

EQUITA SIGNS AN AGREEMENT TO ACQUIRE K FINANCE, INDEPENDENT CORPORATE FINANCE BOUTIQUE WITH MORE THAN 20 YEARS EXPERIENCE, STRENGTHENING THE INVESTMENT BANKING DIVISION AND ACCELERATING THE ACHIEVEMENT OF 2020-2022 STRATEGIC PLAN'S TARGETS

- EQUITA SIGNS A BINDING AGREEMENT WITH THE FOUNDING PARTNERS OF K FINANCE TO ACQUIRE A 70% STAKE. THE FOUNDING PARTNERS WILL CONTINUE TO COVER THE ROLE OF CO-CHIEF EXECUTIVE OFFICERS
- STRATEGIC ACQUISITION FOR EQUITA FOR THE STRONG COMPLEMENTARITY OF K FINANCE ACTIVITIES IN TERMS OF CLIENTS AND DEAL SIZE, AS WELL AS FOR THE COMMERCIAL SYNERGIES THAT COULD FOLLOW THE DEAL
- WITH THIS TRANSACTION EQUITA CONSOLIDATES ITS POSITION AMONG THE TOP 10 M&A ADVISORS IN ITALY BY NUMBER OF DEALS, STRENGTHENS ITS MISSION TO SUPPORT ITALIAN ENTREPRENEURS AND MOVES ANOTHER STEP TOWARD THE ACHIEVEMENT OF 2022 TARGETS SET IN THE STRATEGIC PLAN

Milan, July 9, 2020

Equita, the leading independent investment bank in Italy, **today entered into a binding agreement to acquire a majority stake in K Finance S.r.l. ("K Finance")**, primary Italian independent corporate finance boutique specialised in M&A Advisory.

Equita Group S.p.A. has signed with the founding partners of K Finance – Giuseppe Renato Grasso, Chairman, and Filippo Guicciardi, Chief Executive Officer (the "Founding Partners") – an agreement to acquire a 70% stake in K Holding S.r.l. ("K Holding"), holding company that at the closing date ("Closing") shall own 100% of K Finance¹.

K Finance has more than 20 years experience in corporate finance advisory and boasts on a solid track-record of M&A transactions with Italian corporates and private equity firms. **K Finance is also founding partner of Clairfield International**, a global corporate finance partnership covering 20 countries with 35 offices.

Over the last 10 years K Finance has successfully executed approximately 10 M&A deals per year and in the last four years, thanks to the contribution of its professionals and partners, has recorded **more than Euro 6.0 million revenues and more than Euro 1.5 million Net Profits on average per year**.

Equita will benefit from the strong complementarity of K Finance activities: the long-standing experience of K Finance professionals with **private companies** will add to the focus of Equita on listed companies, and the expertise developed by K Finance on **mid-market transactions** will combine with the one of the Equita M&A Advisory team on mid-large transactions. **K Finance will also benefit from potential cross-selling opportunities**, offering to its clients equity and debt capital markets services, debt advisory and alternative asset management solutions offered by Equita.

With this acquisition, **Equita consolidates its role among the top 10 M&A advisors in Italy by number of deals** and confirms its willingness to support Italian entrepreneurs in their strategic decisions.

The total consideration to acquire 70% of K Holding is Euro 7.0 million: Euro 6.5 million will be paid at Closing – with a mix of cash and treasury shares of Equita Group S.p.A. – **and Euro 0.5 million as earn-out** subject to the achievement of specific Net Profit's targets for 2020 or 2021 fiscal year. The remaining 30% minority will be subject to put & call options

¹ As of today, K Holding (fully owned by the Founding Partners) owns a 70% stake in K Finance. The 30% minority is currently held by financial investors and partners of K Finance. The binding agreement signed between Equita and the Founding Partners requires K Holding to acquire the remaining 30% stake of K Finance from minority shareholders by the date of Closing.

which could be potentially exercised starting four years after Closing and paid 1/3 in cash and 2/3 with Equita Group S.p.A. treasury shares.

Equita will finance the transaction with a mix of debt – benefiting from the recent financing agreement signed on July 2, 2020 – **and equity** – the latter with the payment of Equita Group S.p.A. treasury shares to the Founding Partners. Those shares will be included in the First Shareholders' Agreement-Bis, with the aim to integrate Giuseppe Renato Grasso and Filippo Guicciardi into the management partnership and strengthen the entrepreneurial spirit that has always distinguished Equita.

The transaction is accretive for Equita in terms of Earnings Per Share - EPS (+9% pro forma 2021) and the Total Capital Ratio will remain well above 15%, minimum threshold set in the 2020-2022 Strategic Plan of the Equita Group.

K Finance, which will continue its operations at current premises in Milan, will be renamed to **Equita K Finance** to benefit from strengths of both brands and Giuseppe Renato Grasso and Filippo Guicciardi will continue to cover their managing roles as Co-Chief Executive Officers, reporting directly to the Chief Executive Officer of the Equita Group.

Closing is expected by July 30, 2020, and will be subject to condition precedents, including the acquisition from K Holding of the remaining minority in K Finance (30% stake), currently owned by financial investors and partners of K Finance.

Equita was assisted by Dentons Studio Legale Tributario as legal advisor and by KPMG for the accounting and tax due diligence. Founding Partners of K Finance were assisted by Pedersoli Studio Legale for the legal matters and by Studio RDRA for the tax matters. Equita and K Finance were also assisted respectively by their internal M&A advisory teams to structure the transaction.

Andrea Vismara, Chief Executive Officer at Equita, commented: *"We are glad to welcome Giuseppe, Filippo and colleagues of K Finance as new partners that share our values and our entrepreneurial vision. This acquisition is a key step toward the achievement of targets we set in the 2020-2022 strategic plan and strengthens the Group's positioning among top 10 financial advisors in Italy by number of deals. This is a great opportunity to develop interesting commercial synergies, supporting our clients and creating value for the shareholders of the Equita Group".*

Giuseppe Renato Grasso and Filippo Guicciardi, Founding Partners of K Finance, commented: *"Joining Equita is an important step for the development of our corporate advisory firm we established 21 years ago. We spent our professional careers telling clients how crucial is to grow to successfully compete in an increasingly complex market. We are enthusiastic about the proposal of Equita: together we will be stronger and we will better help clients in the execution of extraordinary financial transactions in Italy and abroad".*

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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

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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.*

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Numero di Pagine: 5