# PRESS RELEASE

**Equita delivers the best first half year performance since IPO with €48 million in Net Revenues and brings Net Profits to above €10 million**

- Net Revenues from business with clients to €46.4 million (+18% vs H1'21) [1]
- Consolidated Net Revenues of €48.4 million (+5% vs H1'21)
- Net Profits post-minorities to €10.3 million, with 21% profit margin

**Resilient performance thanks to business diversification and strong positioning in the Italian market, despite the challenging circumstances at global level**

**Board of Directors to consider the distribution of a dividend per share not lower than €0.30 in 2023, based on its expectations for the second half of the year and in line with the shareholders' remuneration targets announced with the business plan *Equita 2024***

*Milan, September 8th, 2022*

**Andrea Vismara, Chief Executive Officer at Equita, commented**: "The first six months of 2022 prove, again, our resiliency in tough markets. Despite the challenging circumstances at a global level, the strong positioning of the Group, the significant diversification of the product offering across all business areas and the encouraging pipeline for the next months are all promising elements for the future".

"The financial results as of 30 June 2022 highlight our best half year performance since IPO with €48 million Net Revenues, up 5% compared to the previous year. Net Profits surpassed €10 million, and this performance is in line with the shareholders' remuneration objective we set in the three-year business plan in which we committed to distribute €50 million dividends over the three-year plan. On the basis of the Net Profits recorded in H1'22 and taking into consideration the expectations for the second part of the year, the Board of Directors will consider to propose to the next Shareholders' Meeting the distribution of a dividend per share not lower than €0.30".

The Board of Directors of Equita Group S.p.A. (the "**Company**" and, together with its subsidiaries, "**Equita**" or the "**Group**") approved the first half results of the Group as of 30 June 2022.

## Consolidated Net Revenues (divisional breakdown)

Consolidated Net Revenues reached €48.4 million in H1'22, up 5% year-on-year (€46.1 million in H1'21). In the same period Net Revenues linked to clients were

| (€m) | H1 2022 | H1 2021 | % Var | Q2 2022 | Q2 2021 | % Var |
|---|---|---|---|---|---|---|
| **Global Markets** | **19,9** | **24,8** | **(20%)** | **9,9** | **12,3** | **(19%)** |
| o/w Sales & Trading | 11,8 | 12,0 | (1%) | 5,3 | 5,9 | (9%) |
| o/w Client Driven Trading & Market Making | 6,4 | 6,6 | (4%) | 2,7 | 3,0 | (9%) |
| o/w Directional Trading | 1,8 | 6,2 | (72%) | 1,9 | 3,4 | (45%) |
| **Investment Banking** | **24,4** | **18,1** | **35%** | **17,7** | **12,0** | **48%** |
| **Alternative Asset Management** | **4,0** | **3,2** | **27%** | **2,2** | **1,6** | **40%** |
| o/w Asset management fees | 3,8 | 2,6 | 44% | 2,1 | 1,3 | 60% |
| o/w Investment Portfolio & Other (1) | 0,3 | 0,6 | n.m. | 0,2 | 0,3 | n.m. |
| **Consolidated Net Revenues** | **48,4** | **46,1** | **5%** | **29,9** | **25,8** | **16%** |
| o/w Client Related (S&T, CD&MM, IB…) | 46,4 | 39,3 | 18% | 27,8 | 22,1 | 26% |
| o/w Non-Client Related (Directional Trading) | 1,8 | 6,2 | (72%) | 1,9 | 3,4 | (45%) |
| o/w Investment Portfolio & Other (1) | 0,3 | 0,6 | (53%) | 0,2 | 0,3 | n.m. |

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

up 18%, from €39.3 million in H1'21 to €46.6 million in H1'22[1]. In terms of Net Revenues, the first half of 2022 is **the best half year result since IPO**.

**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 H1'22** despite the difficult geopolitical and macroeconomic framework that had impacted capital markets worldwide. This was also confirmed by the **outstanding results of the Group in the 2022 Institutional Investor survey where Equita has ranked at the top of the rankings with its research on Mid & Small Caps and its Sales, Trading & Execution and Corporate Access activities** (read the dedicated press release link).

The **Global Markets** division – which includes Sales & Trading, Client Driven Trading & Market Making and Directional Trading – recorded net revenues of €19.9 million in H1'22 (€24.8 million in H1'21, -20%). **Looking at Net Revenues linked to business with clients only** (Sales & Trading and Client Driven Trading & Market Making, and excluding Directional Trading), **Global Markets ended its H1'22 with €18.2 million** (€18.6 million in H1'21, -2%), **achieving a more resilient performance compared to the wider market, which experienced weak levels of investor activity**, especially in Q2'22.

Market data (source: ASSOSIM) showed that in Q2'22 Equita recorded increasing market shares compared to Q1'22 in the brokerage of equities and bonds on behalf of clients. This has led the Group to confirm in the first six months of 2022 its **relevant market shares**: **8% on the Italian Stock Exchange – Euronext Milan, 12% on Euronext Growth Milan, 9% on bonds and 7% on equity options**. In the same period, market volumes on cash equities were down 2% (H1'22 vs H1'21) and volumes on bonds were down 17% (H1'22 vs H1'21)[2].

**Sales & Trading** revenues, net of commissions and interest expenses, reached €11.8 million in H1'22 (€12.0 million in H1'21, -1%) while **Client Driven Trading & Market Making** [3] net revenues came in at €6.4 million (€6.6 million in H1'21, -4%). **Directional Trading** recorded a profitable performance (€1.8 million in H1'22) but significantly lower than the one recorded last year (€6.2 million in H1'21, -72%) which was above the historical average and affected by the strong, positive performance of financial markets in H1'21.

In Q2'22, the *Global Markets* division recorded a decrease in net revenues year-on-year, from €12.3 million to €9.9 million (-19%) due to the weak levels of trading activity from investors in the market and the above-average performance of the Directional Trading business last year.

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1 Excluding Directional Trading activities and the impacts of the Investment Portfolio linked to Alternative Asset Management activities as of 30 June 2022
[2] Source: ASSOSIM. Figure on equities refers to the Italian Stock Exchange – Euronext Milan. Figure on bonds refers to DomesticMOT, EuroMOT and ExtraMOT Italian markets
[3] "Client Driven Trading & Market Making" and "Directional Trading" are an internal reporting representation of Proprietary Trading

The **Investment Banking** division significantly grew net revenues from €18.1 million in H1’21 to €24.4 million in H1’22 (+35%), boosted by the **positive performance of M&A advisory and Debt Advisory & Restructuring**. **This positive result in net revenues was achieved under difficult market circumstances and confirms the strong position of Equita in the domestic market**. Equity Capital Markets transactions in Italy were down in terms of number of deals and volumes (from 29 in H1’21 and €4.8 billion volume to 18 in H1’22 and €1.5 billion volume, -38% and -69% respectively). Debt Capital Markets recorded a similar performance (deals declined from 15 in H1’21 and €8.0 billion volume to 6 in H1’22 and €2.3 billion volume, -60% and -72% respectively, considering corporate issues only). M&A in Italy suffered too, with number of deals declining to 537 in H1’22 (616 in H1’21, -13%) and volumes to €30 billion (€52 billion in H1’21, -42%).[4]

Despite the challenging markets, in the second quarter of 2022 **Equita completed several high-profile mandates** assisting – *inter alia* – IVS Group as financial advisor and placement agent in its €185 million rights issue, Alerion Clean Power as placement agent for the issue of €100 million green bonds, TEA S.B. as financial advisor in a €120 million multi-tranche financing (and potentially convertible in a sustainability-linked financing), Generali as appointed intermediary and sole bookrunner in the reverse accelerated bookbuilding on Cattolica Assicurazioni shares, B.F. as financial advisor in the sale of minority stakes of Bonifiche Ferraresi to several investors interested in the development of the B.F. Group, Famar as financial advisor – via Equita K Finance – in the sale to Holding Moda and Salice – via Equita K Finance – in the sale to Cobepa.

In Q2’22 the *Investment Banking* division recorded solid growth in net revenues (+48% vs Q2’21, from €12.0 million to €17.7 million), driven by the performance of the *M&A Advisory* and the *Debt Advisory & Restructuring* teams. Equita K Finance has contributed significantly to the performance of the *M&A advisory* business.

The **Alternative Asset Management** division recorded €4.0 million net revenues in H1’22 (€3.2 million in H1’21, +27%) with assets under management reaching €1.0 billion as of 30 June 2022 (€1.1 billion as of 31 December 2021, -6%). **Revenues linked to asset management fees** (Portfolio Management, Private Debt and Private Equity) **were up 44% year on year**, from €2.6 million in H1’21 to €3.8 million in H1’22. Growth was mainly driven by the **additional fees coming from both the new, second private debt fund** (Equita Private Debt Fund II which completed its first closing in 2020 and in June 2022 closed the fundraising with €237 million commitments, well-above the €200 million target initially announced) **and the new PIR alternative private equity fund launched in June 2021** (Equita Smart Capital – ELTIF that as of 30 June 2022 surpassed €61 million in commitments). The Investment Portfolio[5] (equal to approximately €10.5 million as of 30 June 2022) contributed to the Alternative Asset Management results with €0.3 million net revenues in H1’22 (€0.6 million in H1’21).

In Q2’22 the *Alternative Asset Management* division recorded €2.2 million net revenues, up 40% compared to Q2’21 (€1.6 million). Growth was mainly driven by the year-on-year increase in the private debt and the private equity funds’ commitments, which more than compensated a decline in liquid assets following the negative performance of markets and drawdowns. **Excluding the impacts of the Investment Portfolio and considering revenues directly linked to asset management fees only, Net Revenues were up 60%** (€2.1 million in Q2’22 vs €1.3 million in Q2’21).

The **Research Team** – which ranked 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

[4] Source: Equita on Dealogic (Equity Capital Markets), Bondradar (Debt Capital Markets) and KPMG (M&A) data. M&A figure in H1’21 includes the Stellantis merger (€19.8 billion)

[5] 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

team has also added several debt instruments to its coverage, building a significant presence in the fixed income domain and expanding it to more than 15 fixed income issuers.

## Consolidated Profit & Loss (Reclassified)

| Profit & Loss (reclassified, €m) | H1 2022 | H1 2021 | % Var | % H1 2022 | % H1 2021 |
|---|---|---|---|---|---|
| **Consolidated Net Revenues** | **48,4** | **46,1** | **5%** | **100%** | **100%** |
| Personnel costs (1) | (22,5) | (21,8) | 3% | (46%) | (47%) |
| Other operating costs (2) | (9,5) | (9,1) | 4% | (20%) | (20%) |
| of which Information Technology | (3,0) | (2,8) | 8% | (6%) | (6%) |
| of which Trading Fees | (1,8) | (1,7) | 7% | (4%) | (4%) |
| of which Other (marketing, governance...) (2) | (4,7) | (4,6) | 1% | (10%) | (10%) |
| **Total Costs** | **(32,0)** | **(30,9)** | **4%** | **(66%)** | **(67%)** |
| **Consolidated Profit before taxes** | **16,4** | **15,2** | **8%** | **34%** | **33%** |
| Income taxes | (4,7) | (3,5) | 33% | (10%) | (8%) |
| **Consolidated Net Profit (pre-minorities)** | **11,7** | **11,7** | **0%** | **24%** | **25%** |
| Minorities | (1,4) | (0,2) | n.m. | (3%) | (1%) |
| **Consolidated Net Profit** | **10,3** | **11,4** | **(10%)** | **21%** | **25%** |

(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 €21.8 million in H1'21 to €22.5 million in H1'22 (+3%) following the positive performance in Net Revenues. The Compensation/Revenue ratio was 46.5% (46.9% in H1'21) and the number of professionals reached 178 as of 30 June 2022 (173 as of 31 December 2021 and 162 as of 30 June 2021). **Other operating costs** increased from €9.1 million in H1'21 to €9.5 million in H1'22 (+4%). Trading fees increased by 7% and Information Technology expenses were up 8% year-on-year, mainly driven by investments in technology upgrades, aimed at improving service to clients. Other costs slightly increased (+1%), from €4.6 million in H1'21 to €4.7 million in H1'22, mainly due to the gradual return to in-presence marketing activities with clients such as roadshows and conferences. The **Cost/Income ratio**[6] **was 66% in H1'22**, almost in line with the 67% recorded in H1'21.

**Consolidated Profit Before Taxes was €16.4 million in H1'22** (€15.2 million in H1'21, +8%) **and represented the best H1 result since IPO in terms of pre-tax profitability**. **Consolidated Net Profit post-minorities was €10.3 million in H1'22** (€11.4 million in H1'21, -10%) with post-tax margin at 21% (25% in H1'21).

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 (28% in H1'22 compared to a lower-than-average 23% tax rate in H1'21 following the consolidation of Equita K Finance in 2021 and as already anticipated in the previous financial results announcements) and the solid performance of Equita K Finance in 2022 compared to 2021, with significant impact on minorities.

**On an adjusted basis, considering the result of the activities with clients only** – excluding from 2022 and 2021 figures the impacts of Directional Trading and Investment Portfolio – **Consolidated Net Profit post-minorities increased 8%** (€9.5 million in H1'22 vs €8.8 million in H1'21) **and represented the best H1 since IPO.**

[6] Ratio between Total Costs and Consolidated Net Revenues

## Consolidated Shareholders' Equity

Consolidated Shareholders' Equity was €95.7 million as of 30 June 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 6.5x the minimum requirements**, pursuant to the new EU 2033/19 Regulation (IFR).

## Outlook 2022

For the second half of 2022, the management of the Group expects uncertainty in markets to continue due to rising concerns about inflation, war in Ukraine and political elections in Italy. Despite this, Equita's leading position and diversified business model should continue to lead to more resilient results compared to the market, also thanks to the continued involvement of the Group in capital markets and M&A transactions in Italy. Alternative Asset Management will continue to profit from the increase in assets under management compared to the previous year, as well as from a capital gain realised in August 2022 following one divestment of the first Equita Private Debt Fund. On the other side, performance fees in Q4'22 (€4.5 million in Q4'21) will be unlikely due to the negative performance of financial markets to date.

**Considering the results of the first half of 2022 and expectations on the second part of the year, 2022 full year results are expected to be in line with the targets of the three-year business plan announced last 17 March 2022, especially with reference to Shareholders' remuneration targets.**

**The Board of Directors – absent significant changes in the market – will consider to submit to the next Shareholders' Meeting a dividend proposal not lower than €0.30 per share**, to be paid out in two tranches.

It is worth noting that, on the basis of the earnings per share recorded in H1'22 (ca. €0.22) and considering the Net Profits expected in H2'22, **this proposal should be achievable without distributing earnings that have been retained since the IPO. Those reserves will therefore offer solidity to the future dividends, in line with the targets set out in the three-year business plan**.[7]

[7] "[...] 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 Milanesi, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.*

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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-Jun-22 | 30-Jun-21 |
|---|---|---|
| 10 Net trading income | 1.928.820 | 10.983.672 |
| 40 Commission income | 214.662 | 354.373 |
| 50 Commission income | 43.691.288 | 36.101.851 |
| 60 Commission expense | (3.533.185) | (3.528.476) |
| 70 Interest and similar income | 1.014.173 | 442.926 |
| 80 Interest and similar expense | (1.777.747) | (1.398.393) |
| 90 Dividends and similar income | 6.869.001 | 3.129.358 |
| **110 Net Income** | **48.407.011** | **46.085.312** |
| 120 Net losses/recoveries on impairment | (51.160) | (69.040) |
| a) financial assets at amortized cost | (51.160) | (69.040) |
| **130 Net Result of financial activities** | **48.355.851** | **46.016.273** |
| 140 Administrative expenses | (31.076.087) | (29.978.484) |
| a) personnel expenses [(1)] | (22.998.499) | (22.524.664) |
| b) other administrative expenses | (8.077.588) | (7.453.820) |
| 150 Net provisions for risks and charges | - | - |
| 160 Net (losses) recoveries on impairment of tangible assets | (647.428) | (626.657) |
| 170 Net (losses) recoveries on impairment of intangible assets | (198.337) | (159.955) |
| 180 Other operating income and expense | (48.923) | (80.603) |
| **190 Operating costs** | **(31.970.776)** | **(30.845.700)** |
| 200 Profit (loss) on equity investments [(1)] | - | - |
| **240 Profit (loss) on ordinary operations before tax** | **16.385.075** | **15.170.573** |
| 250 Income tax on ordinary operations | (4.667.334) | (3.508.432) |
| **260 Net Profit (loss) on ordinary operations after tax** | **11.717.741** | **11.662.140** |
| **280 Net Profit (loss) of the period** | **11.717.741** | **11.662.140** |
| **290 Net Profit (loss) of the period - Third parties interests** | **1.432.601** | **238.911** |
| **300 Net profit (loss) of the period - Group** | **10.285.140** | **11.423.229** |

(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-Jun-22** | **31-Dec-21** |
|---|---|---|
| 10 Cash and cash equivalents | 125.331.082 | 136.126.012 |
| 20 Financial assets at fair value with impact on P&L | 79.561.891 | 49.243.191 |
| a) financial assets held for trading | 71.787.636 | 41.993.017 |
| b) financial assets at fair value | - | - |
| c) other financial assets mandatory at fair value | 7.774.255 | 7.250.174 |
| 40 Financial assets at amortized cost | 97.094.591 | 91.438.682 |
| a) banks | 39.330.001 | 40.684.941 |
| b) financial companies | 37.324.991 | 38.406.064 |
| c) clients | 20.439.598 | 12.347.677 |
| 50 Hedging derivatives | 84.639 | - |
| 70 Equity investments | 46.267 | 46.267 |
| 80 Tangible assets | 4.619.405 | 5.203.160 |
| 90 Intangible assets | 27.060.315 | 27.221.201 |
| *of which: Goodwill* | *24.153.008* | *24.153.008* |
| 100 Tax assets | 4.674.917 | 4.428.711 |
| a) current | 2.114.659 | 1.552.518 |
| b) deferred | 2.560.258 | 2.876.193 |
| 120 Other assets | 42.070.429 | 1.916.272 |
| **Total assets** | **380.543.535** | **315.623.495** |

| **Liabilities and shareholders' equity** | **30-Jun-22** | **31-Dec-21** |
|---|---|---|
| 10 Financial liabilities at amortized cost | 188.295.627 | 166.487.398 |
| a) debt | 188.295.627 | 166.487.398 |
| 20 Financial trading liabilities | 9.149.280 | 9.091.005 |
| 40 Hedging derivatives | - | 3.545 |
| 60 Tax liabilities | 3.443.110 | 6.034.615 |
| a) current | 2.615.941 | 5.278.395 |
| b) deferred | 827.169 | 756.221 |
| 80 Other liabilities | 78.665.470 | 27.928.052 |
| 90 Employees' termination indemnities | 2.053.470 | 2.397.194 |
| 100 Allowance for risks and charges | 3.243.946 | 4.372.648 |
| c) other allowances | 3.243.946 | 4.372.648 |
| **Total Liabilities** | **284.850.903** | **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 | 56.254.900 | 51.175.550 |
| 160 Revaluation reserve | 50.120 | (42.752) |
| 170 Profit (loss) of the period | 11.717.741 | 22.071.091 |
| 180 Third parties' equity | - | - |
| **Shareholders' Equity** | **95.692.633** | **99.309.038** |
| **Total liabilities and shareholders' equity** | **380.543.535** | **315.623.495** |