	0
Equita K Finance	30%	30%	133.090

The group's financial statements include the following unconsolidated equity investments held through Equita K Finance as they are not significant:

- 55% KF ECONOMICS - MARKET INTELLIGENCE S.r.l. ;
- 23.2% CLAIRFIELD INTERNATIONAL S.a.r.l.

## Related parties

IAS 24 defines related parties as:

- a) parties that are directly or indirectly controlled by the Company and the relative associates and parents;
- b) associates, joint ventures and the companies controlled by the same;
- c) key management personnel, meaning those persons having authority and responsibility for planning, directing and controlling the activities of the parent company, directly or indirectly, including directors and members of the Statutory Board of Auditors;
- d) entities controlled, jointly controlled or significantly influenced by any person referred to in c);
- e) close members of the family of any person referred to in c), meaning family members who could influence, or be influenced by, that person in their dealings with the Company (these may include that person's spouse or domestic partner, children, children of that person's spouse or domestic partner and dependents of that person's spouse or domestic partner) as well as the entities controlled, jointly controlled or significantly influenced by any of those persons;
- f) post-employment pension plans for the Company's employees or any other entity related to the same.

## A.1 Main items of the consolidated financial statements

The criteria used to classify, recognize and measure the main items in the financial statements are described in Section A.2 of the Explanatory Notes to the consolidated annual report at 31 December 2020.

## A.2 Disclosures relative to the reclassification of financial instruments

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

## A.4 Informativa sul fair value

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

### Qualitative disclosures

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

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

#### A.4.2 *Valuation and sensitivity*

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

#### A.4.3 *Fair value hierarchy*

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

#### A.4.4 Other information

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

## Quantitative disclosures

#### A.4.5 Fair value hierarchy

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

Assets/liabilities measured at fair value	30/06/2021			31/12/2020		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit and loss	64.240.086	70.040	7.685.416	21.407.155	10.918.206	11.523.733
a) financial assets held for trading	64.240.086	70.040		21.407.155	10.918.206	2.944.258
c) other financial assets mandatorily measured at fair value			7.685.416			8.579.475
2. Financial assets measured at fair value through comprehensive income						
3. Hedges						
4. Property, plant and equipment						
5. Intangible assets						
<b>Total</b>	<b>64.240.086</b>	<b>70.040</b>	<b>7.685.416</b>	<b>21.407.155</b>	<b>10.918.206</b>	<b>11.523.733</b>
1. Financial liabilities held for trading	12.069.976	11.500		12.929.849	1.080.265	206.973
2. Financial liabilities designated at fair value						
3. Hedges						
<b>Total</b>	<b>12.069.976</b>	<b>11.500</b>		<b>12.929.849</b>	<b>1.080.265</b>	<b>206.973</b>

Key:

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

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

#### A.4.5.2 Changes in assets measured at fair value on a recurring basis (Level 3)

	TOTAL	Financial assets measured at fair value through profit and loss			Financial assets measured at fair value through comprehensive income	Hedges	Property, plant and equipment	Intangible assets
		Of which: a) financial assets held for trading	Of which: b) financial assets designated at fair value	Of which: c) other financial assets mandatorily measured at fair value				
<b>1. Opening balances</b>	11.523.733	2.944.258	-	8.579.475	-	-	-	-
<b>2. Increases</b>								
2.1. Purchases	-							
2.2. Profit recognized in:								
2.2.1. the income statement – capital gains	-							
2.2.2. shareholders' equity		X	X	X				
2.3. Transfers from other levels								
2.4. Other increases								
<b>3. Decreases</b>								
3.1. Sales	(2.944.258)	(2.944.258)						
3.2. Repayments								
3.3. Losses recognized in:								
3.3.1. the income statement – of which capital losses								
3.3.2. shareholders' equity		X	X	X				
3.4. Transfers to other levels								
3.5. Other decreases	(894.058)			(894.058)				
<b>4. Closing balances</b>	7.685.416	-	-	7.685.416	-	-	-	-

#### A.4.5.3 Changes in liabilities measured at fair value on a recurring basis (Level 3)

	TOTAL	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedges
<b>1. Opening balances</b>	206.973	206.973	-	-
<b>2. Increases</b>				
2.1. Issues				
2.2. Losses recognized in:				
2.2.1. the income statement – capital losses	-			
2.2.2. shareholders' equity		X		
2.3. Transfers from other levels				
2.4. Other increases	-			
<b>3. Decreases</b>				
3.1. Repayments	-			
3.2. Buybacks				
3.3. Profits recognized in:				
3.3.1. the income statement – capital gains	-			
3.3.2. Shareholders' equity		X		
3.4. Transfers to other levels				
3.5. Other decreases	(206.973)	(206.973)		
<b>4. Closing balances</b>	-	-	-	-

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

	30/06/2021				30/12/2020			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortized cost	229.543.303		229.543.303	203.341.806			203.353.736	
2. Property, plant and equipment held for investment								
3. Non-current assets or disposal groups classified as held for sale								
<b>Total</b>	<b>229.543.303</b>		<b>229.543.303</b>	<b>203.341.806</b>			<b>203.353.736</b>	
1. Financial liabilities measured at amortized cost	205.094.878		205.094.878	157.033.579			157.033.579	
2. Liabilities associated with assets held for sale								
<b>Total</b>	<b>205.094.878</b>		<b>205.094.878</b>	<b>157.033.579</b>			<b>157.033.579</b>	

Key:

BV = book value; L1 = Level 1; L2 = Level 2; L3 = Level 3

## Impact of the COVID-19 pandemic on fair value measurement

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

## A.5 “Day one profit/loss” disclosure

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

## Part B - Information on the statement of financial position

### ASSETS

#### Section 1 - Cash and cash equivalents – Line item 10

This item refers to cash balances held by the subsidiaries Equita SIM S.p.A. and Equita K Finance which amount to €435.

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

##### 2.1 Breakdown of the financial assets held for trading

	30/06/2021			31/12/2020		
	L1	L2	L3	L1	L2	L3
<b>A Cash assets</b>						
1 Debt securities	16.406.462			1.050.420	7.606.680	2.688.359
- structured securities	406.652			981	630.784	
- other debt securities	15.999.810			1.049.439	6.975.897	2.688.359
2 Equity instruments	44.559.344			16.668.133	3.174.989	255.899
3 Units in UCITs	593.602			438.606	135.643	
4 Loans						
<b>Total A</b>	<b>61.559.407</b>			<b>18.157.158</b>	<b>10.917.312</b>	<b>2.944.258</b>
<b>B Derivatives</b>						
1 Financial derivatives	2.680.679	70.040		3.249.997	894	
1.1 trading	2.680.679	70.040		3.249.997	894	
1.2 linked to the fair value option						
1.3 other						
1 Credit derivatives						
2.1 trading						
2.2 linked to the fair value option						
2.3 other						
<b>Total B</b>	<b>2.680.679</b>	<b>70.040</b>		<b>3.249.997</b>	<b>894</b>	
<b>Total A + B</b>	<b>64.240.086</b>	<b>70.040</b>		<b>21.407.155</b>	<b>10.918.206</b>	<b>2.944.258</b>

## 2.2 Financial derivatives

Underlying asset/ Type of derivative	30/06/2021				31/12/2020			
	Over the counter			Regulated markets	Over the counter			Regulated markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreement	Without netting agreement			With netting agreement	Without netting agreement	
1 Debt securities and interest rates								
- Notional amount								
- Fair value								
2 Equity securities and market indices								
- Notional amount				106.601.235				50.168.573
- Fair value				2.750.719				3.250.891
3 Currencies and gold								
- Notional amount								
- Fair value								
4 Loans								
- Notional amount								
- Fair value								
5 Commodities								
- Notional amount								
- Fair value								
6 Other								
- Notional amount								
- Fair value								
<b>Total</b>				<b>2.750.719</b>				<b>3.250.891</b>

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

## 2.6 Breakdown of “Other financial assets mandatorily measured at fair value”

	30/06/2021			31/12/2020		
	L1	L2	L3	L1	L2	L3
1. Debt securities			<b>1.539.438</b>			1.466.227
1.1 structured securities						
1.2 other debt securities			<b>1.539.438</b>			1.466.227
2. Equity securities						351.527
3. Units in investment funds			6.145.978			6.761.721
4. Loans						
4.1 Repos						
4.2 Other						
<b>Total</b>			<b>7.685.415</b>			<b>8.579.474</b>

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

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

Composition	Total 30/06/2021						Total 31/12/2020					
	Book value			Fair value			Book value			Fair value		
	Stage one and stage two	Stage three	of which: impaired, purchased or originated	L1	L2	L3	Stage one and stage two	Stage three	of which: impaired, purchased or originated	L1	L2	L3
<b>1. Loans</b>	<b>170.296.575</b>	<b>129.526</b>		<b>170.426.101</b>			<b>173.568.238</b>	<b>4.880</b>				<b>173.573.118</b>
1.1 Deposits and current accounts	136.338.517			136.338.517			117.227.330					117.227.330
1.2 Receivables for services rendered	12.107.877	129.526		12.237.403			8.097.578	4.880				8.102.458
- order execution	7.943.146	74.626		8.017.772			7.154.564					7.154.564
- management	384.078			384.078			360.761					360.761
- advisory	3.777.117	54.900		3.832.017			568.600	4.880				573.480
- other services	3.536			3.536			13.652					13.652
1.3 Repos	21.850.181			21.850.181			48.243.331					48.243.331
- government securities												
- other debt securities												
- equity securities	21.850.181			21.850.181			48.243.331					48.243.331
1.4 Other loans												
<b>2. Debt securities</b>												
2.1 Structured securities												
2.2 Other debt securities												
<b>Total</b>	<b>170.296.575</b>	<b>129.526</b>		<b>170.426.101</b>			<b>173.568.238</b>	<b>4.880</b>				<b>173.573.118</b>

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

Repurchase transactions refer to securities lending involving primarily shares of companies listed on the Italian market. Deposits and current accounts include Euro 123.5 million pledged as a guarantee for a loan of Euro 130 million, granted by Intesa Sanpaolo S.p.A. and recognized in item 10 “Financial liabilities” to which reference should be made. Impairment on bank receivables came to roughly €60.8 thousand at 30 June 2021.

4.2 Breakdown of line item 40 “Financial assets measured at amortized cost”: due from financial companies

Composition	Total 30/06/2021						Total 31/12/2020					
	Book value			Fair value			Book value			Fair value		
	Stage one and stage two	Stage three	of which: impaired, purchased or originated	L1	L2	L3	Stage one and stage two	Stage three	of which: impaired, purchased or originated	L1	L2	L3
<b>1. Loans</b>	<b>48.899.503</b>	<b>140.114</b>				<b>49.039.617</b>	<b>19.544.464</b>	<b>18.893</b>				<b>19.563.357</b>
1.1 Deposits and current accounts	23.637.663					23.637.663	9.514.078					9.514.078
1.2 Receivables for services rendered	21.279.931	140.114				21.420.045	9.948.024	18.893				9.966.917
- order execution	18.670.831	27.345				18.698.176	5.868.424					5.868.424
- management	812.217					812.217	2.725.432					2.725.432
- advisory	1.750.425	112.769				1.863.194	1.307.710	18.893				1.326.602
- other services	46.459				46.459	46.459	46.459					46.459
1.3 Repos	<b>131.909</b>					<b>131.909</b>	82.361					82.361
- government securities												
- other debt securities												
- equity securities	<b>131.909</b>				<b>131.909</b>	<b>131.909</b>	82.361					82.361
1.4 Other loans	3.850.000					3.850.000						
<b>2. Debt securities</b>												
2.1 Structured securities												
2.2 Other debt securities												
<b>Total</b>	<b>48.899.503</b>	<b>140.114</b>				<b>49.039.617</b>	<b>19.544.464</b>	<b>18.893</b>				<b>19.563.357</b>

Amounts due from financial companies refers mainly to receivables for client order execution as well as, to a lesser degree, liquidity stemming from derivatives transactions and receivables for advisory services provided.

Impairment on financial company receivables came to roughly €26 thousand at 30 June 2021.

4.3 Breakdown of line item 40 “Financial assets measured at amortized cost”: loans to customers

Composition	Total 30/06/2021						Total 31/12/2020					
	Book value			Fair value			Book value			Fair value		
	Stage one and stage two	Stage three	of which: impaired, purchased or originated	L1	L2	L3	Stage one and stage two	Stage three	of which: impaired, purchased or originated	L1	L2	L3
<b>1. Loans</b>	<b>6.701.225</b>	<b>205.099</b>				<b>6.906.325</b>	<b>7.001.897</b>	<b>121.500</b>				<b>7.123.397</b>
1.1 Deposits and current accounts												
1.2 Receivables for services rendered	5.536.325	205.099				5.741.424	5.539.722	121.500				5.661.222
- order execution	754.715	3.525				758.240	300.268					300.268
- management	492.667					492.667	554.946					554.946
- advisory	4.131.153	201.574				4.332.728	4.558.213	121.500				4.679.713
- other services	157.789					157.789	126.295					126.295
1.3 Repos												
- government securities												
- other debt securities												
- equity securities												
1.4 Other loans	1.164.901					1.164.901	1.462.175					1.462.175
<b>2. Debt securities</b>	<b>3.171.260</b>					<b>3.171.260</b>	<b>3.081.934</b>					<b>3.081.934</b>
2.1 Structured securities												
2.2 Other debt securities	<b>3.171.260</b>					<b>3.171.260</b>	3.081.934					3.081.934
<b>Total</b>	<b>9.872.485</b>	<b>205.099</b>				<b>10.077.585</b>	<b>10.083.831</b>	<b>121.500</b>				<b>10.205.331</b>

Impairment on customer loans came to roughly €21.3 thousand at 30 June 2021.

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

	Gross value					Total accumulated impairment				Total partial write-offs
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Total	First stage	Second stage	Third stage	Total	Total
- Debt securities										
- Loans	222.346.256		6.921.532	500.586	229.768.373	172	199.052	25.846	225.070	
<b>Total 30/06/2021</b>	<b>222.346.256</b>		<b>6.921.532</b>	<b>500.586</b>	<b>229.768.373</b>	<b>172</b>	<b>199.052</b>	<b>25.846</b>	<b>225.070</b>	
<b>Total 31/12/2020</b>	198.802.705		4.553.757	128.067	203.484.529	830	147.168	(17.206)	130.793	(27.450)

## Section 7 – Equity investments – Line item 70

### 7.1 Equity investments: information on shareholdings

Investor	Investee	% held	Registered office/headquarters	Book value of the equity investments
<i>A. Companies controlled exclusively</i>				
Equita K Finance S.r.l.	KF Economics Srl	55,0%	Milan	€39.107
<i>C. Companies subject to significant influence</i>				
Equita K Finance S.r.l.	Clairfield International S.a.r.l.	24,0%	Milan	€28.160

*Fair value is attributable only to listed companies*

### 7.2 Changes in equity investments in the reporting period

There were no changes in the book value of the equity investments in the first half of 2021.

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

### 8.1 Business assets: breakdown of assets measured at cost

		30/06/2021	31/12/2020
1	Owned assets	<b>494.064</b>	<b>495.094</b>
	a) land		
	b) buildings		
	c) furniture	266.079	298.222
	d) electronic systems	203.033	177.473
	e) other	24.952	19.399
2	Right of use acquired through leasing	<b>5.230.465</b>	5.728.280
	a) land		
	b) buildings	4.924.894	5.382.730
	c) furniture		
	d) electronic systems		
	e) other	305.572	345.550
	<b>Total</b>	<b>5.724.529</b>	<b>6.223.374</b>

For information on depreciation refer to “Part A – Accounting Policies” of the notes to the consolidated financial statements at 31 December 2020.

## 8.5 Business assets: changes in the year

	Land	Buildings	Furniture	Electronic systems	Other	Total
<b>A. Gross opening balances</b>		<b>7.306.611</b>	<b>775.633</b>	<b>1.816.212</b>	<b>801.868</b>	<b>10.700.325</b>
<b>A.1 Total net reduction in value</b>		(1.913.738)	(477.411)	(1.638.739)	(436.920)	<b>(4.466.808)</b>
<b>A.2 Opening net balances</b>		5.392.873	298.222	177.473	364.948	<b>6.233.516</b>
<b>B. Increases</b>						
B.1 Purchases				60.349	6.321	<b>66.670</b>
B.2 Capitalized improvements						
B.3 Write-backs						
B.4 Increases in fair value:						
a) in equity						
b) through profit and loss						
B.5 Positive exchange differences						
B.6 Reclassification of properties held for investment						
B.7 Other changes					51.001	<b>51.001</b>
<b>C. Decreases</b>						
C.1 Sales						
C.2 Depreciation		(467.979)	(32.144)	(34.788)	(91.746)	<b>(626.657)</b>
C.3 Impairment losses recognized:						
a) in equity						
b) through profit and loss						
C.4 Decreases in fair value recognized:						
a) in equity						
b) through profit and loss						
C.5 Negative exchange differences						
C.6 Reclassifications to:						
a) property, plant and equipment held for investment						
b) assets held for sale						
C.7 Other changes						
<b>D. Closing net balances</b>		<b>4.924.894</b>	<b>266.079</b>	<b>203.034</b>	<b>330.524</b>	<b>5.724.529</b>
<b>D.1 Total net reduction in value</b>		(2.381.718)	(509.555)	(1.673.527)	(528.667)	<b>(5.093.466)</b>
<b>D.2 Gross closing balances</b>		7.306.611	775.633	1.876.561	859.191	<b>10.817.996</b>
<b>E. Carried at cost</b>		<b>7.306.611</b>	<b>775.633</b>	<b>1.876.561</b>	<b>859.191</b>	<b>10.817.996</b>

## Section 9 - Intangible assets - Line item 90

### 9.1 Breakdown of "Intangible assets"

		30/06/2021		31/12/2020	
		Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1	Goodwill	900.000	23.253.008	900.000	23.253.009
2	Other intangible assets	1.103.550	2.145.343	1.225.220	2.145.342
	2.1 internally generated		2.145.343		2.145.342
	2.2 other	1.103.550		1.225.220	
	<b>Total</b>	<b>2.003.550</b>	<b>25.398.351</b>	<b>2.125.220</b>	<b>25.398.351</b>

As a result of the business reorganization and following application of IFRS 3 (Purchase Price Allocation) goodwill of approximately €11 million, together with trade names and contracts of €2.4 million, were recognized in the consolidated accounts following the acquisition of Equita SIM S.p.A. beginning with the 2016 Consolidated Annual Report. At 30 June 2021 goodwill was still carried at €11 million, while the trade names and contracts are carried at €2.1 million (the investment banking contracts were fully amortized at 31 December 2018).

Goodwill of €0.9 million was recognized following the purchase of the Brokerage & Primary Market and Market Making business (hereinafter referred to as "Retail Hub") from Nexi S.p.A.. This amount corresponds to the consideration paid for the business after IFRS 3 Purchase Price Allocation adjustments and recognized entirely in goodwill.

On 14 July 2020, Equita Group finalized the acquisition of K Holding S.r.l. for €7 million, the sole shareholder of Equita K Finance S.r.l., specialized in M&A Advisory for small and medium-sized enterprises. In July 2020 K Holding S.r.l. also purchased 30% of Equita K Finance S.r.l. (formerly 2K Finance S.r.l.) from the minority shareholders. As a result of this transaction Equita K Finance recognized goodwill of €6 million in its separate financial statements.

Equita Group consolidated a total of €12.2 million in goodwill comprising €6 million from the subsidiary's separate financial statements and €6.2 million from consolidation. For more information on this transaction refer to the 2020 Annual Report.

The other intangible assets consist of capitalized software expenditure.

No indicators emerged in the first half which called for the recoverable value of intangible assets and goodwill to be redetermined.

## 9.2 Intangible assets: changes in the year

Opening balance		27.523.571
B.	Increases	44.860
	B.1 Purchases	44.860
	B.2 Writebacks	
	B.3 Increases in fair value:	
	a) in equity	
	b) through profit and loss	
	B.4 Other changes	
C.	Decreases	(166.530)
	C.1 Sales	
	C.2 Amortizations	(166.530)
	C.3 Write-downs	
	a) in equity	
	b) through profit and loss	
	C.4 Decreases in fair value:	
	a) in equity	
	b) through profit and loss	
	C.5 Other changes	
D.	Closing balance	27.401.901

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

### 10.1 Breakdown of “Current and deferred tax assets”

		30/06/2021	31/12/2020
<b>A</b>	<b>Current</b>	<b>1.533.758</b>	<b>2.089.436</b>
	1 Payments on account	191.407	191.319
	2 Tax provisions	640.873	1.083.848
	3 Tax credits and withholding	701.477	814.269
<b>B</b>	<b>Deferred</b>	<b>1.462.144</b>	<b>1.016.558</b>
	<b>Total</b>	<b>2.995.902</b>	<b>3.105.996</b>

“Tax provisions” and “Payments on account” refer to IRAP regional business tax for the reporting period.

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

“Deferred tax assets” refer to tax calculated on timing differences stemming from the deferral of tax deductions for expenses.

The Group has no Law no. 214/2011 deferred tax assets

## 10.2 Breakdown of “Tax liabilities: current and deferred”

	30/06/2021	31/12/2020
<b>A Current</b>	2.460.256	1.417.632
1 Tax provisions	1.855.966	1.021.862
2 Tax credits and withholding		
3 Payments on account		
4 Other taxes	604.290	395.770
<b>B Deferred</b>	768.984	760.403
<b>Total</b>	<b>3.229.239</b>	<b>2.178.035</b>

“Tax provisions” relate to current IRAP, while “Other taxes” consist of the tax on financial transactions paid to the tax authorities relative to proprietary trading.

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

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

	30/06/2021	31/12/2020
<b>1 Opening balance</b>	<b>946.927</b>	<b>1.225.563</b>
<b>2 Increases</b>	<b>782.067</b>	<b>495.138</b>
2.1 Deferred tax assets recognized during the year:	782.067	416.702
a) from previous years		
b) due to changes in accounting criteria		
c) write-backs		
d) other	782.067	416.702
2.2 New taxes or increases in tax rates		
2.3 Other increases		78.436
<b>3 Decreases</b>	<b>(336.801)</b>	<b>(773.774)</b>
3.1 Deferred tax assets derecognized during the year:	(331.434)	(755.720)
a) reversals	(331.434)	(755.720)
b) write-downs of non-recoverable items		
c) due to changes in accounting criteria		
d) other		
3.2 Lower tax rates		
3.3 Other decreases	(5.367)	(18.054)
a) conversion into tax credits pursuant to Law n. 214/2011		
b) other	(5.367)	(18.054)
<b>4 Closing balance</b>	<b>1.398.872</b>	<b>946.927</b>

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

		30/06/2021	31/12/2020
1	Opening balance	64.889	117.817
2	Increases		2.787
	2.1 Deferred tax assets recognized during the year:		
	a) from previous years		
	b) due to changes in accounting criteria		
	c) other		
	2.2 New taxes or increases in tax rates		2.787
	2.3 Other increases		
3	Decreases	(1.617)	(55.715)
	3.1 Deferred tax assets derecognized during the year:	(1.617)	(55.715)
	a) reversals	(1.617)	(55.715)
	b) write-downs of non-recoverable items		
	c) due to changes in accounting criteria		
	d) other		
	3.2 Lower tax rates		
	3.3 Other decreases		
4	<b>Closing balance</b>	<b>63.272</b>	<b>64.889</b>

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

		30/06/2021	31/12/2020
1	Opening balance	730.833	722.320
2	Increases	1.188	11.298
	2.1 Deferred tax assets recognized during the year:	1.188	11.298
	a) from previous years		11.298
	b) due to changes in accounting criteria		
	c) other	1.188	
	2.2 New taxes or increases in tax rates		
	2.3 Other increases		
3	Decreases		(2.785)
	3.1 Deferred tax assets derecognized during the year:		
	a) from previous years		
	b) due to changes in accounting criteria		
	c) other		(2.785)
	3.2 Lower tax rates		
	3.3 Other decreases		
4	<b>Closing balance</b>	<b>732.021</b>	<b>730.833</b>

## Section 12 – Other assets – line item 120

### 12.1 Breakdown of “Other assets”

	30/06/2021	31/12/2020
1 Other assets:	2.837.365	1.643.879
- fees paid in advance	1.464.886	751.546
- security deposits	55.515	55.405
- revaluations of off-balance sheet items	72.957	6.171
- advances to suppliers	525.951	176.861
- leasehold improvements	331.998	401.904
- Social security (INPS) credits		
- tax credits	386.059	251.992
<b>Total other assets</b>	<b>2.837.364</b>	<b>1.643.880</b>

“Other assets” comprises:

- prepayments for amounts paid during the current year relating, wholly or in part, to costs to be incurred in subsequent periods;
- leasehold improvements;
- VAT credits recognized under the “VAT pro-rata” mechanism.

## LIABILITIES

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

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

	30/06/2021			31/12/2020		
	Due to Banks	Due to financial institutions	Due to clients	Due to Banks	Due to financial institutions	Due to clients
<b>1 Loans</b>	<b>187.027.719</b>		<b>482.316</b>	<b>142.356.232</b>	<b>1.211.800</b>	<b>520.697</b>
1.1 Repos					961.800	
government securities						
other debt securities						
equity securities					961.800	
1.2 Loans	187.027.719		482.316	142.356.232	250.000	520.697
<b>2 Lease payables</b>		<b>4.967.693</b>	<b>271.186</b>		<b>5.442.754</b>	<b>289.401</b>
<b>3 Other payables</b>	<b>2.521.258</b>	<b>8.958.199</b>	<b>866.507</b>	<b>2.115.326</b>	<b>5.096.120</b>	<b>1.250</b>
<b>Total</b>	<b>189.548.977</b>	<b>13.925.892</b>	<b>1.620.008</b>	<b>144.471.558</b>	<b>11.750.674</b>	<b>811.348</b>
Fair value - level 1	189.548.977	13.925.892	1.620.008	144.471.558	11.750.674	811.348
Fair value - level 2						
Fair value - level 3						
<b>Total fair value</b>	<b>189.548.977</b>	<b>13.925.892</b>	<b>1.620.008</b>	<b>144.471.558</b>	<b>11.750.674</b>	<b>811.348</b>

At 30 June “Loans” includes:

- the €130 million loan granted by Intesa Sanpaolo;
- the utilized portion of a foreign currency loan granted by Intesa Sanpaolo of around €1.9 million;
- 4 hot money lines granted by 4 lenders.

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

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

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

## Section 2 – Liabilities held for trading – line item 20

### 2.1 Breakdown of line item 20 “Financial liabilities held for trading”

	30/06/2021					31/12/2020				
	L1	L2	L3	FV*	NV	L1	L2	L3	FV*	NV
<b>A</b> Cash liabilities										
1 Debts	8.645.944			8.645.944	1.379.476	10.480.219	3.560		10.483.779	3.706.827
2 Debt securities	618.339				602.000	83.100	1.076.705	206.973		1.714.902
- bonds	618.339				602.000	83.100	1.076.705	206.973		1.714.902
- structured										
- other bonds	618.339				602.000	83.100	1.076.705	206.973		1.714.902
- other securities										
- structured										
- other										
<b>Total A</b>	<b>9.264.282</b>			<b>8.645.944</b>	<b>1.981.476</b>	<b>10.563.319</b>	<b>1.080.265</b>	<b>206.973</b>	<b>10.483.779</b>	<b>5.421.729</b>
<b>B</b> Derivatives										
1 Financial derivatives	2.805.693	11.500				2.366.530				
- trading	2.805.693	11.500				2.366.530				
- linked to fair value option										
- other										
2 Credit derivatives										
- trading										
- linked to fair value option										
- other										
<b>Total B</b>	<b>2.805.693</b>	<b>11.500</b>				<b>2.366.530</b>				
<b>Total (A+B)</b>	<b>12.069.976</b>	<b>11.500</b>				<b>12.929.849</b>	<b>1.080.265</b>	<b>206.973</b>		

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

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

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

2.4 “Financial liabilities held for trading”: derivatives

Underlying asset/ Type of derivative	Total 30/06/2021				Total 31/12/2020			
	Over the counter			Regulated markets	Over the counter			Regulated markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
<b>1 Debt securities and interest rates</b>								
- Notional amount								
- Fair value								
<b>2. Equity securities and market indices</b>								
- Notional amount				97.923.913			46.316.545	
- Fair value				2.817.193			2.366.530	
<b>3. Currencies and gold</b>								
- Notional amount								
- Fair value								
<b>4. Loans</b>								
- Notional amount								
- Fair value								
<b>5. Commodities</b>								
- Notional amount								
- Fair value								
<b>6. Other</b>								
- Notional amount								
- Fair value								

## Section 6 – Tax liabilities – line item 60

See section 10 ASSETS.

## Section 8 – Other liabilities – line item 80

### 8.1 Breakdown of “Other liabilities”

	30/06/2021	31/12/2020
Other liabilities:		
- trade and other payables	21.031.687	16.592.259
- social security and accident insurance payables	309.102	752.146
- IRPEF tax payables	490.066	788.108
- invoices issued relating to future periods	1.468.787	807.878
- various tax payables	1.593.909	(465.054)
- other payables	2.750.000	3.225.000
<b>Total</b>	<b>27.643.551</b>	<b>21.700.338</b>

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

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

“Various tax payables” includes VAT for services rendered.

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

“Provisions for risks and charges” amounted to €1,929,162 and reflect the deferred variable compensation accrued against the result for FY 2020.

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

Share capital, €51,566 higher due to the capital increase, amounts to €11,427,911 and comprises 50,224,200 ordinary shares without a stated par value.

Treasury shares, amounting to €4,059,802, and the share premium reserve of €18,737,040, are €538,721 higher compared to 31 December 2020 due to the impact of the above-mentioned capital increase.

During Equita Group S.p.A.’s Shareholders’ Meeting held on 29 April 2021 shareholders approved the payment of €9,232,879.60 in dividends (€0.20 per share) against a consolidated net profit of €12,896,353 and the parent company’s stand-alone profit of €5,790,334. The dividend will be paid in 2 tranches, in May and November.

## **Section 12 – Minorities’ portion of shareholders’ equity**

### *12.1 Breakdown of line item 180 “Minorities portion of shareholders’ equity”*

At 30 June 2021 the minorities’ portion of shareholders’ equity refers to the minority stakes held in the subsidiary Equita Investimenti and Equita K Finance.

## **Other information**

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

As per Bank of Italy’s updated provisions for the preparation of IFRS financial statements for intermediaries, specific tables have been included in the explanatory notes which show the financial assets and liabilities that are subject to IAS 32 § 42 netting agreements, independent of the circumstances giving rise to the offset.

The repurchase transactions carried out by the subsidiary Equita SIM S.p.A. were identified by Equita Group as the sole transactions that could potentially give rise to netting. These transactions, however, did not result in an any on balance sheet netting of assets and liabilities.

### **Securities lending**

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

### **Assets used to guarantee liabilities and commitments**

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

### **Information about joint control**

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

## Part C – Information on the income statement

### Section 1 – Net trading income – line item 10

#### 1.1 Breakdown of “Net trading income”

Item/offsetting entry in the income statement	Capital gains	Realized profits	Capital losses	Realized losses	Net profit (loss)
1. Financial assets - trading					
1.1 Debt securities	86.941	2.447.733	(189.679)	(28.387)	2.316.607
1.2 Equity securities and units in UCiTs	1.127.340	14.146.950	(978.379)	17.488	14.313.399
1.3 Other assets					
2. Financial assets - liabilities					
2.1 Debt securities	4.605	154.007	(2.708)	(134.770)	21.133
2.2 Payables	3.883	529.371	(173.157)	(3.372.195)	(3.012.098)
2.3 Other liabilities				(223.302)	(223.302)
3. Financial assets and liabilities: exchange differences		28.521		(819)	27.702
4. Derivatives					
- debt securities and interest rates		26.330	(370)	(1.160)	24.800
- equity securities and indices	2.315.376	6.257.528	(2.153.583)	(8.903.889)	(2.484.569)
- currencies and gold					
- other					
5. Credit derivatives					
<i>of which: natural hedges related to FVO</i>					
<b>Total</b>	<b>3.538.143</b>	<b>23.590.440</b>	<b>(3.497.877)</b>	<b>(12.647.034)</b>	<b>10.983.672</b>

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

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

	Capital gains (A)	Realized profits (B)	Capital losses (C)	Realized losses (D)	Net profit (loss) [A+B-C-D]
1. Financial assets					
1.1 Debt securities					
1.2 Equity securities and units in UCiTs	410.499		(56.126)		354.373
1.3 Loans					
2. Financial assets in currency: exchange differences					
<b>Total</b>	<b>410.499</b>		<b>(56.126)</b>		<b>354.373</b>

## Section 5 - Commissions – line items 50 and 60

### 5.1 Breakdown of “Commission fees”

	30/06/2021	30/06/2020
1. Proprietary trading		
2. Client execution	9.162.916	9.402.838
3. Placement and distribution		
- of securities	6.648.921	1.025.074
- of third-party services:		
. portfolio management		
. collective asset management		77.074
. insurance products		
. other		
4. Portfolio management		
- proprietary		
- discretionary	2.549.613	1.827.907
5. Receipt and transmission of orders	3.602.283	3.010.847
6. Investment advisory		
7. DCM advisory	11.718.415	7.962.926
8. Management of multilateral trading systems		
9. Custody and administration		
10. Currency trading		
11. Other services	2.419.702	2.966.731
<b>Total</b>	<b>36.101.851</b>	<b>26.273.397</b>

## 5.2 Breakdown of “Commission expenses”

	30/06/2021	30/06/2020
1. Proprietary trading	292.164	596.905
2. Client execution	1.181.759	718.438
3. Placement and distribution		
- of securities		
- of third-party services		
. portfolio management		
. other		
4. Portfolio management		
- proprietary		
- discretionary		
5. Order collection		
6. Investment advisory		
7. Custody and administration		
8. Other services	2.054.553	2.052.959
<b>Total</b>	<b>3.528.476</b>	<b>3.368.302</b>

## Section 6 - Interest – Line items 70 and 80

### 6.1 Breakdown of “Interest and similar income”

	Debt securities	Loans	Other transactions	30/06/2021	30/06/2020
1 Financial assets measured at fair value through profit and loss					
1.1 Financial assets held for trading	265.842			265.842	429.546
1.2 Financial assets designated at fair value					
1.3 Other financial assets mandatorily measured at fair value			73.211	73.211	497.629
2 Financial assets measured at fair value through comprehensive income					
3 Financial assets measured at amortized cost					
3.1 Due from banks		343	2.395	2.739	3.832
3.2 Due from financial institutions					
3.3 Due from clients	98.576			98.576	
4 Hedges					
5 Other assets			2.558	2.558	752
6 Financial liabilities					
<b>Total</b>	<b>364.418</b>	<b>343</b>	<b>78.165</b>	<b>442.926</b>	<b>931.759</b>
<b>of which: interest accrued on impaired financial assets</b>					
<b>of which: interest accrued on financial leases</b>					

### 6.4 Breakdown of “Interest expense and similar charges”

	Repos	Other loans	Securities	Other	30/06/2021	30/06/2020
1 Financial liabilities at amortized cost						
1.1 Due to banks		571.874	51.261		623.135	667.324
1.2 Due to financial institutions		62.725			62.725	74.375
1.3 Due to clients						
1.4 Outstanding securities						
2 Financial liabilities held for trading						
3 Financial liabilities designated at fair value						
4 Other liabilities				9.857	9.857	13.925
5 Hedges						
6 Financial assets	702.676				702.676	243.882
<b>Total</b>	<b>702.676</b>	<b>634.599</b>	<b>51.261</b>	<b>9.857</b>	<b>1.398.393</b>	<b>999.505</b>
<i>Of which: interest payable on leases</i>		62.725				

## Section 9 – Administrative expenses – Line item 140

### 9.1 Breakdown of “Personnel expenses”

	30/06/2021	30/06/2020
1. Employees		
a) salaries and wages	18.610.239	10.673.387
b) social charges	1.572.881	1.650.758
c) employee severance indemnities		
d) social security expenses	18.115	16.656
e) employee severance reserve	524.510	400.769
f) pension plan provisions and similar obligations		
- defined contribution plans		
- defined benefit plans		
g) payments to external supplementary pension funds:		56.651
- defined contribution		56.651
- defined benefit		
h) other expenses	654.959	479.115
2. Other staff members	421.818	28.052
3. Directors and statutory auditors	722.141	685.738
4. Personnel on leave		
5. Reimbursement of expenses for employees seconded to other companies		
6. Reimbursement of expenses for employees seconded within the company	0	
<b>Total</b>	<b>22.524.664</b>	<b>13.991.123</b>

### 9.2 Average number of employees by category

	30/06/2021	30/06/2020
Executives	27	26
Middle management	85	63
White collars and interns	57	57
<b>Total</b>	<b>169</b>	<b>146</b>

### 9.3 Breakdown of “Other administrative expenses”

	30/06/2021	30/06/2020
1. Other administrative expenses:		
a) Expenses for technology and systems	3.295.649	3.350.954
b) Expenses for info providers and communication technology	1.217.632	1.211.954
c) Rent and property management	402.434	288.869
d) Professional consultancies	828.113	736.935
e) Fees paid to auditors and Consob	137.573	106.564
f) Commercial expenses	497.602	448.853
g) Stationary, publications and newspapers	16.232	26.668
h) Training courses and insurance	219.333	96.757
i) General and support services	19.050	81.649
l) Miscellaneous expenses	795.246	442.656
m) Listing costs	24.957	14.565
<b>Total</b>	<b>7.453.820</b>	<b>6.806.424</b>

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

### 10.1 Breakdown of “Net provisions for risks and charges”

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

## Section 11 – Net (losses)/reversals on impairment of property, plant and equipment – line item 160

### 11.1 Breakdown of “Net (losses)/reversals on impairment of property, plant and equipment”

	Depreciation (a)	Adjustments for impairment (b)	Reversals (c)	Net result (a+b- c)
1. Business assets:				
- Proprietary	67.699			67.699
- Right of use acquired through leasing	558.959			558.959
2. Held for investment:				
- Proprietary				
- Right of use acquired through leasing				
<b>Total</b>	<b>626.657</b>			<b>626.657</b>

## Section 18 - Income tax for the year on ordinary operations – Line item 250

### 18.1 Breakdown of line item 250 “Income tax for the year on ordinary operations”

	30/06/2021	30/06/2020
1. Current taxes	3.912.233	1.419.220
2. Changes in current taxes for prior years	(44.717)	
3. Decrease in current taxes for the year		95.614
Reduction of current taxes for the year due to tax credits pursuant to Art. 3-bis of Law no. 214/2011		
4. Change in deferred tax assets	(367.666)	586.173
5. Change in deferred tax liabilities	8.582	
<b>Taxes for the year</b>	<b>3.508.432</b>	<b>2.101.007</b>

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

	Amounts in thousands of euros	Rate %
<b>Gross profit for the reporting period</b>	<b>15.170</b>	
Consolidation effect	10.772	
<b>Gross profit for the reporting period</b>	<b>25.942</b>	
Theoretical tax	7.619	29,37%
Tax effect of nondeductible costs, either wholly or in part	336	1,30%
Tax effect of nontaxable revenues, either wholly or in part	(4.181)	(16,12%)
Tax effect of ACE incentives	(82)	(0,32%)
Tax effect of other changes	(184)	(0,71%)
<b>Effective tax</b>	<b>3.508</b>	<b>13,52%</b>

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

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

In the first six months of 2021 minorities’ portion of the profit amounted to €238,911 compared to a loss of €6,661 million recorded in the same period of 2020.

## Part D – Other information

### Section 3 – Equity disclosures

#### 3.1 The company's equity

##### 3.1.1 Qualitative disclosures

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

##### 3.1.2 Quantitative disclosures

###### 3.1.2.1 Breakdown of the company's equity

	30/06/2021	31/12/2020
<b>Share capital</b>	11.427.911	11.376.345
Share premium reserve	18.737.040	18.198.319
Reserves	50.512.257	47.217.515
- revenue reserves		
a) legal		
b) statutory		
c) treasury shares		
d) other	25.484.442	22.776.467
- other	25.027.815	24.441.048
- other (FTA)		
Treasury shares	(4.059.802)	(4.059.802)
Valuation reserves		
- Property, plant and equipment		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges		
- Exchange differences		
- Non-current assets and disposal groups classified as held for sale		
- Special revaluation laws		
- Actuarial gains/losses on defined benefit pension plans	(37.928)	(30.315)
- Portion of the valuation reserves – equity accounted investees		
Equity instruments		
Profit (loss) for the reporting period	11.662.140	12.896.353
Minorities portion of equity	76.049	85.248
<b>Total</b>	<b>88.317.667</b>	<b>85.683.663</b>

## Section 4 - Detailed consolidated statement of comprehensive income

	30/06/2021	30/06/2020
<b>10 Profit (loss) for the reporting period</b>	11.662.140	5.115.758
<b>Other comprehensive income not reclassified to profit and loss</b>		
70 Defined benefit plans	(10.018)	(1.786)
80 Non-current assets and disposal groups classified as held for sale		
90 Part of valuation reserves for equity investments valued at equity		
100 Income tax relating to items not reclassified to profit and loss	2.404	429
<b>Other comprehensive income reclassified to profit or loss</b>		
190 Total other comprehensive income	(7.614)	(1.357)
<b>200 Total comprehensive income (Item 10+190)</b>	<b>11.654.527</b>	<b>5.114.401</b>
<b>190 Minorities' portion of comprehensive income</b>	<b>238.911</b>	<b>(6.661)</b>
<b>220 Parent company's portion of consolidated comprehensive income</b>	<b>11.415.616</b>	<b>5.121.063</b>

## Section 5 – Related party transactions

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

### Procedural aspects

On 13 May 2021 the Board of Directors of Equita Group S.p.A. ("Equita Group" or the "Company") approved a few amendments to the last Procedure for Related Party Transactions (the "Related Party Procedure" or the "Procedure") approved by the Board of Directors on 17 July 2019, including in order to comply with the new regulations for related party transactions adopted by CONSOB in Resolution n. 21624 of 10 December 2020 ("CONSOB Regulations for Related Party Transactions" or "Related Party Regulations" ), in effect as of 1 July 2021.

The Procedure, which took effect as of 1 July 2021, was published on the website [www.equita.eu](http://www.equita.eu) in the Corporate Governance/Corporate Documents section.

Amendments were made to the following aspects of the Procedure:

- i) the classification of Equita Group as a "recently listed company" was eliminated as the Company no longer qualifies as such (Art. 1.5);
- ii) the definitions found in IAS 24 for the terms "Related Party Transactions", "Related Party" and "Close Family Member" are now used (Art. 2.1);
- iii) the definition of "Directors Involved in the Transaction", namely Company directors who have an interest in a specific transaction, either directly or on behalf of third parties which conflicts with the Company's interest and, for this reason, must abstain from voting with the Board of Directors on the transaction, was introduced (Articles 2.1 and 5.1.7);
- iv) the transactions resolved by Equita Group which are addressed pari-passu to all shareholders (Art. 3.1(b)) are now exempt from the procedure;
- v) in the event the exemption "Ordinary Transactions concluded at conditions equivalent to market or standard conditions" is applicable to a Material Transaction, Equita Group is now required to provide CONSOB and the Committee for Related Party Transactions with information about the transaction so that the Committee may verify that the exemption was applied correctly in a timely manner (Art. 3.1(e));
- vi) Equita Group is now obligated to send a report containing the description of any Material Transactions which benefitted from Procedure exemptions, along with the reason for which the exemption was applied, to the Committee for Related Party Transactions within 30 days of the end of the year in which the Material Transactions benefitting from exemptions occurred (Art. 3.4);

vii) the principle based on which any Material and Less Material Transactions which involve remuneration are the responsibility of Equita Group's Remuneration Committee, which will adhere to the Procedure, was introduced in order to avoid a situation in which both the Committee for Related Party Transactions and the Remuneration Committee examine any proposals (Art. 6.6).

### *5.1 Remuneration of key management personnel*

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

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

The amounts receivable at 30 June 2021 from related parties - other than intra-group receivables consolidated line-by-line and subject to elisions – are not material with respect to the size of the Group's financial position. Similarly, the impact of related party income and charges on the consolidated operating result is not material.

The amount of costs and revenues between related parties is also immaterial.

No loans or guarantees were issued in favor of directors and statutory auditors.

### *5.3 Related party transaction disclosures*

Transactions with related parties, as defined by IAS 24 and governed by Consob's Related Party Regulations, refer mainly to commercial and financial transactions.

In the period between 1 January 2020 and 30 June 2021 the related party transactions carried out were not material. More in detail:

- the decisions concerning the annual bonuses (including the cash component and financial instruments) payable to certain members of the Company's Board of Directors and the subsidiaries Equita SIM S.p.A. ("Equita SIM"), Equita Capital SGR S.p.A. ("Equita Capital SGR") and Equita K Finance S.r.l. ("Equita K Finance"), as well as key management personnel of Equita Group, Equita SIM, Equita Capital SGR and Equita K Finance were deemed related party transactions in accordance with the Consob Regulation relative to related party transactions (in effect through 30 June 2021) and the Procedure for Related Party Transactions (in effect through 30 June 2021). However, these transactions were exempt from the scope of application of this Procedure based on Art. 3.1(c)(i) and Art. 3.1(c)(ii) of the latter.

This remuneration, in fact, was paid in accordance with the Remuneration Policy adopted by the Group – following the approval of this policy by the shareholders of Equita Group and its subsidiaries – and, as required by the law, a Remuneration Committee was involved in the preparation of the Remuneration Policy.

The remuneration report was also submitted to the Company's shareholders. In addition to the above, the decisions relative to the assignment of financial instruments to Directors and executives with strategic responsibilities qualify for the exemption provided in Article 3.1.(c)(i) above as they are in execution of an incentive plan already approved during Equita Group's Shareholders' Meeting;

- the partial and temporary transfer of an Equita Group employee to Equita Capital SGR was considered a related party transaction. The Procedure in effect at the time of the transaction was, however, not applicable pursuant to Art. 3.1 (e) of this Procedure as the “transaction was carried out with or between Subsidiaries and Company affiliates (if existing), in which there are no other significant interests of any of the Company’s other related parties”;
- the approval of an infra-group services agreement between Equita Group and Equita K Finance (for legal and tax services provided by Equita Group to Equita K Finance) and an infra-group services agreement between Equita SIM and Equita K Finance (for administrative and general accounting services provided by Equita SIM to Equita K Finance) were considered exempt related party transactions under the Procedure (in effect through 30 June 2021) insofar as they were deemed “Immaterial Transactions” under the same Procedure.

## Section 6 - Disclosures on structured entities

There are no disclosures to make in this regard.

Milan, 9 September 2021

On behalf of the Board of Directors the  
Chief Executive Officer

*Andrea Vismara*





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