

PRESS RELEASE

Equita strengthens client business across all divisions in Q1'22

- = Net Revenues from business with clients to €18.5 million (+8% vs Q1'21)
- = Consolidated Net Revenues to €18.6 million (-8% vs Q1'21, due to the comparison with the above average results of Directional Trading in 2021)
- = Net Profits post-minorities to €3.8 million, with 21% profit margin

A group of Equita shareholders informed the Board of Directors they have received expressions of interest from a group of families, entrepreneurs and institutions to purchase a minority stake of c.a. 12% from management

Milan, May 12th, 2022

Andrea Vismara, Chief Executive Officer at Equita, commented: "The first quarter is clear evidence of our ability to grow business with clients, also in challenging geopolitical and macroeconomic environment. We have been able to strengthen the role of leading independent Italian investment bank and we see an interesting pipeline of transactions for the coming months, driven by the desire of corporates and entrepreneurs to relaunch their businesses after the pandemic".

"The results of the first three months of 2022 are in line with the strategic objectives of the *Equita 2024* business plan. Our priorities remain to grow and consolidate the business with clients, as well as remunerate our shareholders. If we look to the first quarter performance and the reserves set aside in the past, expected remuneration to shareholders is aligned to what we announced to the market: an average dividend per year of at least €0.30 per share".

"We appreciate the expressions of interest the management has received from families, entrepreneurs and institutions to acquire a minority stake in Equita. This is a demonstration of the good job the management has done over the years".

The Board of Directors of Equita Group S.p.A. (the "**Company**" and, together with its subsidiaries, "**Equita**" or the "**Group**") approved the first quarter results of the Group as of 31 March 2022.

Consolidated Net Revenues (divisional breakdown)

Net revenues linked to clients were up 8%, from €17.2 million in Q1'21 to €18.5 million in Q1'22¹.

¹ excluding Directional Trading activities and the impacts of the Group's Investment Portfolio linked to Alternative Asset Management activities as of 31 March 2022

(€m)	Q1 2022	Q1 2021	% Var
Global Markets	10,0	12,5	(20%)
o/w Sales & Trading	6,5	6,1	6%
o/w Client Driven Trading & Market Making	3,7	3,6	1%
o/w Directional Trading	(0,1)	2,8	n.m.
Investment Banking	6,7	6,1	9%
Alternative Asset Management	1,8	1,6	13%
o/w Asset management fees	1,7	1,3	28%
o/w Investment Portfolio & Other ⁽¹⁾	0,1	0,3	n.m.
Consolidated Net Revenues	18,6	20,3	(8%)
o/w Client Related (S&T, CD&MM, IB...)	18,5	17,2	8%
o/w Non-Client Related (Directional Trading)	(0,1)	2,8	n.m.
o/w Investment Portfolio & Other ⁽¹⁾	0,1	0,3	n.m.

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

Consolidated Net Revenues reached €18.6 million, down from €20.3 million in Q1'21 (-8%) due to the comparison with the previous year result of the Directional Trading that recorded its strongest performance since IPO (above historical average, driven by the exceptional upward trends in financial markets in Q1'21).

The **Global Markets** division – which includes Sales & Trading, Client Driven Trading & Market Making and Directional Trading – recorded net revenues of €10.0 million in Q1'22 (€12.5 million in Q1'21, -20%).

Considering Net Revenues linked to business with clients only (Sales & Trading and Client Driven Trading & Market Making, and excluding Directional Trading), **Global Markets grew by 4%, from €9.7 million in Q1'21 to €10.1 million in Q1'22, recording the second best Q1 since IPO thanks to the diversification strategy adopted by the management over the years.**

In Q1'22 Equita maintained its **strong positioning in the brokerage of financial instruments on behalf of clients, confirming relevant market shares in all key instruments: 8% on the Italian Stock Exchange – Euronext Milan, 11% on Euronext Growth Milan, 8% on bonds and 8% on equity options.** In the same period, market volumes on cash equities were up 12% (Q1'22 vs Q1'21) and volumes on bonds were down 36% (Q1'22 vs Q1'21)².

Sales & Trading revenues, net of commissions and interest expenses, rose to €6.5 million in Q1'22 (€6.1 million in Q1'21, +6%) while **Client Driven Trading & Market Making**³ net revenues came in at €3.7 million, in line with the previous year (€3.6 million in Q1'21, +1%). **Directional Trading** recorded €-0.1 million net revenues in Q1'22 (€2.8 million in Q1'21) with the performance affected by the market downturn of February and March 2022 that followed the outbreak of the war in Ukraine.

The **Investment Banking** division grew net revenues from €6.1 million in Q1'21 to €6.7 million in Q1'22 (+9%), thanks to the **positive performance of Equity Capital Markets and M&A advisory activities.** Growth was achieved in a challenging geopolitical and macroeconomic environment, both at global and at Italian level, driven by the outbreak of the war in Ukraine. Equity Capital Markets transactions in Italy were down in terms of number of deals and volumes (from 14 in Q1'21 with €2.8 billion to 10 in Q1'22 with €0.9 billion, -29% and -68% respectively). Debt Capital Markets recorded a similar performance (deals declined from 21 in Q1'21 with €12.1 billion to 12 in Q1'22 with €7.9 billion, -43% and -35% respectively, in terms of corporate issues only). M&A in Italy suffered too, with number of deals declining to 239 in Q1'22 (298 in Q1'21, -20%) and volumes to €16.8 billion (€30.2 billion in Q1'21, -44%).⁴

Despite the difficult market framework, in the first three months of 2022, **Equita completed several high-profile mandates** acting – *inter alia* – as sole global coordinator and sole bookrunner in the €90 million capital increase launched by CY4GATE (the largest accelerated bookbuilding in Italy since November 2019), appointed intermediary in the tender offer for SITI B&T shares (in addition to the role of Equita K Finance as financial advisor of Barbieri & Tarozzi Holding in the tender offer), financial advisor to CEIT in the sale of the

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

⁴ Source: Equita on Dealogic (Equity Capital Markets), Bondradar (Debt Capital Markets) and KPMG (M&A) data. M&A figure in Q1'21 includes the Stellantis merger (€19.8 billion)

company to Circet, financial advisor to BIP in the acquisition of Monticello Consulting in the United States and financial advisor to GF Garden – assisted by Equita K Finance – in the sale of the company to EXEL Industries.

The **Alternative Asset Management** division recorded €1.8 million net revenues in Q1'22 (€1.6 million in Q1'21, +13%) with assets under management reaching €1.1 billion as of 31 March 2022, almost in line with 2021 year-end. **Revenues linked to asset management fees** (Portfolio Management, Private Debt and Private Equity) **were up 28% year on year**, from €1.3 million in Q1'21 to €1.7 million in Q1'22. Growth was mainly driven by the **additional fees coming from the new, second private debt fund** (Equita Private Debt Fund II which completed its first closing in 2020 and closed additional commitments in 2021 and 2022) **and the new PIR alternative private equity fund launched in June 2021** (Equita Smart Capital – ELTIF that as of 31 March 2022 reached €60 million of commitments). The Investment Portfolio⁵, equal to approximately €10 million as of 31 March 2022, contributed to the Alternative Asset Management results with €0.1 million net revenues in Q1'22 (€0.3 million in Q1'21).

The **Research Team** continued to **support all business areas of the Group, assisting institutional investors with research reports and insights** on more than 120 Italian (~96% of the total Italian market capitalisation) and 40 foreign listed companies. The team has also added several debt instruments to the coverage (building a significant presence in the fixed income domain) expanding it to more than 15 fixed income issuers.

Consolidated Profit & Loss (Reclassified)

Profit & Loss (reclassified, €m)	Q1 2022	Q1 2021	% Var	% Q1 2022	% Q1 2021
Consolidated Net Revenues	18,6	20,3	(8%)	100%	100%
Personnel costs ⁽¹⁾	(8,5)	(9,7)	(13%)	(46%)	(47%)
Other operating costs ⁽²⁾	(4,6)	(4,4)	5%	(25%)	(22%)
of which Information Technology	(1,5)	(1,4)	7%	(8%)	(7%)
of which Trading Fees	(0,9)	(0,9)	5%	(5%)	(4%)
of which Other (marketing, governance...) ⁽²⁾	(2,1)	(2,0)	3%	(11%)	(10%)
Total Costs	(13,0)	(14,0)	(7%)	(70%)	(69%)
Consolidated Profit before taxes	5,5	6,2	(11%)	30%	31%
Income taxes	(1,5)	(1,9)	(17%)	(8%)	(9%)
Consolidated Net Profit (pre-minorities)	4,0	4,4	(9%)	21%	21%
Minorities	(0,1)	0,1	n.m.	(1%)	1%
Consolidated Net Profit	3,8	4,5	(14%)	21%	22%

(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 decreased from €9.7 million in Q1'21 to €8.5 million in Q1'22 (-13%) due to the performance of Net Revenues. The Compensation/Revenues ratio was 46% (47% in Q1'21), and the number of professionals reached 176 as of 31 March 2022 (176 as of 31 December 2021). **Other operating costs** moved from €4.4 million in Q1'21 to €4.6 million in Q1'22 (+5%). Trading fees increased by 5%, following the performance of Global Markets revenues linked to clients' activities. Information Technology expenses were up 7% year-on-year, mainly driven by investments in upgrades of the technological platform and aimed at improving service to clients. Other costs slightly increased (+3%), from €2.0 million in Q1'21 to €2.1 million in Q1'22, mainly due to the gradual return to in-presence marketing activities with clients such as roadshows and conferences. The **Cost/Income ratio**⁶ **was 70% in Q1'22**, almost in line with the 69% recorded in Q1'21.

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

⁶ Ratio between Total Costs and Consolidated Net Revenues

Consolidated Net Profit pre-minorities was €4.0 million in Q1'22 (€4.4 million in Q1'21, -9%) with the post-tax margin reaching 21%, in line with the previous year. **Consolidated Net Profit post-minorities was €3.8 million in Q1'22** (€4.5 million in Q1'21, -14%) with the post-tax margin at 21% (vs 22% in Q1'21). The difference between the 2022 and 2021 results was driven by the comparison effect of the Directional Trading and the improved performance of Equita K Finance in Q1'22 compared to Q1'21, with impacts on minorities.

On an adjusted basis, considering the results of the activities with clients only – thus excluding from 2022 and 2021 figures the impacts of Directional Trading and Investment Portfolio – **Consolidated Net Profit post-minorities increased 15%** (€3.8 million in Q1'22 vs €3.3 million in Q1'21) **and represented the best Q1 since IPO.**

The first quarter 2022 results are in line with the strategic objectives announced on 17 March 2022 with the Equita 2024 business plan, including the shareholders' remuneration targets: considering a payout of 100% on the annualised Net Profit of Q1'22 and the reserves set aside over the years, the expected dividend is in line with what was announced to the market (“[...] average dividend of at least €0.30 per share [...]”).

Consolidated Shareholders' Equity

Consolidated Shareholders' Equity was €103.5 million as of 31 March 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 5.8x the minimum requirements,** pursuant to the new EU 2033/19 Regulation (IFR).

Outlook on H1'22

It is worth noting that as today the performance of the **Directional Trading has returned to be profitable,** partially mitigating the gap between the current year results and the previous year results. After Q1'22, **the Investment Banking team was involved in several transactions and the pipeline of the coming months is interesting,** with all teams involved in several deals. On the Alternative Asset Management side, the **Private Debt team is expected to reach the final close of its second fund Equita Private Debt Fund II by June 2022 with total commitments between €230 and €240 million, well above the target size of €200 million previously announced.**

Expressions of interest from a group of families, entrepreneurs and institutions

During the Board meeting, some shareholders of Equita – who are also managers of the Group – informed the Board of Directors that they have received **expressions of interest from a group of families, entrepreneurs and institutions close to Equita to purchase a minority stake of c.a. 12% in the share capital of the Company from the management.**

Managers also informed the Board of Directors that **this potential transaction is in line with the objectives stated in the Equita 2024 business plan presented early this year to accelerate the growth of the business and improve the independence of Equita that has always distinguished the Group on market. The transaction would also allow the entry of new investors in the share capital while maintaining the role of the management as key shareholder of the Group.**

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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.

Additional financial information are not audited.

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Equita Group
Investor Relations – Andrea
Graziotto
ir@equita.eu

Close to Media
Adriana Liguori
adriana.liguori@closetomedia.it

Finelk
Cornelia Schnepf
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.

Consolidate Income Statement – Equita Group

Profit & Loss	31-Mar-22	31-Mar-21
10 Net trading income	2.472.135	6.142.255
40 Commission income	112.551	178.876
50 Commission income	16.879.802	15.220.974
60 Commission expense	(1.875.292)	(1.780.345)
70 Interest and similar income	464.345	216.412
80 Interest and similar expense	(645.740)	(514.783)
90 Dividends and similar income	1.128.405	724.638
110 Net Income	18.536.205	20.188.027
120 Net losses/recoveries on impairment	2.838	39.969
a) financial assets at amortized cost	2.838	39.969
130 Net Result of financial activities	18.539.044	20.227.996
140 Administrative expenses	(12.560.994)	(13.559.588)
a) personnel expenses ⁽¹⁾	(8.735.583)	(10.040.191)
b) other administrative expenses	(3.825.412)	(3.519.397)
150 Net provisions for risks and charges	-	-
160 Net (losses) recoveries on impairment of tangible assets	(326.820)	(306.736)
170 Net (losses) recoveries on impairment of intangible assets	(101.271)	(76.869)
180 Other operating income and expense	(32.031)	(72.290)
190 Operating costs	(13.021.116)	(14.015.484)
200 Profit (loss) on equity investments ⁽¹⁾	-	-
240 Profit (loss) on ordinary operations before tax	5.517.927	6.212.512
250 Income tax on ordinary operations	(1.547.430)	(1.860.000)
260 Net Profit (loss) on ordinary operations after tax	3.970.497	4.352.512
280 Net Profit (loss) of the period	3.970.497	4.352.512
290 Net Profit (loss) of the period - Third parties interests	131.565	(111.072)
300 Net profit (loss) of the period - Group	3.838.932	4.463.584

(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	31-Mar-22	31-Dec-21
10 Cash and cash equivalents	184.620.058	136.126.012
20 Financial assets at fair value with impact on P&L	52.641.900	49.243.191
a) financial assets held for trading	45.106.862	41.993.017
b) financial assets at fair value	-	-
c) other financial assets mandatory at fair value	7.535.038	7.250.174
40 Financial assets at amortized cost	107.302.815	91.438.682
a) banks	49.233.892	40.684.941
b) financial companies	50.096.725	38.406.064
c) clients	7.972.198	12.347.677
70 Equity investments	46.267	46.267
80 Tangible assets	4.906.178	5.203.160
90 Intangible assets	27.130.447	27.221.201
<i>of which: Goodwill</i>	24.152.987	24.152.987
100 Tax assets	4.274.477	4.428.711
a) current	2.802.612	1.552.518
b) deferred	1.471.865	2.876.193
120 Other assets	49.195.138	1.916.272
Total assets	430.117.280	315.623.495
Liabilities and shareholders' equity	31-Mar-22	31-Dec-21
10 Financial liabilities at amortized cost	205.192.035	166.487.398
a) debt	205.192.035	166.487.398
20 Financial trading liabilities	32.946.179	9.091.005
40 Hedging derivatives	3.545	3.545
60 Tax liabilities	7.851.203	6.034.615
a) current	7.094.982	5.278.395
b) deferred	756.221	756.221
80 Other liabilities	74.018.078	27.928.052
90 Employees' termination indemnities	2.415.816	2.397.194
100 Allowance for risks and charges	4.148.468	4.372.648
c) other allowances	4.148.468	4.372.648
Total Liabilities	326.575.324	216.314.457
110 Share capital	11.489.983	11.427.911
120 Treasury shares (-)	(4.039.802)	(4.059.802)
140 Share premium reserve	19.362.486	18.737.040
150 Reserves	72.801.544	51.175.550
160 Revaluation reserve	(42.752)	(42.752)
170 Profit (loss) of the period	3.970.497	22.071.091
180 Third parties' equity	-	-
Shareholders' Equity	103.541.956	99.309.038
Total liabilities and shareholders' equity	430.117.280	315.623.495