

PRESS RELEASE

Equita achieves €65 million in Net Revenues, the best first nine months since IPO. Net Profits above €13 million

- = Net Revenues from business with clients at €61.9 million (+15% vs 9M'21)¹
- = Consolidated Net Revenues of €64.6 million (+5% vs 9M'21)
- = Net Profits post-minorities to €13.1 million, with 20% profit margin

Board of Directors to target the distribution of a dividend of €0.35 per share in 2023, based on its expectations for the fiscal year 2022 and in line with shareholder remuneration targets announced in the *Equita 2024* business plan

Milan, November 10th, 2022

Andrea Vismara, Chief Executive Officer at Equita, commented: “Thanks to our leading and strong position, the Group achieved a positive and resilient performance in the first nine months of 2022. We have continued to invest in the diversification of the Group’s product offering and in the strengthening of the team welcoming new senior professionals. At the same time, we have continued to preserve our capital solidity as a key feature of the Group, even in a challenging market environment.”

“Net Revenues reached €65 million and Net Profits surpassed €13 million as of 30 September 2022. Combined with our outlook for the rest of the year, these figures allow us to confirm the shareholder remuneration targets announced in the three-year business plan and to consider the distribution of a dividend of €0.35 per share, in line with what was paid out in 2022”.

The Board of Directors of Equita Group S.p.A. (the “**Company**” and, together with its subsidiaries, “**Equita**” or the “**Group**”) approved the first nine months results of the Group as of 30 September 2022.

Consolidated Net Revenues (divisional breakdown)

Consolidated Net Revenues reached €64.6 million in 9M'22, up 5% year-on-year (€61.6 million in 9M'21). In the same period, Net Revenues linked to clients were up 15%, from €54.0 million in 9M'21 to €61.9 million in 9M'22¹. This figure is **the best nine-month period since the IPO in terms of Net Revenues**.

¹ Excluding Directional Trading activities and the impacts of the Investment Portfolio linked to Alternative Asset Management activities as of 30 September 2022

The strong focus on business diversification and the positioning achieved by Equita in the Italian market has allowed the Group to record growing Net Revenues in 9M'22 despite the difficult geopolitical and macroeconomic situation that has impacted capital markets worldwide.

(€m)	9M 2022	9M 2021	% Var	Q3 2022	Q3 2021	% Var
Global Markets	27,1	32,5	(17%)	7,1	7,7	(7%)
o/w Sales & Trading	16,4	16,9	(3%)	4,5	4,9	(7%)
o/w Client Driven Trading & Market Making	9,0	8,9	1%	2,7	2,3	15%
o/w Directional Trading	1,7	6,7	(74%)	(0,1)	0,5	n.m.
Investment Banking	31,5	23,8	32%	7,1	5,8	24%
Alternative Asset Management	5,9	5,2	13%	1,9	2,0	(7%)
o/w Asset management fees	5,0	4,4	13%	1,2	1,8	(32%)
o/w Investment Portfolio & Other ⁽¹⁾	1,0	0,9	n.m.	0,7	0,3	n.m.
Consolidated Net Revenues	64,6	61,6	5%	16,2	15,5	4%
o/w Client Related (S&T, CD&MM, IB...)	61,9	54,0	15%	15,5	14,7	5%
o/w Non-Client Related (Directional Trading)	1,7	6,7	(74%)	(0,1)	0,5	n.m.
o/w Investment Portfolio & Other ⁽¹⁾	1,0	0,9	15%	0,7	0,3	n.m.

(1) Includes some minor impacts coming from AAM activities not related to the pure asset management business

The **Global Markets** division – which includes Sales & Trading, Client Driven Trading & Market Making and Directional Trading – recorded Net Revenues of €27.1 million in 9M'22 (€32.5 million in 9M'21, -17%). Within this, **Net Revenues linked to business with clients only** ² ended 9M'22 with €25.4 million (€25.8 million in 9M'21, -2%), **almost in line with the previous year while outperforming the wider market, which was affected by lower levels of investor activity**, especially in Q2'22 and Q3'22.

Focusing on the brokerage activities on behalf of clients – where Equita ranked again among the top brokers in the 2022 Institutional Investor's survey ³ – the trading floor confirmed its **strong position in the domestic market, recording significant market shares in all relevant segments** (8% on the Italian Stock Exchange – Euronext Milan, 13% on Euronext Growth Milan, 9% on bonds and 8% on equity options). In the same period, the whole market volumes on cash equities were down 9% and volumes on bonds were down 10% (9M'22 vs 9M'21) in Italy ⁴.

Sales & Trading revenues net of commissions and interest expenses reached €16.4 million in 9M'22 (€16.9 million in 9M'21, -3%) while **Client Driven Trading & Market Making** ⁵ net revenues came in at €9.0 million (€8.9 million in 9M'21, +1%). **Directional Trading** recorded €1.7 million in Net Revenues in 9M'22, in line with the historical average but significantly lower than the performance of the previous year (€6.7 million in 9M'21, -74%), driven by the comparison with an extraordinarily strong market performance in the first half of 2021. The Directional Trading performance recorded in 9M'22 includes the incomes of a €22 million fixed income portfolio built between July and September 2022 and to be held till maturity, to profit from the market opportunity offered by some interesting corporate bonds.

In Q3'22, the *Global Markets* division recorded a decrease in net revenues year-on-year, from €7.7 million to €7.1 million (-7%) due to the positive performance of Directional Trading in 2021 and the weak investor trading activity on markets over the summer.

The **Investment Banking** division grew Net Revenues from €23.8 million in 9M'21 to €31.5 million in 9M'22 (+32%), boosted by the **positive performance of M&A advisory and Debt Advisory & Restructuring. This positive result in Net Revenues confirms the strong position of the Group in the domestic market**

² Sales & Trading and Client Driven Trading & Market Making, and excluding Directional Trading

³ Si veda il comunicato stampa dedicato al seguente link

⁴ Source: ASSOSIM. Figure on equities refers to the Italian Stock Exchange – Euronext Milan. Figure on bonds refers to DomesticMOT, EuroMOT and ExtraMOT Italian markets in aggregate

⁵ "Client Driven Trading & Market Making" and "Directional Trading" are an internal reporting representation of Proprietary Trading

and was achieved under difficult market circumstances. Equity Capital Markets transactions in Italy were down in terms of number of deals and volumes (from 41 in 9M'21 and €5.9 billion volume to 28 in 9M'22 and €2.7 billion volume, -32% and -54% respectively). Debt Capital Markets recorded a similar performance (deals declined from 50 in 9M'21 and €33 billion volume to 25 in 9M'22 and €16,4 billion volume, -50% and -50% respectively, considering corporate issues only). M&A in Italy suffered too, with number of deals declining to 781 in 9M'22 (906 in 9M'21, -14%) and volumes to €56 billion (€71 billion in 9M'21, -21%).⁶

Despite the challenging market conditions, in the third quarter of 2022 **Equita completed several high-profile mandates** as financial advisor, assisting – *inter alia* – Engineering in the acquisition of a 43% stake in Be Shaping the *Future* (also acting as appointed intermediary in the takeover of the company following the acquisition), Ariston Holding in the acquisition of CENTROTEC Climate Systems, ALA in the acquisition of SCP – Sintersa and in the acquisition's funding process, SEA in the sale of SEA Energia to the A2A Group. In addition, the Equita K Finance team assisted Sirti in the sale of Sirti Energia to Mutares SE, Caprari in the transaction with Ambienta to establish Wateralia and in the integration with Calpeda, and Tollegno 1900 in the sale of its yarn branch to Indorama Ventures.

In Q3'22 the *Investment Banking* division recorded solid growth in Net Revenues (+24% vs Q3'21, from €5.8 million to €7.1 million), driven by the performance of the M&A Advisory teams at Equita SIM and Equita K Finance.

The **Alternative Asset Management** division recorded €5.9 million in Net Revenues in 9M'22 (€5.2 million in 9M'21, +13%) with assets under management reaching €1.0 billion as of 30 September 2022 (€1.1 billion as of 31 December 2021, -12%). **Revenues linked to asset management fees** – Portfolio Management, Private Debt and Private Equity – **were up 13% year on year**, from €4.4 million in 9M'21 to €5.0 million in 9M'22. Growth was mainly driven by the **additional fees coming from the new, second private debt fund** (Equita Private Debt Fund II or EPD II, which closed its fundraising in June 2022 with €237 million in commitments, well-above the €200 million target initially announced) **and the PIR alternative private equity fund launched in June 2021** (Equita Smart Capital – ELTIF, that as of 30 September 2022 surpassed €61 million in commitments). The Investment Portfolio⁷, equal to approximately €11.3 million as of 30 September 2022 contributed to the Alternative Asset Management results with €1.0 million Net Revenues in 9M'22 (€0.9 million in 9M'21). 9M'22 figures include a significant capital gain realised in August 2022 following a divestment by Equita Private Debt Fund.

In Q3'22 the *Alternative Asset Management* division recorded €1.9 million in Net Revenues (€2.0 million in Q3'21, -7%). Revenues linked to asset management fees reached €1.2 million (€1.8 million in Q3'21, -32%). This result was impacted by the equalisation fee paid by investors of EPD II in Q3'21 following the fundraising round, and the non-recurring fee assigned to investors in Q3'22 to extend the fundraising period of EPD II, which allowed Equita to further increase the size of the fund (€237 million final closing vs €200 million expected). **Excluding such non-recurring items, in Q3'22 Net Revenues were up 36% and management fees were up 12% year on year.**

The **Research Team** – which ranked again 1st in the 2022 Institutional Investor survey for the quality of its Mid & Small Caps research and 2nd in the overall ranking – continued to **support all business areas of the Group, assisting institutional investors with research reports and insights** on more than 120 Italian companies, approximately 96% of the total Italian market capitalisation, and 40 foreign listed companies. The team has also added several debt instruments to its coverage, building a significant presence in the fixed income domain and expanding to more than 15 fixed income issuers.

⁶ Source: Equita on Dealogic (Equity Capital Markets), Bondradar (Debt Capital Markets) and KPMG (M&A) data. M&A figure in 9M'21 includes the Stellantis merger (€19.8 billion)

⁷ The Investment Portfolio includes the investments made by the Group in the Alternative Asset Management products that have been already launched, such as private debt funds for instance, with the purpose of further aligning Equita's and investors' interests

Consolidated Profit & Loss (Reclassified)

Profit & Loss (reclassified, €m)	9M 2022	9M 2021	% Var	% 9M 2022	% 9M 2021
Consolidated Net Revenues	64,6	61,6	5%	100%	100%
Personnel costs ⁽¹⁾	(30,0)	(28,9)	4%	(47%)	(47%)
Other operating costs ⁽²⁾	(14,1)	(13,4)	5%	(22%)	(22%)
of which Information Technology	(4,5)	(4,3)	5%	(7%)	(7%)
of which Trading Fees	(2,6)	(2,5)	6%	(4%)	(4%)
of which Other (marketing, governance...) ⁽²⁾	(6,9)	(6,6)	4%	(11%)	(11%)
Total Costs	(44,1)	(42,4)	4%	(68%)	(69%)
Consolidated Profit before taxes	20,5	19,2	7%	32%	31%
Income taxes	(5,9)	(4,9)	21%	(9%)	(8%)
Consolidated Net Profit (pre-minorities)	14,6	14,4	2%	23%	23%
Minorities	(1,5)	(0,4)	n.m.	(2%)	(1%)
Consolidated Net Profit	13,1	14,0	(7%)	20%	23%

(1) Excludes compensation of Board of Directors and Statutory Auditors

(2) Includes compensation of Board of Directors and Statutory Auditors, net recoveries on impairment of tangible/intangibles assets and operating income/expense

Personnel costs increased from €28.9 million in 9M'21 to €30.0 million in 9M'22 (+4%) following the positive performance in Net Revenues. The Compensation/Revenue ratio was 46.5% (46.7% in 9M'21) and the number of professionals reached 184 as of 30 September 2022 (173 as of 31 December 2021 and 172 as of 30 September 2021). **Other operating costs** increased from €13.4 million in 9M'21 to €14.1 million in 9M'22 (+5%). Information Technology expenses were up 5% year-on-year, mainly driven by investments in upgrades on the Global Markets IT platform which improved client service. Trading fees increased by 6%. Other costs were up 4%, from €6.6 million in 9M'21 to €6.9 million in 9M'22, mainly due to the gradual return to in-presence marketing activities with clients such as roadshows and conferences. The **Cost/Income ratio⁸ was 68% in 9M'22**, slightly lower than the 69% recorded in 9M'21.

Consolidated Profit Before Taxes was €20.5 million in 9M'22 (€19.2 million in 9M'21, +7%) **and represents the best 9M result since IPO in terms of pre-tax profitability. Consolidated Net Profit post-minorities was €13.1 million in 9M'22** (€14.0 million in 9M'21, -7%) with post-tax margin at 20% (23% in 9M'21).

The year-on-year difference between Consolidated Profit Before Taxes and Consolidated Net Profit post-minorities was mainly due to the normalisation of the tax rate (29% in 9M'22 vs a lower-than-average 25% tax rate in 9M'21 which benefitted from the consolidation of Equita K Finance in 2021), and the solid performance of Equita K Finance in 2022 compared to 2021, with a significant impact on minorities.

On an adjusted basis, considering the result of the activities with clients only⁹, Consolidated Net Profit post-minorities increased 8% (€12.1 million in 9M'22 vs €11.1 million in 9M'21) **and represented the best 9M period since the IPO.**

In the third quarter, **Consolidated Net Profit post-minorities was up 8%**, from €2.6 million in Q3'21 to €2.8 million in Q3'22.

⁸ Ratio between Total Costs and Consolidated Net Revenues

⁹ Excluding from 2022 and 2021 figures the impacts of Directional Trading and Investment Portfolio

Consolidated Shareholders' Equity and Buyback Program

Consolidated Shareholders' Equity was €98.7 million as of 30 September 2022 and the Average Return on Tangible Equity (ROTE) was 38%. **The capital strength of the Group was confirmed among the highest in the market, with an IFR ratio above 4.3 times the minimum requirements**, pursuant to the EU 2033/19 Regulation (IFR).

The IFR ratio as of 30 September 2022 includes the capital requirements linked to the buyback program approved by the Shareholders' Meeting on 28 April 2022 and by the Bank of Italy on 12 July 2022. The buyback program entails a maximum amount of 1,000,000 ordinary shares and is due in October 2023. **Excluding the impact of the buyback program, the IFR ratio is 4.8 times the minimum requirements.**

In the third quarter of 2022 the Company launched the first tranche of the program for a maximum amount of 300,000 ordinary shares and as of today has purchased 11,688 ordinary shares, equal to 0.02% of the share capital.

Outlook 2022

For the fourth quarter of 2022, the management of the Group expects uncertainty on markets to continue due to the rising concerns about inflation, the war in Ukraine and more restrictive monetary policies that will be adopted by central banks in the coming months. The Group's performance – that last year recorded the best fourth quarter since IPO thanks to above average Investment Banking net revenues driven by a relevant number of capital markets mandates closed in the last months of 2021 (€14.8 million in Q4'21 vs €6.9 million on average in the period Q4'17-Q4'20) and significant performance fees in the Alternative Asset Management division (€4.5 million) – is expected to achieve in Q4'22 results more in line with the historical average and to continue to perform resiliently in the market benefitting from Equita's leading position as broker and financial advisor in capital markets transactions and M&A in Italy. In Q4'22, performance fees are unlikely due to the negative performance of financial markets to date this year.

Considering the results of the first nine months of 2022 and expectations on the last quarter of the year, 2022 full year results are expected to be in line with the strategic targets of the Group and the Shareholders' remuneration targets set out in the three-year business plan announced last 17 March 2022.

The Board of Directors – absent significant changes in the market – will consider to submit a dividend proposal of €0.35 per share to the next Shareholders' Meeting, in line with the dividend distribution of 2022 and to be paid out in two tranches.

Based on the earnings per share recorded in 9M'22 (ca. €0.278) and considering the Net Profits expected in Q4'22, **this proposal would be achievable without distributing the resources that have been retained since the IPO. Those resources will therefore offer solidity to the future dividends, in line with the targets set out in the three-year business plan.**¹⁰

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¹⁰ “[...] an average annual dividend above €0.30 per share. [...]”

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According to paragraph 2 of Article 154-bis of the Consolidated Finance Law, the Executive appointed to draft corporate accounts, Stefania Milanese, stated that the accounting information herein included tallies with the company's documentary evidence, ledgers and accounts.

The additional financial information are not audited.

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Equita is the leading independent Italian investment bank and an alternative asset management platform, serving listed and private companies, financial institutions, private equity groups and institutional investors, in Italy and abroad. Founded in 1973, Equita offers a wide range of services and products, including financial advisory in mergers and acquisitions, equity and debt capital market transactions, debt restructuring, institutional sales and trading, proprietary trading, equity and fixed income research, corporate broking, private debt and private equity funds, portfolio management solutions. Equita distinguishes from competitors for its independence, integrity, expertise, client-centric approach, ability to find the best solution in complex situations, as well as for its unparalleled access to capital markets, network of investors, financial sponsors and corporates, and management team who represent the largest shareholder of the group. Equita is listed on the STAR segment of Euronext Milan under the ticker "EQUI:MI".

Consolidate Income Statement – Equita Group

Profit & Loss	30-Sep-22	30-Sep-21
10 Net trading income	3.319.337	12.964.097
40 Commission income	881.220	554.477
50 Commission income	57.868.039	49.911.154
60 Commission expense	(4.940.759)	(5.076.981)
70 Interest and similar income	1.862.916	677.555
80 Interest and similar expense	(2.421.830)	(1.937.161)
90 Dividends and similar income	8.019.915	4.385.194
110 Net Income	64.588.837	61.478.335
120 Net losses/recoveries on impairment	(93.910)	(6.050)
a) financial assets at amortized cost	(93.910)	(6.050)
130 Net Result of financial activities	64.494.927	61.472.285
140 Administrative expenses	(42.684.890)	(40.885.557)
a) personnel expenses ⁽¹⁾	(30.767.683)	(30.017.241)
b) other administrative expenses	(11.917.207)	(10.868.316)
150 Net provisions for risks and charges	-	-
160 Net (losses) recoveries on impairment of tangible assets	(979.517)	(955.795)
170 Net (losses) recoveries on impairment of intangible assets	(278.542)	(276.881)
180 Other operating income and expense	(77.689)	(140.728)
190 Operating costs	(44.020.638)	(42.258.962)
200 Profit (loss) on equity investments ⁽¹⁾	-	-
240 Profit (loss) on ordinary operations before tax	20.474.289	19.213.323
250 Income tax on ordinary operations	(5.854.272)	(4.849.813)
260 Net Profit (loss) on ordinary operations after tax	14.620.017	14.363.510
280 Net Profit (loss) of the period	14.620.017	14.363.510
290 Net Profit (loss) of the period - Third parties interests	1.534.699	352.577
300 Net profit (loss) of the period - Group	13.085.318	14.010.933

(1) The item "Personnel expenses" includes compensation of the Board of Directors and Statutory Board; in the reclassified profit & loss such expenses have been included in "Other operating expenses"

Consolidated Balance Sheet – Equita Group

Assets	30-Sep-22	31-Dec-21
10 Cash and cash equivalents	111.242.066	136.126.012
20 Financial assets at fair value with impact on P&L	80.893.344	49.243.191
a) financial assets held for trading	72.463.731	41.993.017
b) financial assets at fair value	-	-
c) other financial assets mandatory at fair value	8.429.613	7.250.174
40 Financial assets at amortized cost	121.368.596	91.438.682
a) banks	52.034.760	40.684.941
b) financial companies	37.672.690	38.406.064
c) clients	31.661.146	12.347.677
50 Hedging derivatives	133.780	-
70 Equity investments	46.267	46.267
80 Tangible assets	4.436.526	5.203.160
90 Intangible assets	26.976.768	27.221.201
<i>of which: Goodwill</i>	24.153.008	24.153.008
100 Tax assets	4.349.669	4.428.711
a) current	1.794.018	1.552.518
b) deferred	2.555.651	2.876.193
120 Other assets	41.835.689	1.916.272
Total assets	391.282.704	315.623.495
Liabilities and shareholders' equity	30-Sep-22	31-Dec-21
10 Financial liabilities at amortized cost	200.503.351	166.487.398
a) debt	200.503.351	166.487.398
20 Financial trading liabilities	9.744.027	9.091.005
40 Hedging derivatives	-	3.545
60 Tax liabilities	4.175.588	6.034.615
a) current	3.344.723	5.278.395
b) deferred	830.865	756.221
80 Other liabilities	72.669.363	27.928.052
90 Employees' termination indemnities	2.198.712	2.397.194
100 Allowance for risks and charges	3.251.529	4.372.648
c) other allowances	3.251.529	4.372.648
Total Liabilities	292.542.570	216.314.457
110 Share capital	11.560.653	11.427.911
120 Treasury shares (-)	(4.039.802)	(4.059.802)
140 Share premium reserve	20.149.022	18.737.040
150 Reserves	56.350.984	51.175.550
160 Revaluation reserve	99.261	(42.752)
170 Profit (loss) of the period	14.620.017	22.071.091
180 Third parties' equity	-	-
Shareholders' Equity	98.740.134	99.309.038
Total liabilities and shareholders' equity	391.282.704	315.623.495