

THE BOARD OF DIRECTORS OF EQUITA GROUP APPROVES THE FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2020

- CONSOLIDATED NET REVENUES OF EURO 12.9 MILLION AND CONSOLIDATED NET PROFIT OF EURO 1.9 MILLION IN THE FIRST QUARTER 2020
- REVENUES FROM CLIENT-RELATED BUSINESS INCREASED 42% YEAR-ON-YEAR, REACHING EURO 15.4 MILLION IN THE FIRST QUARTER 2020¹
- TOTAL CAPITAL RATIO OF 22%, CONSISTENTLY ABOVE CAPITAL REQUIREMENTS

Milan, May 6, 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 quarter ended March 31, 2020.

Andrea Vismara, Chief Executive Officer of Equita, commented: “In the first three months of the year, Equita delivered positive results, despite the challenging conditions that financial markets experienced due to the COVID-19 pandemic. Excluding directional trading results and impacts from the fair-value of proprietary investments as of March 31, 2020, revenues from client-related businesses grew 42%. This is further proof that our diversification strategy adopted over time has helped the Group achieve more resilient results”.

Vismara continued: “In the first quarter, Equita affirmed solid profitability, wide availability of capital reserves and significant credit lines that will support operations and business growth”.

CONSOLIDATED NET REVENUES

In the first quarter 2020, the **Global Markets** division, which includes *Sales & Trading, Client Driven Trading & Market Making* activities and *Directional Trading*, recorded stable Net Revenues, in line with the previous year (Euro 9.1 million), while Net Revenues from client-related business (thus excluding *Directional Trading*) increased significantly. The

(€m)	Q1 2020	Q1 2019	% Var
Global Markets	9,1	9,1	(0%)
<i>Sales & Trading</i>	6,8	5,5	24%
<i>Client-Driven & Market Making</i>	3,6	2,1	66%
<i>Directional Trading</i>	(1,3)	1,5	(187%)
Investment Banking	4,0	2,1	93%
Alternative Asset Management	(0,1)	1,4	(110%)
<i>o/w Asset management fees</i>	1,0	1,1	(3%)
<i>o/w Impacts on investments and Non-Recurring</i>	(1,2)	0,4	(415%)
Consolidated Net Revenues	12,9	12,6	2%

overall performance of the Global Markets division was affected by the difficult market conditions triggered by the COVID-19 pandemic, which impacted the *Directional Trading* portfolio. *Sales & Trading* revenues, net of commissions and interest expenses, increased from Euro 5.5 million in the first quarter 2019 to Euro 6.8 million in the first quarter 2020 (+24%). This result was entirely organic and driven by the **ongoing efforts of the trading floor to diversify the product offering with cross-selling initiatives and the higher trading volumes coming from retail and institutional investors**. In the first quarter 2020, equity and fixed income volumes brokered for third parties in the Italian market increased by 47% and 49% respectively compared to the previous year². In the same period, Equita’s brokerage activities achieved a market

¹ Excluding the results of *Directional Trading* activities (not client-related) and the impacts on P&L for the fair value of direct investments related to the asset management activities as of March 31, 2020.

² 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.

share of 8.2% on the MTA equity market and 6.3% in the fixed income market.³ Net Revenues of *Client Driven Trading & Market Making* activities increased from Euro 2.1 million in the first quarter 2019 to Euro 3.6 million in the first quarter 2020 (+66%), thanks to higher volumes from clients and the successful performance of some trading strategies. On the other hand, *Directional Trading* was affected by the sharp corrections of financial markets that impacted the value of the proprietary trading portfolio, resulting in declining net revenues, from Euro 1.5 million in the first quarter 2019 to -1.3 million in the first quarter 2020⁴. 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 36%**, from Euro 7.7 million in the first quarter 2019 to Euro 10.4 million in the first quarter 2020.

Investment Banking increased its Net Revenues from Euro 2.1 million in the first quarter 2019 to Euro 4.0 million in the first quarter 2020 (+39%). This result was mainly driven by the positive performance of the *Debt Capital Markets, M&A & Advisory* and *Corporate Broking* teams.

Market figures highlighted different trends across the investment banking segments in Italy: volumes of Equity Capital Markets' transactions grew from Euro 0.6 billion in the first quarter 2019 to Euro 0.9 billion in the first quarter of 2020, but the number of transactions fell from 9 to 7. Corporate issues in Debt Capital Markets declined from Euro 4.7 billion in the first quarter 2019 to Euro 3.2 billion in the first quarter 2020, and the number of transactions moved from 7 to 6. M&A transactions increased both in number, from 213 to 231, as well as volumes, from Euro 6.6 billion to 9.2 billion in the first quarter 2020.

In the first three months of the year, Equita supported several clients as financial advisor, assisting: 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, Amissima Assicurazioni and Amissima Vita in the search of an industrial partner. Equita also assisted the independent board members and the Board of Directors of INWIT in the structuring of a joint venture with Vodafone Italia to reorganise their Italian activities, and acted as intermediary in charge of coordinating the collection of acceptances in the takeover of Intek Group's 2015-2020 notes.

In the first quarter 2020, Corporate Broking continued to be a pivotal area for the Group, with more than 50 active mandates with clients and helping listed companies to improve visibility and liquidity of their financial instruments.

Alternative Asset Management was penalised by the market downturn which, as of March 31, 2020, impacted the fair value of the Equita direct investments in asset management initiatives such as in the Blueglen Equita Total Return credit fund. The sharp decline in market values of those investments negatively impacted the income statement for approximately Euro 1.2 million, driving the Alternative Asset Management result to Euro -0.1 million in the first quarter 2020 (compared Euro 1.4 million in the first quarter 2019). However, **revenues coming from fees for asset management activities in the portfolio management and private debt areas** (thus excluding impacts from fair value of direct investments as mentioned above) **were positive in the first quarter 2020 and amounted to Euro 1.0 million, in line with the first quarter 2019**. As of March 31, 2020, assets under management were Euro 851 million, down from Euro 1.0 billion as of December 31, 2019, due to the market correction that followed the COVID-19 pandemic. With specific reference to the *private debt*, the team continued to focus on the fundraising activities for its second fund – Equita Private Debt Fund II – and on the deal sourcing activities that will help the investment phase of the second fund once operative.

The **Research Team** supported the other 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.

³ Equita elaboration on ASSOSIM data

⁴ "Client Driven Trading & Market Making" and "Directional Trading" are an internal reporting representation of Proprietary Trading

CONSOLIDATED INCOME STATEMENT (RECLASSIFIED)

The financial results of the first three months of the year highlighted a 2% growth in Net Revenues, from Euro 12.6 million in the first quarter 2019 to Euro 12.9 million in the first quarter 2020. **Excluding the result of *Directional Trading* activities (not related to clients) and the impact of the fair value on investments related to the asset management activities as of March 31, 2020, Net Revenues grew 42%, from Euro 10.8 in the first quarter 2019 to Euro 15.4 million in the first quarter 2020.**

Consolidated Profit & Loss (reclassified, €m)	Q1 2020	% R.N.	Q1 2019	% R.N.	% Var
Global Markets	9,1	71%	9,1	72%	(0%)
Investment Banking	4,0	31%	2,1	16%	93%
Alternative Asset Management	(0,1)	(1%)	1,4	11%	(110%)
Consolidated Net Revenues	12,9	100%	12,6	100%	2%
Personnel costs ⁽¹⁾	(5,9)	(46%)	(5,8)	(46%)	2%
Other operating costs ⁽²⁾	(4,3)	(33%)	(4,0)	(32%)	8%
<i>of which Information Technology</i>	<i>(1,4)</i>	<i>(11%)</i>	<i>(1,4)</i>	<i>(11%)</i>	<i>0%</i>
<i>of which Trading Fees</i>	<i>(0,9)</i>	<i>(7%)</i>	<i>(0,9)</i>	<i>(7%)</i>	<i>9%</i>
<i>of which Non-Recurring</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>n.a.</i>
<i>of which Other (marketing, ...)</i>	<i>(1,9)</i>	<i>(15%)</i>	<i>(1,7)</i>	<i>(14%)</i>	<i>13%</i>
Total Costs	(10,2)	(79%)	(9,8)	(77%)	5%
Consolidated Profit before taxes	2,7	21%	2,8	23%	(5%)
Income taxes	(0,8)	(6%)	(0,8)	(7%)	(1%)
Consolidated Net Profit	1,9	15%	2,0	16%	(7%)

(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

Personnel costs grew from Euro 5.8 million in the first quarter 2019 to Euro 5.9 million in the first quarter 2020 (+2%), and the Compensation/Revenues ratio was 46%, in line with the previous year.

Other operating costs rose from Euro 4.0 million in the first quarter 2019 to Euro 4.3 million in the first quarter 2020 (+8%), mainly due to some additional expenses coming from the newly established subsidiary Equita Capital SGR that started its operations on October 1, 2019, as well as higher trading fees from larger volumes in the *Sales & Trading*. The increase in trading fees was proportionally lower compared to the increase in *Sales & Trading* Net Revenues, thanks to some cost-optimisation initiatives that improved the execution of orders on behalf of clients. The Cost/Income ratio⁵ was 79% in the first quarter 2020.

Consolidated Net Profit was Euro 1.9 million in the first quarter 2020, with a post-tax margin of 15%.

CONSOLIDATED SHAREHOLDERS' EQUITY

Consolidated Shareholders' Equity was Euro 82.2 million as of March 31, 2020, up compared to 2019 year-end (Euro 80,1 million). The Consolidated Return on Tangible Equity (ROTE)⁶ as of March 31, 2020, was 14% and the Consolidated Total Capital Ratio (TCR) was 22%, consistently above capital requirements.

⁵ Ratio between Total Costs and Net Revenues

⁶ 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.

Financial statements of the first quarter ended March 31, 2020, are not audited.

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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.