EQUITA

July 9, 2020

EQUITA ACQUIRES 70% STAKE IN K FINANCE

DEAL RATIONALE, STRUCTURE AND IMPACTS FOR EQUITA

EXECUTIVE SUMMARY

About K Finance

- **Independent M&A and corporate finance boutique** with more than 20 years experience based in Milan
- **Founding principles and values** very similar to the Equita ones (independence, entrepreneurship, …)

Deal Rationale

- Strongly **complementary target** in terms of clients, deal size, sectors covered, and interesting **cross-selling opportunities**
- Consolidation of the Equita Group among **Top 10 M&A Advisors in Italy** by number of deals

Deal structure

- Acquisition of **70% stake** at Closing, with a **mix of cash and equity** (Equita treasury shares)
- Transaction benefiting from the recent **financing agreement** signed on July 2, 2020
- Remaining **30% minority** to be acquired via **put & call options**

Governance

- **Founding Partners** appointed **Co-CEOs** and included in the **First Shareholders' Agreement-Bis** which regulates **voting** and **lock-up commitments**
- K Finance renamed **Equita K Finance** to benefit from strength of both brands

Impacts

- **Accretive in terms of EPS** (≈ +9% pro forma 2021) **and ROTE** (≈19% pro forma 2021) (1)
- **Limited impact on solvency ratios** (TCR > 17% pro forma)

2020-2022 Strategic Plan

- Acceleration in the achievement of growth and diversification targets set in the strategic plan

(1) Impacts on EPS and ROTE based on last available estimates published by UBI Research on 2021 Net Profits

K FINANCE AT A GLANCE

EQUITA SIGNED A BINDING AGREEMENT TO ACQUIRE A 70% STAKE IN K FINANCE, AN ITALIAN INDEPENDENT M&A ADVISORY BOUTIQUE WITH MORE THAN 20 YEARS EXPERIENCE AND THAT HAS SIMILAR VALUES AND FOUNDING PRINCIPLES TO EQUITA

K FINANCE OVERVIEW

- **Independent M&A and corporate finance boutique** with more than 20 years experience based in Milan
- **Entrepreneurial approach** and **solid track-record** in the execution of M&A deals and corporate finance transactions for mid-market corporates and private equity firms
- **Co-founder and member of Clairfield International**, a leading M&A network for global mid market transactions

KEY FIGURES

> €6m
Net Revenues
Average per year (2016-2019)

c. 10
Deals completed
Average per year (2016-2019)

> €1.5m
Net Profits
Average per year (2016-2019) and adjusted for the Comp/Revenues ratio applicable to Equita

18 (1)
People
With balanced mix between senior and junior resources

KEY VALUES

(1) Number of professionals includes employees as well as senior external advisors

DEAL RATIONALE

K FINANCE IS STRONGLY COMPLEMENTARY TO EQUITA IN TERMS OF CLIENTS, DEAL SIZE AND SECTORS. EQUITA WILL BENEFIT FROM CROSS-SELLING OPPORTUNITIES BY OFFERING OTHER INVESTMENT BANKING AND ALTERNATIVE ASSET MANAGEMENT SERVICES TO K FINANCE CLIENTS

COMPLEMENTARY M&A AND CORPORATE FINANCE ACTIVITIES

Clients

EQUITA

K FINANCE

Private clients — Listed entities

Deal size

EQUITA

K FINANCE

Small — Mid — Large

Sectors

EQUITA

K FINANCE

Industrial — Other (…) — Energy/ Utilities — FIG — TMT

CROSS-SELLING OPPORTUNITIES

K FINANCE

Investment Banking

- Corporate Finance
- M&A Advisory

EQUITA

Investment Banking

- ECM & DCM
- Debt Advisory
- Corporate Broking

Alternative Asset Management

- Private Debt
- Private Equity / ELTIF

K Finance client base

Complementary offering + **Cross-selling opportunities**

DEAL STRUCTURE AND KEY IMPACTS FOR EQUITA

ACCRETIVE TRANSACTION IN TERMS OF EPS AND ROTE, WITH LIMITED IMPACT ON SOLVENCY RATIOS. IMPACTS EXCLUDE POTENTIAL COMMERCIAL SYNERGIES

DEAL STRUCTURE AND KEY TERMS

	Acquisition of majority stake in K Finance (2020)	Acquisition of remaining minorities (2024)
Stake	**70%** majority stake in K Holding (owning 100% of K Finance) (1)	**30%** minority stake via **Put & Call Options** from 2024
Price and currency	**€7.0m** paid at Closing: ≡ **€6.5m upfront**, with a **mix of cash and Equita treasury shares** ≡ **€0.5m earn-out**, paid in cash and based on 2020-2021 targets for Net Profit	**Price** for the 30% minority stake **based on a multiple** of the future **Average Net Profit** and paid with a **mix of cash and Equita treasury shares**
Timing	By July 2020	Starting from **4 years after Closing**

KEY IMPACTS FOR EQUITA

≈ +9% EPS (2)
accretion in 2021

≈ 19% ROTE (2)
Pro forma 2021

> 17% TCR
Pro Forma 2021

Excluding Potential Synergies

(1) As of today, K Holding owns 70% of K Finance. The remaining 30% is currently owned by financial investors and K Finance partners. The founding partners, fully-owner of K Holding, committed to acquire – through K Holding – the remaining 30% of K Finance by the date of Closing. (2) Impacts on EPS and ROTE based on last available estimates published by UBI Research on 2021 Net Profits

GOVERNANCE: FOUNDING PARTNERS TO JOIN EQUITA PARTNERSHIP

FOUNDING PARTNERS, APPOINTED CO-CEOS OF THE TARGET, WILL JOIN THE EQUITA PARTNERSHIP BY ENTERING THE FIRST SHAREHOLDERS' AGREEMENT-BIS

NEW GROUP STRUCTURE AND GOVERNANCE

EQUITA GROUP

100% EQUITA SIM

100% EQUITA CAPITAL SGR

70% K HOLDING

30% Founding partners (G. Grasso, F. Guicciardi)

100% K FINANCE

Long-term management agreement

New Board of Directors

- Board's majority expression of the **Equita control**
- **Founding partners appointed Co-CEOs**, reporting to the CEO of Equita Group

OTHER INITIATIVES TO ADHERE TO THE "EQUITA PARTNERSHIP"

- Founding partners of K Finance will be included in the **First Shareholders' Agreement-bis**, which foresees voting and lock-up commitments

G. Grasso F. Guicciardi → **Equita Partnership**

- K Finance renamed "**Equita K Finance**", to benefit from strength of both brands

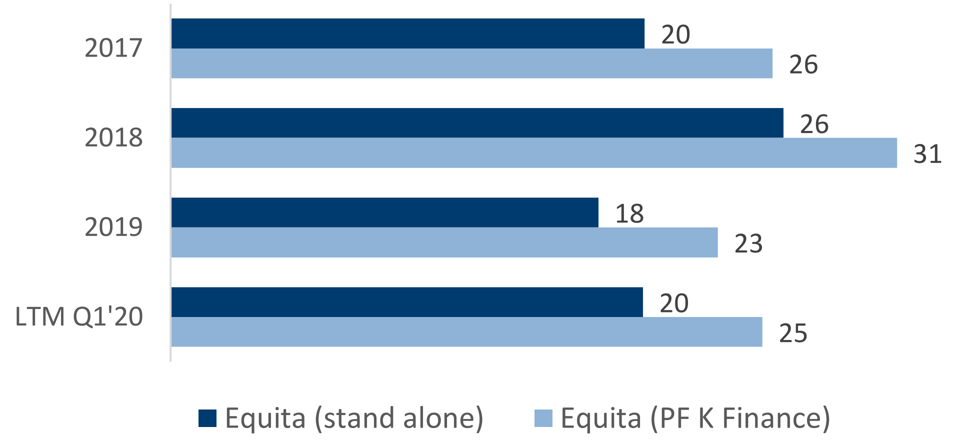
K FINANCE → EQUITA K FINANCE

Strong and efficient combination of brands

SIGNIFICANT GROWTH OF THE INVESTMENT BANKING DIVISION

WITH THIS TRANSACTION, EQUITA STRENGTHENS ITS POSITION AMONG THE TOP 10 M&A ADVISORS IN ITALY AND FURTHER ACCELERATES THE GROWTH OF ITS INVESTMENT BANKING DIVISION

PRO FORMA NET REVENUES OF THE INVESTMENT BANKING DIVISION (1)



ITALIAN RANKINGS – M&A ADVISORS

2019 Ranking Pro Forma
(by deal count)

#	Advisor	# deals
1.	Deloitte	61
2.	KPMG	58
3.	PWC	58
4.	Unicredit	39
5.	Mediobanca	37
6.	EY	34
7.	Rothschild	28
8.	Vitale	25
9.	**Equita K Finance**	**20**
10.	Fineurop Soditic	19

COMPLETE OFFERING OF INVESTMENT BANKING PRODUCTS AND SERVICES

EQUITA

ECM	M&A & Advisory (K Finance)
DCM & Debt Advisory	Corporate Broking

The unique independent one stop shop in Italy

2017-2019
Ranking Pro Forma
(by deal count)

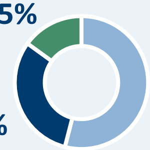
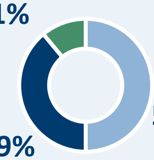
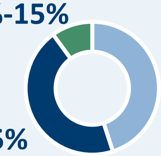
10°	7°	9°
2017	2018	2019

Top 10 M&A Advisors in the last 3 years

(1) Pro forma applying the FY'19 contribution of K Finance to the Equita LTM Q1'20 results

ROAD TO 2022: FURTHER PROGRESS TO ACHIEVE BUSINESS PLAN TARGETS

THE ACQUISITION OF K FINANCE WILL ACCELERATE THE ACHIEVEMENT OF GROWTH AND DIVERSIFICATION TARGETS SET IN THE 2020-2022 STRATEGIC PLAN

KEY FINANCIAL TARGETS - STRATEGIC PLAN	FY'19	LTM Q1'20 (PRO FORMA) (1)	FY'22E
Revenue Generation and Diversification	€58m: GM €32m, IB €18m, AAM €9m	€64m: GM €32m, IB €25m, AAM €7m	€75m: GM €30-34m, IB €30-34m, AAM €8-11m
Revenues Breakdown % (GM, IB, AAM)	 GM 54%, IB 31%, AAM 15%	 GM 50%, IB 39%, AAM 11%	 GM 40%-45%, IB 40%-45%, AAM 10%-15%
Cost Discipline and Focus on Profitability	77% Cost/Income 16% Net Profitability	76% Cost/Income 17% Net Profitability	-500 bps in Cost/Income ≈20% Net Profitability
Growth in AuM	€1bn	Work in Progress (EPD II, ELTIF, …)	€2bn
Low Capital Absorption and Consistent Shareholders' Remuneration	TCR 22% (2) / ROTE 17% 91% Dividend Payout	TCR > 17% / ROTE 19% (3) n.a. Dividend Payout	TCR ≥ 15% / ROTE ≥ 20% Dividend Payout % ≈90%

(1) Pro forma applying the FY'19 contribution of K Finance to the Equita LTM Q1'20 results; (2) Referred to Q1'20 ratio; (3) TCR and ROTE pro forma 2021. ROTE based on last available estimates published by UBI Research on 2021 Net Profits.

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ANNEX

K FINANCE – RECENT TRACK RECORD

M&A Deals 2020

May 2020
The minority shareholders of 2CSOLUTION
sold their stake to Namirial Trust Service Provider
reinvesting with AMBIENTA
and other managers in the acquisition of Namirial
K Finance (Clairfield Italy) acted as financial advisor to the minority shareholders of 2CSolution in this transaction.

April 2020
CEI – High Fidelity Spare Parts
sold a majority stake to ALTO PARTNERS
K Finance (Clairfield Italy) acted as financial advisor to the seller in this transaction.

March 2020
VIRGINIO CASSINA SRL
bought a minority stake of VALETUDO
K Finance (Clairfield Italy) acted as financial advisor to the buyer in this transaction.

February 2020
SITI b&t
Euro 30,000,000
long term facility
K Finance (Clairfield Italy) acted as financial advisor to SITI B&T.

January 2020
GRADIENTE SGR, FIRME SPA
sold LANIFICIO dell'OLIVO Italian Fancy Yarns
to ethica global investments
K Finance (Clairfield Italy) acted as financial advisor to the sellers in this transaction.

January 2020
KINGSBURY LUXEMBOURG
sold a majority stake of NEGRIBOSSI BY DESIGN
to NISSEI
K Finance (Clairfield Italy) acted as financial advisor to Negri Bossi in this transaction.

January 2020
SITI b&t
bought a majority stake of DIATEX
K Finance (Clairfield Italy) acted as financial advisor to the buyers in this transaction.

July 2020
IGI SGR SpA Private Equity
and the management
sold 100% of FIMO
to WISE EQUITY
K Finance (Clairfield Italy) acted as financial advisor to the sellers in this transaction.

M&A Deals 2019

December 2019
ECRM Holding
sold a majority stake of amilon – Powering Branded Currency
to ZUCCHETTI
K Finance (Clairfield Italy) acted as financial advisor to the sellers in this transaction.

September 2019
LAZZERINI
sold a majority stake to B4 INVESTIMENTI
K Finance (Clairfield Italy) acted as financial advisor to the seller in this transaction.

August 2019
ITALPOL GROUP
sold its business unit to
K Finance (Clairfield Italy) acted as financial advisor to the seller in this transaction.

July 2019
Zambon
bought BREATH THERAPEUTICS
from SOFINNOVA, Gimv, …
K Finance (Clairfield Italy) acted as financial advisor to the management of the buyers in this transaction.

July 2019
rototech group
was sold to
- INDUSTRY 4.0 FUND - QUADRIVIO GROUP
K Finance (Clairfield Italy) acted as financial advisor to the sellers in this transaction.

June 2019
SACCHI a company of sonepar italia
acquired DEMO ELETTRO SOLUZIONI
K Finance (Clairfield Italy) acted as financial advisor to the buyer in this transaction.

February 2019
GSS
was sold to COVISIAN reinventing bpo
backed by Aksìa group
Clairfield Spain and K Finance (Clairfield Italy) acted as financial advisor to the sellers in this transaction.

January 2019
LIMONTA SPORT
was sold to sports & leisure GROUP
backed by CHEQUERS CAPITAL
K Finance (Clairfield Italy) acted as financial advisor to the sellers in this transaction.

NEW MEDIUM-TERM FINANCING TO SUPPORT THE GROWTH STRATEGY

UP TO EURO 30 MILLION TO FINANCE GROWTH THROUGH THE EXECUTION OF POTENTIAL EXTRAORDINARY TRANSACTIONS AND INVESTMENTS IN NEW ALTERNATIVE ASSET MANAGEMENT PRODUCTS

KEY TERMS

	TLA (TERM LOAN AMORTISING)	RCF (REVOLVING CREDIT FACILITY)
Amount	Up to €25m	Up to €5m
Maturity	June 30, 2025	June 30, 2023
Interest Rate	Euribor 12m + Spread	Euribor 1/3/6m + Spread
Drawdown period	18 months starting from signing	n.a.
Reimbursement	8 half-year instalments, starting December 2021	n.a.

RATIONALE

Additional resources to fund non-organic external growth and investment in AAM products

Further optimization of Group's capital structure, with a mix of debt and equity

Improvement in the matching of maturities between assets and liabilities

WE KNOW HOW

EQUITA

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