

THE BOARD OF DIRECTORS OF EQUITA GROUP APPROVES THE FINANCIAL RESULTS FOR THE FIRST HALF ENDED 30 JUNE 2020

- CONSOLIDATED NET REVENUES AT EURO 29.1 MILLION AND CONSOLIDATED NET PROFIT AT EURO 5.1 MILLION IN THE FIRST HALF 2020, REPRESENTING A GROWTH OF 14% AND 27% YEAR-ON-YEAR RESPECTIVELY
- RETURN ON TANGIBLE EQUITY AT 19% AND TOTAL CAPITAL RATIO AT 25% AS OF 30 JUNE 2020, CONSISTENTLY ABOVE CAPITAL REQUIREMENTS
- OUTLOOK 2020: THE RESULTS ACHIEVED IN THE FIRST HALF AND THE EXPECTATIONS FOR THE SECOND HALF – ABSENT SIGNIFICANT MARKET CHANGES – LED THE BOARD OF DIRECTORS OF EQUITA TO CONSIDER THE PROPOSAL TO DISTRIBUTE A DIVIDEND BETWEEN EURO 0.18 AND EURO 0.20 PER SHARE IN 2021 (COMPARED TO EURO 0.19 DISTRIBUTED IN JUNE 2020)

Milan, September 10th, 2020

The Board of Directors of Equita Group S.p.A. (the “**Company**” and, together with its subsidiaries, “**Equita**” or the “**Group**”) today approved the financial results for the first half ended 30 June 2020.

Andrea Vismara, Chief Executive Officer of Equita, commented: *“The results of the first half of 2020 proved the ability of Equita to successfully adapt to unfavourable market situations and demonstrated the effectiveness of the diversification strategy implemented by the Group over the past years. This has allowed Equita to benefit from higher trading volumes coming from clients and to earn several mandates in the financial transactions that were closed in the market over the first six months of the year”.*

Vismara continued: *“These months have been eventful in terms of projects: we signed a medium-long term financing agreement to support our growth plan and diversification strategy, and we appointed an advisory board to support the Group’s strategic decisions. We also acquired a 70% stake in K Finance in July to further strengthen our role among the top 10 M&A advisors in Italy and we confirmed our leading position in Institutional Investor’s international surveys for the quality of our research, sales & trading and corporate access activities”.*

Vismara then concluded: *“In terms of mandates, we see an interesting pipeline for the coming months. This leads us to be cautiously optimistic for the second half of the year”.*

CONSOLIDATED NET REVENUES

In the first half 2020, Equita recorded 14% growth in Consolidated Net Revenues, from Euro 25.5 million in 2019 to Euro 29.1 million in 2020. **Excluding the contribution of activities unrelated to clients – such as Directional Trading and the impacts of the Group’s Investment Portfolio connected to the asset management business as of 30 June 2020 – the Consolidated Net Revenues increased by 31%, from Euro 23.0 million in the first half 2019 to Euro 30.1 million in the first half 2020.**

The **Global Markets** division, which includes *Sales & Trading, Client Driven Trading & Market Making* activities and *Directional Trading*, recorded increasing Net Revenues, from Euro 17.1 million in the first half 2019 to Euro 18.2 million in the first half 2020 (+7%), with **solid growth in Net Revenues from client-related business.**

Sales & Trading revenues, net of commissions and interest expenses, grew by 10% in the first half of the year, from Euro 11.3 million in 2019 to Euro 12.4 million in 2020, benefitting from of the **ongoing efforts of the trading floor to further diversify the product offering with cross-selling initiatives and the higher trading volumes in the market** coming from retail and institutional investors. This is demonstrated by growing volumes of equities and fixed income instruments

(€m)	H1 2020	H1 2019	% Var	Q2 2020	Q2 2019	% Var
Global Markets	18,2	17,1	7%	9,1	7,9	15%
<i>Sales & Trading</i>	12,4	11,3	10%	5,6	5,7	(3%)
<i>Client Driven Trading & Market Making</i>	6,8	3,9	78%	3,3	1,7	92%
<i>Directional Trading</i>	(1,0)	1,9	(152%)	0,3	0,5	(41%)
Investment Banking	9,0	5,7	56%	5,0	3,7	35%
Alternative Asset Management	2,0	2,7	(27%)	2,1	1,3	67%
<i>o/w Asset management fees</i>	2,0	2,2	(9%)	1,0	1,1	(11%)
<i>o/w Investment Portfolio</i>	0,0	0,5	(99%)	1,1	0,2	530%
Consolidated Net Revenues	29,1	25,5	14%	16,2	12,9	26%
<i>o/w Client Related</i>	30,2	23,0	31%	14,8	12,2	21%
<i>o/w Non-Client Related (Directional Trading)</i>	(1,0)	1,9	(152%)	0,3	0,5	(41%)
<i>o/w Investment Portfolio</i>	0,0	0,5	(99%)	1,1	0,2	530%

brokered in the first half 2020 for third parties in the Italian markets, rising by 32% and 52% respectively compared to the previous year¹. In the same period, Equita was able to maintain its significant market share in the MTA equity market (8%) as well as in the fixed income market (6%)².

Net Revenues of *Client Driven Trading & Market Making* activities increased from Euro 3.9 million in the first half 2019 to Euro 6.8 million in the first half 2020 (+78%), thanks to higher brokerage volumes coming from clients and the successful performance of some trading strategies.

Directional Trading instead was affected by the sharp corrections experienced by financial markets during the first months of the year and that impacted the value of the proprietary trading portfolio of Equita. As a result, net revenues of *Directional Trading* declined from Euro 1.9 million in the first half 2019 to Euro -1.0 million in the first half 2020³, despite the improving performance of the second quarter 2020 compared to the first quarter 2020 (Euro 0.3 million and Euro -1.3 million respectively). Excluding the *Directional Trading* result, **Net Revenues directly linked to business with clients in the Global Markets division** (*Sales & Trading* and *Client-Driven & Market Making*) **grew 27%**, from Euro 15.1 million in the first half 2019 to Euro 19.2 million in the first half 2020.

In the second quarter 2020, the Global Markets division recorded growing net revenues (+15% compared to the second quarter 2019), from Euro 7.9 million to Euro 9.1 million, thanks to the solid performance of the *Client-Driven & Market Making* activities.

It is worth mentioning that in August 2020, Equita confirmed its leading position in the well-renowned rankings published by Institutional Investors – where each year thousands of Italian and international investors vote to nominate the best brokers in the financial industry – **for its sales & trading and corporate access activities.**

The **Investment Banking** division increased its Net Revenues by 56% year-on-year, from Euro 5.7 million in the first half 2019 to Euro 9.0 million in the first half 2020, driven by the good performance of all business areas, despite a challenging underlying market.⁴

In the first half 2020, Equita assisted – in addition to other transactions already disclosed with first quarter results – Cy4Gate as Sole Global Coordinator for its admission to trading on the AIM Italia market of Borsa Italiana (the largest IPO in terms of volumes on the AIM segment since 2018), Trevi Finanziaria as Placement Agent for its increase in share capital, and Intek Group as intermediary in charge of coordinating the collection of acceptances in the takeover of its 2015-2020

¹ Source: ASSOSIM. Figure on equities refers to the MTA Italian stock Exchange. Figure on fixed income refers to the DomesticMOT, EuroMOT and ExtraMOT Italian markets.

² Equita elaboration on ASSOSIM data

³ “Client Driven Trading & Market Making” and “Directional Trading” are an internal reporting representation of Proprietary Trading

⁴ Volumes of Equity Capital Markets’ transactions slightly declined compared to the previous year (-2%), from Euro 4.0 billion in the first half 2019 to Euro 3.9 billion in the first half 2020, with number of transactions declining more significantly by 26%, from 23 to 17. Volumes of Debt Capital Markets’ transactions – with specific reference to high yield and not rated corporate issues – declined by 20%, from Euro 1.8 billion in the first half 2019 to Euro 1.5 billion in the first half 2020, despite the stable number of deals executed (4). M&A deals dropped in terms of volumes (from Euro 23 billion in the first half 2020 to Euro 20 billion in the first half 2020, -17%) as well as number of transactions (from 500 to 381, -24%). Source: Equita elaboration on Dealogic (Equity Capital Markets), Bondradar (Debt Capital Markets) and KPMG (M&A)

notes. Equita also assisted several clients as financial advisor, like Apollo Global Management in the acquisition of Gamenet Group (and as Global Coordinator in the reverse ABB and intermediary in charge of coordinating the collection of acceptances in the takeover of Gamenet shares), Platinum Equity in the acquisition of Farnese Vini, Gruppo Caffo 1915 in the acquisition of PetrusBoonekamp trademark, Newlat Group in the acquisition of Centrale del Latte d'Italia, AMCO – Asset Management Company in the spin-off of the non-performing loans of Banca MPS, MCC – Mediocredito Centrale in the acquisition of Banca Popolare di Bari, Banca Carige in the conversion of saving shares into ordinary shares, and Banco di Sardegna (Gruppo BPER) in the conversion of saving shares into preferred shares. Equita was also appointed financial advisor of AIM Vicenza in the merger with AGSM Verona – the largest recent merger between multiutilities with a value above Euro 1 billion – and confirmed its advisory role assisting the independent board members of large listed companies such as INWIT in the structuring of a joint venture with Vodafone Italia and GEDI in the takeover launched by Exor. Equita was also involved as financial advisor of Intesa Sanpaolo in the takeover bid to acquire UBI Banca, with the transaction finalised after the reporting period.

In the second quarter 2020, the investment banking recorded a 35% increase in net revenues compared to the previous year, from Euro 3.7 million to Euro 5.0 million in 2019, mainly driven by the positive performance of Equity Capital Markets and M&A Advisory business areas.

The first half 2020 results do not include the contribution of Equita K Finance (previously K Finance), primary Italian independent corporate finance boutique specialised in M&A Advisory and acquired by Equita on 14 July 2020.

The **Alternative Asset Management** division saw its asset management fees (portfolio management and private debt) moving from Euro 2.2 million in the first half 2019 to Euro 2.0 million in the first half 2020 (-9%). This was mainly due to the lower average value of assets under management which were impacted by the market correction that followed the Covid-19 pandemic (Euro 896 million as of 30 June 2020, Euro 852 million as of 31 March 2020, Euro 1.0 billion as of 31 December 2019). By contrast, in the second quarter of the year the Investment Portfolio⁵ – after having been hit by the markets' downturn as of 31 March 2020 – fully recovered its value from the beginning of the year, driving up the first half 2020 result to Euro 0.0 million (compared to Euro 0.5 million in the first half 2019).

With specific reference to *private debt*, in the first half 2020 the team focused on the **fundraising of Equita Private Debt Fund II** and continued its scouting activities to identify new investment opportunities that could accelerate the investment phase of the second fund once operative.

In the second quarter 2020, the Alternative Asset Management Net Revenues grew by 67%, from Euro 1.3 million in 2019 to Euro 2.1 million in 2020. This result was mainly driven by the strong performance of the Investment Portfolio, supported by the partial recovery of financial markets.

The **Research Team** supported all business areas of the Group and helped institutional investors make investment decisions on 120 Italian and 40 foreign listed companies. The team also added several debt instruments to the coverage and built a significant presence in the fixed income domain. **It is worth mentioning that in August 2020 the Research Team topped Institutional Investor's rankings for the quality of its research and the focus on mid and small caps.**

CONSOLIDATED INCOME STATEMENT (RECLASSIFIED)

Personnel costs grew from Euro 11.6 million in the first half 2019 to Euro 13.3 million in the first half 2020 (+15%), consistent with the growth in Net Revenues. The Compensation/Revenues ratio was 46%, in line with the previous year.

⁵ The Investment Portfolio includes the investments made by the Group in the alternative asset management products that have been launched, with the purpose of further aligning Equita's interests to the investors' ones

Consolidated Profit & Loss (reclassified, €m)	H1 2020	% R.N.	H1 2019	% R.N.	% Var
Consolidated Net Revenues	29,1	100%	25,5	100%	14%
Personnel costs ⁽¹⁾	(13,3)	(46%)	(11,6)	(46%)	15%
Other operating costs ⁽²⁾	(8,6)	(30%)	(8,1)	(32%)	6%
of which Information Technology	(2,8)	(10%)	(3,0)	(12%)	(5%)
of which Trading Fees	(1,7)	(6%)	(1,7)	(6%)	5%
of which Other (marketing, governance...) ⁽²⁾	(4,1)	(14%)	(3,5)	(14%)	16%
Total Costs	(21,9)	(75%)	(19,7)	(77%)	11%
Consolidated Profit before taxes	7,2	25%	5,8	23%	25%
Income taxes	(2,1)	(7%)	(1,8)	(7%)	20%
Consolidated Net Profit	5,1	18%	4,0	16%	27%

(1) Such item excludes compensation of Board of Directors and Statutory Auditors

(2) Such item includes compensation of Board of Directors and Statutory Auditors, net recoveries on impairment of tangible and intangibles assets and other operating income and expenses

Other operating costs rose from Euro 8.1 million in the first half 2019 to Euro 8.6 million in the first half 2020 (+6%). The increase was due to some additional costs coming from the newly established subsidiary Equita Capital SGR that started its operations on October 1, 2019 (mainly governance expenses), as well as other expenses linked to one-off initiatives like the structuring of the medium-long term financing, the acquisition of Equita K Finance and the charity initiative “Equita Trading for the Recovery”. Excluding such impacts (Euro 0.6 million in total), other operating costs were in line with the previous year. Moreover, the increase in Trading Fees (+5%) in the first half 2020 was proportionally lower compared to the increase in *Sales & Trading* Net Revenues (+10%) while the Information Technologies expenses (-5%) decreased, benefiting from further integration of the Retail Hub which fostered additional synergies. The Cost/Income ratio⁶ was 75% in the first half 2020, highlighting an improvement from 77% of the previous year.

Consolidated Net Profit was Euro 5.1 million in the first half 2020 (+27% compared to the first half 2019), with a post-tax margin of 18%.

CONSOLIDATED SHAREHOLDERS' EQUITY

Consolidated Shareholders' Equity was Euro 76.9 million as of June 30, 2020, down compared to 2019 year-end (Euro 80.1 million) due to the distribution of Euro 8.6 million dividend paid out in June 2020. The Consolidated Return on Tangible Equity (ROTE)⁷ was 19% and the Consolidated Total Capital Ratio (TCR) was 25%, consistently above capital requirements.

OUTLOOK

For the second half of the year, Equita's management is confident in a positive trend in Group's results. The second half 2020 is expected to benefit from the consolidation of Equita K Finance – acquired on 14 July 2020 – and from the solid investment banking pipeline. The second half of 2020 will also benefit from the launch of the second private debt fund Equita Private Debt Fund II. The Board of Directors, in view of the expected results for the fiscal year 2020 and the retained earnings of the last three years (approximately Euro 3.9 million), is considering – absent significant changes in the market – the proposal, to be submitted to the next Shareholders' Meeting, to distribute a dividend between Euro 0.18 and Euro 0.20 per share (compared to Euro 0.19 paid out in June 2020).

⁶ Ratio between Total Costs and Net Revenues

⁷ Calculated excluding the Consolidated Net Profit from Tangible Equity

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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 contained tallies with the company's documentary evidence, ledgers and accounts.

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**Equita Group**

Investor Relations – Andrea Graziotto
ir@equita.eu

Close to Media

Adriana Liguori
adriana.liguori@closetomedia.it

FinElk

Teresa Wincrantz
equita@finelk.eu

*Equita, the leading Italian independent investment bank, has been offering its expertise and insight on financial markets to professional investors, corporates and institutions for more than 45 years. The holding Equita Group, **listed on the "STAR" segment of the Italian Stock Exchange**, counts its managers and professionals among shareholders (with approximately 54% of the share capital) and this ensures a strong alignment of interests with investors. With its global markets activities, today Equita is **the leading independent broker in Italy** that offers to its institutional clients brokerage services on equities, fixed income, derivatives and ETFs. Moreover, thanks to the continuous engagement of the **award winning research team** – acknowledged for its top quality research – the trading floor supports investors' decisions with valuable analyses and investment ideas on Italian and European financial markets. Equita also leverages on a **unique investment banking platform** that combines independent strategic advice with unparalleled access to capital markets. The wide offering proposed includes advisory services in M&A, other extraordinary financial transactions, along with equity and fixed income capital raising solutions. Our aim is to best serve all clients, from large industrial groups to small and medium enterprises, from financial institutions to the public sector. Lastly, **Equita Capital SGR** offers to institutional investors and banking groups its asset management competences and its deep understanding of financial markets, especially in mid and small caps. The **strong focus on alternative assets** like private debt and the **asset management strategies based on distinctive areas of expertise of the Group** 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.*

Consolidated Income Statement – Equita Group

Profit & Loss	30/06/2020	30/06/2019
110 Net Income ⁽¹⁾	29.102.383	25.486.092
120 Net losses/recoveries on impairment	(34.156)	4.006
<i>a) financial assets at amortized cost</i>	<i>(34.156)</i>	<i>4.006</i>
130 Net Result of financial activities	29.068.226	25.490.098
140 Administrative expenses	(20.797.547)	(18.905.675)
<i>a) personnel expenses ⁽²⁾</i>	<i>(13.991.123)</i>	<i>(12.098.295)</i>
<i>b) other administrative expenses</i>	<i>(6.806.424)</i>	<i>(6.807.380)</i>
160 Net (losses) recoveries on impairment of tangible assets	(646.656)	(566.254)
170 Net (losses) recoveries on impairment of intangible assets	(174.362)	(130.231)
180 Other operating income and expense	(232.896)	(110.954)
190 Operating costs	(21.851.461)	(19.713.115)
200 Profit (loss) on equity investments ⁽¹⁾	-	(2.243)
240 Profit (loss) on ordinary operations before tax	7.216.765	5.774.741
250 Income tax on ordinary operations	(2.101.007)	(1.749.607)
260 Net Profit (loss) on ordinary operations after tax	5.115.759	4.025.134
280 Net Profit (loss) of the period	5.115.759	4.025.134
290 Net Profit (loss) of the period - Third parties interests	(6.661)	-
300 Net profit (loss) of the period - Group	5.122.420	4.025.134

(1) The sum of "Net Income" and "Profit (loss) on equity investments" is reported as "Net Revenues"

(2) 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	31/12/2019	31/12/2019
10 Cash and cash equivalents	67	67
20 Financial assets at fair value with impact on P&L	84.180.379	74.236.855
<i>a) financial assets held for trading</i>	56.813.975	53.737.684
<i>b) financial assets at fair value</i>	-	-
<i>c) other financial assets mandatory at fair value</i>	27.366.404	20.499.170
40 Financial assets at amortized cost	196.401.736	184.180.013
<i>a) banks</i>	160.011.737	155.339.636
<i>b) financial companies</i>	31.629.151	25.087.356
<i>c) clients</i>	4.760.847	3.753.022
70 Equity investments	-	1.019.677
80 Tangible assets	6.745.110	7.320.292
90 Intangible assets	15.118.637	15.095.969
100 Tax assets	2.153.458	4.986.667
<i>a) current</i>	1.396.250	3.643.287
<i>b) deferred</i>	757.207	1.343.380
120 Other assets	2.720.804	1.452.716
Total assets	307.320.191	288.292.255
Liabilities and shareholders' equity	30/06/2020	31/12/2019
10 Financial liabilities at amortized cost	205.677.988	172.881.760
<i>a) debt</i>	205.677.988	172.881.760
20 Financial trading liabilities	8.311.377	12.299.505
60 Tax liabilities	1.893.991	2.323.370
<i>a) current</i>	1.171.672	1.601.050
<i>b) deferred</i>	722.320	722.320
80 Other liabilities	10.781.490	14.219.594
90 Employees' termination indemnities	1.940.874	2.520.797
100 Allowance for risks and charges	1.796.990	3.915.449
<i>b) other allowances</i>	1.796.990	3.915.449
110 Share capital	11.376.345	11.376.345
120 Treasury shares (-)	(4.548.025)	(4.548.025)
140 Share premium reserve	18.198.319	18.198.319
150 Reserves	46.704.076	45.613.161
160 Revaluation reserve	(14.241)	(12.884)
170 Profit (loss) of the period	5.122.419	9.504.865
180 Third parties' equity	85.248	-
Total liabilities and shareholders' equity	307.320.191	288.292.255