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Diffusione presunta
Oggetto : The Board of Directors of Equita Group
approved the financial results for the year
ended 31 December 2020. Dividend
proposal

Testo del comunicato

Vedi allegato.

THE BOARD OF DIRECTORS OF EQUITA GROUP APPROVES THE DRAFT OF SEPARATE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

- CONSOLIDATED NET REVENUES AT EURO 68.2 MILLION, UP 17% COMPARED TO 2019 (+9% ON ORGANIC BASIS)¹
- CONSOLIDATED NET PROFITS² AT EURO 12.3 MILLION, UP 29% COMPARED TO 2019 (+13% ON ORGANIC BASIS)¹ WITH A POST-TAXES PROFITABILITY OF 18%
- RETURN ON TANGIBLE EQUITY AT 27% AND TOTAL CAPITAL RATIO AT 20% AS OF 31 DECEMBER 2020, CONSISTENTLY ABOVE CAPITAL REQUIREMENTS

DIVIDEND PROPOSAL OF EURO 0.20 PER SHARE (+5% COMPARED TO THE DIVIDEND OF EURO 0.19 PAID OUT IN JUNE 2020) REPRESENTING A 75% PAY-OUT RATIO AND A 7% DIVIDEND YIELD³

Milan, 17th March 2021

The Board of Directors of Equita Group S.p.A. (the “Company” and, together with its subsidiaries, “Equita” or the “Group”) today approved the draft financial statements of the Company and the consolidated financial statements as of 31 December 2020.

Andrea Vismara, Chief Executive Officer at Equita, commented: “2020 was a significant year for Equita. Despite the Covid-19 pandemic, we managed to grow net revenues and net profits; we further diversified our revenue mix and business model, while confirming the Group’s leading position among independent brokers in Italy. We continued to improve our position in M&A advisory as well as in new areas such as fixed income. The acquisition of Equita K Finance was another important milestone that led Equita to become the largest independent investment banking team in Italy with more than 45 professionals”.

Mr. Vismara added: “2020 was a significant year also from a governance and strategic standpoint. The composition of the newly appointed Board of Directors confirmed the Equita’s commitment to independency, gender equality and inclusion of minority shareholders. In line with best practice, we nominated an advisory board to support the management in strategic decisions. We also signed a medium-term financing agreement to finance new business initiatives and potential extraordinary transactions that can accelerate the achievement of growth targets set in our three-year strategic plan”.

Francesco Perilli, Chairman at Equita, commented: “The 2020 financial results are in line with the growth trajectory outlined by the Group’s 2020-2022 strategic plan. Equita will propose to the next Shareholders’ Meeting the distribution of a dividend of Euro 0.20 per share, 5% higher compared to the dividend paid out the previous year and equal to a pay-out ratio of 75%. The retained earnings will provide additional capital to finance potential extraordinary transactions as well as business diversification initiatives that will strengthen Equita’s position and accelerate our growth”.

¹ Excluding the contribution of Equita K Finance acquired in July 2020

² Consolidated Net Profits post minorities

³ Pay-out ratio calculated as the ratio between Dividend paid out and Consolidated Net Profits post minorities. Dividend yield based on last share price at closing on 16 March 2021 (EQU:MI €2.99)

CONSOLIDATED NET REVENUES (DIVISIONAL BREAKDOWN)

(€m)	FY 2020	FY 2019	% Var	Q4 2020	Q4 2019	% Var
Global Markets	33,7	31,5	7%	9,0	7,0	28%
o/w Sales & Trading	21,8	21,5	1%	4,9	5,4	(10%)
o/w Client Driven Trading & Market Making	11,6	8,0	45%	2,8	2,2	24%
o/w Directional Trading	0,4	2,0	n.m.	1,3	(0,6)	(309%)
Investment Banking	28,0	18,2	53%	8,1	7,8	4%
Alternative Asset Management ⁽¹⁾	6,5	8,6	(24%)	3,4	5,5	(38%)
o/w Asset management fees ⁽¹⁾	5,9	8,0	(26%)	3,0	4,8	(38%)
o/w Investment Portfolio & Other ⁽²⁾	0,6	0,5	n.m.	0,4	0,7	n.m.
Consolidated Net Revenues	68,2	58,3	17%	20,5	20,4	1%
o/w Client Related (S&T, CD&MM, IB...)	67,2	55,8	20%	18,8	20,3	(8%)
o/w Non-Client Related (Directional Trading)	0,4	2,0	(79%)	1,3	(0,6)	n.m.
o/w Investment Portfolio & Other ⁽²⁾	0,6	0,5	9%	0,4	0,7	(41%)

(1) Results include €1.8 million performance fees in FY'20/Q4'20 and €3.7 million performance fees in FY'19/Q4'19

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

The **Global Markets** division, which includes *Sales & Trading*, *Client Driven Trading & Market Making* activities and *Directional Trading*, recorded a 7% increase in net revenues which came at Euro 33.7 million in 2020, up from Euro 31.5 million in 2019, with a **solid performance in revenues linked to client activity**. The ongoing effort of the trading floor to further diversify the product offering with cross-selling initiatives and the investments made to improve the service to clients led Equita to confirm its leading position at the top of the well-renowned surveys published by Institutional Investors – where each year thousands of Italian and international investors vote to nominate the best brokers in the financial industry – **for its sales & trading and corporate access activities**.

Sales & Trading revenues, net of commissions and interest expenses, were stable compared to the previous year (+1%, from Euro 21.5 million in 2019 to Euro 21.8 million in 2020). The performance was mainly driven by the **higher brokered volumes – from both institutional and retail investors – that characterised markets in the first part of the year**. In the first half of 2020, brokered volumes on behalf of third parties were up 32% on equities (H1'20 vs H1'19) and by 52% on bonds (H1'20 vs H1'19), while in the second half, volumes normalised following the stabilisation of volatility (+1% in H2'20 vs H2'19 on equities and -15% in H2'20 vs H2'19 on bonds)⁴. **In such context, Equita confirmed its position as a leading independent broker in Italy and achieved strong market shares in all relevant segments (8% on MTA, 9% on AIM Italia, 7% on bonds, 5% on equity options and 7% on ETFPlu)⁵.**

*Client Driven Trading & Market Making*⁶ net revenues grew to Euro 11.6 million in 2020, up 45% from Euro 8.0 million in 2019. The strong performance was driven by the intense client activity (especially in the first half of the year, as seen in *Sales & Trading*) as well as by Equita's growing presence in fixed income.

Directional Trading recorded lower net revenues, from Euro 2.0 million in 2019 to Euro 0.4 million in 2020, affected by the sharp market corrections that impacted the trading portfolio in the first part of the year, the lack of dividends paid out by listed companies and the prudent approach taken by the trading desk during the year.

Excluding the *Directional Trading* result, **Net Revenues linked to client activity in the Global Markets division** (*Sales & Trading* and *Client Driven Trading & Market Making*) **grew by 13%**, from Euro 29.5 million in 2019 to Euro 33.3 million in 2020.

⁴ Source: ASSOSIM. Figure on equities refers to the Italian Stock Exchange - MTA. Figure on bonds refers to DomesticMOT, EuroMOT and ExtraMOT Italian markets.

⁵ Equita elaboration on ASSOSIM data.

⁶ "Client Driven Trading & Market Making" and "Directional Trading" are an internal reporting representation of Proprietary Trading.

In the fourth quarter of 2020, the *Global Markets* division recorded a 28% year-on-year growth in net revenues, from Euro 7.0 million to Euro 9.0 million, benefiting from higher brokered volumes on markets and higher profitability of *Directional Trading* compared to 2019.

The *Investment Banking* division grew 53%, from Euro 18.2 million in 2019 to Euro 28.0 million in 2020, thanks to the **solid performance of both capital markets and M&A advisory activities**, as well as the **acquisition of Equita K Finance**⁷ – primary independent financial advisory firm and leader in the mid-market M&A segment in Italy. This result was achieved despite challenging underlying market conditions that limited the number of successful investment banking transactions, especially in the first nine months of 2020.⁸

Following the acquisition of Equita K Finance, the investment banking team became **the largest independent team in Italy with more than 45 professionals**. In 2020, Equita confirmed its strong positioning **among the leading investment banks in terms of number of equity capital markets and debt capital markets transactions**⁹ and it ranked **top 10 M&A advisor in Italy** (6th by number of deals and 9th by value with 23 deals and approximately Euro 18.4 billion value respectively)¹⁰ on a pro-forma basis.

In 2020, Equita completed several high-profile mandates and assisted – *inter alia* – Intesa Sanpaolo in the takeover bid to acquire UBI Banca, Cy4Gate with its admission to trading on the AIM Italia market of Borsa Italiana, BPER in the largest share capital increase completed in 2020, TIM in the sale of a minority stake in FiberCop to KKR and Business Integration Partners in the cross-border acquisition of the British group Chaucer. Equita also assisted Carraro International as placement agent and sole bookrunner in the issue of Euro 150 million senior unsecured bond and AMCO – Asset Management Company as joint lead manager in the issue of Euro 2 billion senior unsecured bonds in total.

In the fourth quarter 2020, the investment banking increased its net revenues to Euro 8.1 million, up 4% year-on-year from Euro 7.8 million in the fourth quarter 2019 – the latter one of the investment banking's strongest quarters of recent years. The fourth quarter 2020's results benefited from the consolidation of Equita K Finance.

The *Alternative Asset Management* division recorded Euro 6.5 million Net Revenues in 2020 (Euro 8.6 million in 2019, -24%). The revenues linked to asset management fees (*Portfolio Management* and *Private Debt*, excluding impacts from performance fees) decreased from Euro 4.4 million in 2019 to Euro 4.1 million in 2020 (-6%), due to lower average value of assets under management resulting from the negative performance of markets. At the end of 2020, assets under management were lower compared to 2019 year-end, but higher compared to the first half of 2020 (Euro 944 million as of 31 December 2020, Euro 896 million as of 30 June 2020, Euro 1.0 billion as of 31 December 2019), thanks to a partial recovery of financial markets and to the first closing of Equita Private Debt Fund II, the second private debt fund – PIR compliant – that raised Euro 100 million of commitments during its first commercial phase (September 2020). In 2020 the Investment Portfolio¹¹ contributed with Euro 0.6 million net revenues (Euro 0.5 million in 2019).

⁷ Acquisition completed on 14 July 2020.

⁸ Market volumes of Equity Capital Markets' transactions grew by 13%, from Euro 7.7 billion in 2019 to Euro 8.7 billion in 2020, but number of deals – mainly ABBs – decreased from 62 to 57 (-8%). Volumes of Debt Capital Markets' transactions – with specific reference to high yield and not rated corporate issues – increased to Euro 7.3 billion in 2020 (+61% compared to 2019). Number of deals grew (11 in 2019 vs 15 in 2020) but the large majority of transactions were executed only in the fourth quarter. M&A dropped in terms of number of deals and volumes (from 1,085 in 2019 to 830 in 2020, -24%, and from Euro 52 billion in 2019 to Euro 38 billion in 2020, -27%, respectively). Source: Equita elaboration on Dealogic (Equity Capital Markets), Bondradar (Debt Capital Markets) and KPMG (M&A) data.

⁹ Source: Equita elaboration on Borsa Italiana, Dealogic and Bondradar data.

¹⁰ Source: Mergermarket. Figures pro-forma to include transactions completed in Italy by Equita, Equita K Finance and Clairfield International where Equita is partner.

¹¹ The Investment Portfolio includes the investments made by the Group in the Alternative Asset Management products that have been launched (private debt funds, ...), with the purpose of further aligning Equita's and investors' interests.

The **Portfolio Management** team outperformed the benchmark and recorded Euro 1.8 million performance fees despite the turmoil of financial markets (Euro 3.7 million performance fees in 2019). The **Private Debt** team – awarded by AIFI and Deloitte as the best team in the category “Executed transactions - Leveraged buyout/Extraordinary transactions” in 2020 – continued both its **deal sourcing** activities aimed at identifying new investment opportunities and the **marketing activities** to close the fundraising of Equita Private Debt Fund II by 2021. On 16 March 2021, the private debt team announced a new closing, with Euro 31.5 million of additional commitments that involved four institutional investors (including a leading Italian insurance company and a major domestic pension fund) which increased the total commitments of the fund to Euro 131.5 million. The **Private Equity** team continued its preparatory activities to **start the marketing of its first ELTIF** (Equita Smart Capital – ELTIF), an **alternative PIR** mainly focused on **private equity investments in Italian SMEs**.

In 2020, Equita structured its first club deal. The Group fully subscribed a subordinated bond to finance the acquisition of L.M.A. – a company active in the field of high precision mechanics for the aeronautical and helicopter industries – by an important private equity fund and then syndicated the 80% of the initial investment among institutional and private investors. Equita Capital SGR will represent investors in the interactions with the invested company, also managing all the monitoring activities on the investment. **The deal is part of a wider initiative with which Equita is helping families and investors close to the “Equita network” access excellent Italian small and medium enterprises through club deal investments.**

In the fourth quarter 2020, the Alternative Asset Management recorded lower net revenues, from 5.5 million in 2019 to Euro 3.4 million in 2020 (-38%), mainly due to the year-on-year comparison of performance fees (Euro 3.7 million in 2019 compared to Euro 1.8 million in 2020).

The **Research Team** continued to support all business areas of the Group and helped institutional investors take investment decisions on 118 Italian and 36 foreign listed companies. The team also added several debt instruments to the coverage building a significant presence in the fixed income domain and **topped Institutional Investor’s rankings for the quality of its research and the focus on mid and small caps.**

CONSOLIDATED INCOME STATEMENT (RECLASSIFIED)

In 2020, Equita recorded 17% growth in Net Revenues, from Euro 58.3 million to Euro 68.2 million. **Net Revenues linked to activities with clients** – excluding Directional Trading contribution and the impacts of the Group’s Investment Portfolio as of 31 December 2020 – **were up by 20%**, from Euro 55.8 million in 2019 to Euro 67.2 million in 2020.

Personnel costs was up 19% from Euro 27.1 million in 2019 to Euro 32.3 million in 2020, in line with the growth in Net Revenues. The Compensation/Revenues ratio was 47.2% in 2020 (46.5% in 2019) and the number of professionals increased to 164 as of 31 December 2020 (152 at year-end 2019).

Other operating costs grew 4% from Euro 17.5 million in 2019 to Euro 18.2 million in 2020. Trading fees – directly linked to the Net Revenues of the *Global Markets* – decreased by 1% (*Sales & Trading* Net Revenues increased by 1%), whilst benefitting from some ad-hoc initiatives aimed at optimising the execution of brokerage orders. Information Technologies expenses decreased by 7% in 2020, thanks to the further integration of the Retail Hub and the renegotiation of some

Consolidated Profit & Loss (reclassified, €m)	FY 2020	% R.N.	FY 2019	% R.N.	% Var
Global Markets	33,7	49%	31,5	54%	7%
Investment Banking	28,0	41%	18,2	31%	53%
Alternative Asset Management	6,5	10%	8,6	15%	(24%)
Consolidated Net Revenues	68,2	100%	58,3	100%	17%
Personnel costs ⁽¹⁾	(32,3)	(47%)	(27,1)	(46%)	19%
Other operating costs ⁽²⁾	(18,2)	(27%)	(17,5)	(30%)	4%
<i>of which Information Technology</i>	(5,6)	(8%)	(6,1)	(10%)	(7%)
<i>of which Trading Fees</i>	(3,2)	(5%)	(3,2)	(6%)	(1%)
<i>of which Other (marketing, governance...) ⁽²⁾</i>	(9,4)	(14%)	(8,2)	(14%)	14%
Total Costs	(50,6)	(74%)	(44,7)	(77%)	13%
Consolidated Profit before taxes	17,6	26%	13,7	23%	29%
Income taxes	(4,7)	(7%)	(4,2)	(7%)	13%
Consolidated Net Profit (pre-minorities)	12,9	19%	9,5	16%	36%
Consolidated Net Profit (post-minorities)	12,3	18%	9,5	16%	29%

(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

contracts with suppliers. Other costs increased from Euro 8.2 million in 2019 to Euro 9.4 million in 2020 (+14%) following: i) additional costs coming from the newly established subsidiary Equita Capital SGR that started its operations on 1 October, 2019 (mainly governance expenses), ii) some one-off initiatives – especially the initiatives that occurred in the second quarter 2020 such as the structuring of the medium-long term financing, the acquisition of Equita K Finance and the charity initiative “Equita Trading for the Recovery” – and iii) the consolidation of Equita K Finance acquired on 14 July, 2020. **Excluding such expenses (approximately Euro 1.4 million in total), other costs declined by 3% compared to the previous year.**

The Cost/Income ratio¹² improved from 77% in 2019 to 74% in 2020, on the back of the strong performance of the *Investment Banking* division that benefited from higher operating leverage.

Consolidated Net Profit, adjusted for minorities, grew 29% year-on-year, from Euro 9.5 million in 2019 to Euro 12.3 million in 2020, thanks to the growth of the Investment Banking division and the contribution of Equita K Finance. The **post-tax margin came in at 18%** and the tax rate was 27%, lower than the previous year (31%) due to the tax benefit deriving from the consolidation of Equita K Finance.

CONSOLIDATED SHAREHOLDERS' EQUITY

Consolidated Shareholders' Equity was Euro 85.7 million as of 31 December 2020, up compared to 2019 year-end (Euro 80.1 million), despite the dividend distribution of Euro 8.6 million paid out in June 2020. The Consolidated Return on Tangible Equity (ROTE)¹³ was 27% and the Consolidated Total Capital Ratio (TCR) was 20%, consistently above capital requirements.

SEPARATE FINANCIAL STATEMENTS OF EQUITA GROUP S.P.A.

The Board of Directors of the Company approved the separate financial statements of Equita Group S.p.A.. For the fiscal year 2020 the Company reported Net Income of Euro 9.2 million, Operating Costs of Euro 3.7 million and Net Profits of Euro 5.8 million.

¹² Ratio of Total Costs and Net Revenues

¹³ Calculated excluding the Consolidated Net Profit from Tangible Equity

BUSINESS OUTLOOK

Expectations for 2021 are affected by the level of uncertainty around the end of the pandemic and global recovery. The first months of the year showed high levels of activities in terms of financial markets' performance and extraordinary financial transactions. In 2021, Equita will focus on the diversification of its products and services and will further integrate the newly acquired company Equita K Finance within the Group's business model to generate additional synergies in terms of competences and deal generation. In line with the targets of the three-year strategic plan, Equita will launch new alternative asset management products and will continue to integrate sustainability within the business model. The Group's economic, financial and operating results of 2021 are likely to be affected by the financial markets' performance and by the overall situation of the macroeconomic Italian environment.

NET PROFIT AND DIVIDEND PROPOSAL

The Board of Directors of the Company resolved to submit to the forthcoming Shareholders' Meeting the approval of the financial statements for the fiscal year 2020 and the distribution of a **dividend per share of Euro 0.20** (Euro 9.2 million in total)¹⁴. **The proposed dividend is 5% higher** than the dividend per share paid out in June 2020, representing a **pay-out ratio of 75%** of Consolidated Net Profits 2020 and amounting to a **dividend yield of 7%**¹⁵.

The dividend will be paid in two tranches as follows:

- ≡ **First tranche** – equal to Euro 0.10 per share (coupon no. 4) – paid on 12 May 2021 (*payment date*) with coupon tender date on 10 May 2021 (*ex-dividend date*) and record date on 11 May 2021 (*record date*);
- ≡ **Second tranche** – equal to Euro 0.10 per share (coupon no. 5) – paid on 10 November 2021 (*payment date*) with coupon tender date on 8 November 2021 (*ex-dividend date*) and record date on 9 November 2021 (*record date*).

The decision to set a 75% pay-out ratio will allow the Company to retain additional resources to finance potential extraordinary transactions, preserving at the same time an interesting level of remuneration for investors and a more prudent approach. The decision to split the dividend into two tranches has the aim to give more stability to the Equita stock's performance and offer to investors spread cash flows instead of only one payment concentrated in one moment of the year.

The Company intends to continue to pursue the external growth strategy from recent years. Future dividends will consider an indicative pay-out of at least 50% – unless specific growth opportunities justify a revision of this indication – with the aim of keeping the right financial flexibility to support potential extraordinary transactions.

CORPORATE GOVERNANCE

On 18 February 2021, the Board of Directors assessed its compliance with the requirements applicable to its composition as a board and the independence requirements on the Directors Paolo Colonna, Silvia Demartini and Michela Zeme pursuant to article 148 of the Consolidated Law on Finance (TUF) and article 2, recommendation 7, of the New Corporate Governance Code. With reference to the Director Marzio Perrelli, the Board of Directors did not deem necessary to reassess his independence requirements, in light of Mr Perrelli's recent appointment dating December 2020. Following the review, the Company confirms that the majority of the Board of Directors' members are independent (four out of seven Directors).

The Board of Directors of the Company also notifies that on 18 February 2021 the Board of Statutory Auditors ensured that the requirements for its offices continued to be met and ascertained the independence of each of its members,

¹⁴ Calculated on number of outstanding shares at the date of dividend payment, thus excluding treasury shares owned by the Company

¹⁵ Dividend yield based on last share price at closing on 16 March 2021 (EQUI:MI €2.99)

including according to the criteria of the Italian Corporate Governance Code for Listed Companies. It also completed the self-evaluation process of the operation of the body itself.

OTHER RELEVANT RESOLUTIONS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company has vested the Chairman and the Chief Executive Officer to severally convene the Shareholders' Meeting on 29 April 2021.

The Board of Directors has also resolved to submit to the next Shareholders' Meeting some amendments to the incentive plans "Equita Group 2019-2021 - Compensation Plan based on financial instruments" (the "2019-2021 Equita Plan") and "Equita Group 2020-2022 - Stock Options Plan for the Senior Management" (the "2020-2022 Equita Plan") approved on 30 April 2019 and 7 May 2020 respectively. Among the amendments that will be submitted to the Shareholders' Meeting, the Company intends to propose the possibility to assign newly issued shares – in addition to or as an alternative to treasury shares – deriving from a paid share capital increase to the beneficiaries that exercise stock options. To date, the incentive plans allow the Company to serve the exercise of stock options only with treasury shares.

The Company – in addition to the amendments listed above – will also propose to the Shareholders' Meeting to resolve a share capital increase, ex article 2441, paragraph 8, of the Italian Civil Code, in favour of the beneficiaries of the Group's incentive plans and excluding the subscription right. **The proposal will have no additional dilutive effects. The maximum dilution meets the dilution of the plans previously approved by the Shareholders' Meetings of the Company – e.g., 5.66% maximum for the 2019-2021 Equita Plan and 2.53% maximum for the 2020-2022 Equita Plan.**

It is worth highlighting that the implementation of the incentive plans keeps going smoothly, in line with what announced to the market. The 2019-2021 Equita Plan for instance – that foresees the assignment of 3 million financial instruments in three years (either performance shares and/or stock options) – as of today has entitled 1.9 million rights to the beneficiaries of the plan.

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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.

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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.

Consolidated Income Statement – Equita Group

Profit & Loss	31/12/2020	31/12/2019
10 Net trading income	9.600.524	5.612.485
40 Commission income	(49.388)	375.427
50 Commission income	61.648.411	52.999.221
60 Commission expense	(6.378.713)	(5.189.066)
70 Interest and similar income	1.761.160	1.165.094
80 Interest and similar expense	(1.855.260)	(2.305.776)
90 Dividends and similar income	3.230.301	6.060.471
110 Net Income ⁽¹⁾	67.957.036	58.717.855
120 Net losses/recoveries on impairment <i>a) financial assets at amortized cost</i>	100.234 100.234	(42.753) (42.753)
130 Net Result of financial activities	68.057.269	58.675.102
140 Administrative expenses <i>a) personnel expenses ⁽²⁾</i> <i>b) other administrative expenses</i>	(48.409.590) (34.301.572) (14.108.018)	(42.637.532) (28.209.458) (14.428.074)
150 Net provisions for risks and charges	(46.280)	-
160 Net (losses) recoveries on impairment of tangible assets	(1.291.230)	(1.267.463)
170 Net (losses) recoveries on impairment of intangible assets	(370.545)	(301.538)
180 Other operating income and expense	(309.710)	(253.964)
190 Operating costs	(50.427.355)	(44.460.497)
200 Profit (loss) on equity investments ⁽¹⁾	-	(523.526)
240 Profit (loss) on ordinary operations before tax	17.629.915	13.691.079
250 Income tax on ordinary operations	(4.733.562)	(4.186.213)
260 Net Profit (loss) on ordinary operations after tax	12.896.353	9.504.866
280 Net Profit (loss) of the period	12.896.353	9.504.866
290 Net Profit (loss) of the period - Third parties interests	645.681	-
300 Net profit (loss) of the period - Group	12.250.672	9.504.866

(1) The sum of "Net Income" and "Profit (loss) on equity investments" is reported as "Net Revenues"

(2) 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	31/12/2020	31/12/2019
10 Cash and cash equivalents	464	67
20 Financial assets at fair value with impact on P&L	43.849.094	74.236.855
<i>a) financial assets held for trading</i>	35.269.620	53.737.684
<i>b) financial assets at fair value</i>	-	-
<i>c) other financial assets mandatory at fair value</i>	8.579.474	20.499.170
40 Financial assets at amortized cost	203.341.805	184.180.013
<i>a) banks</i>	173.573.118	155.339.636
<i>b) financial companies</i>	19.563.356	25.087.356
<i>c) clients</i>	10.205.331	3.753.022
70 Equity investments	67.267	1.019.677
80 Tangible assets	6.223.374	7.320.292
90 Intangible assets	27.523.570	15.095.969
100 Tax assets	3.105.994	4.986.667
<i>a) current</i>	2.092.866	3.643.287
<i>b) deferred</i>	1.013.128	1.343.380
120 Other assets	1.643.880	1.452.716
Total assets	285.755.449	288.292.255
Liabilities and shareholders' equity	31/12/2020	31/12/2019
10 Financial liabilities at amortized cost	157.033.579	172.881.760
<i>a) debt</i>	157.033.579	172.881.760
20 Financial trading liabilities	14.217.087	12.299.505
60 Tax liabilities	2.178.035	2.323.370
<i>a) current</i>	1.417.632	1.601.050
<i>b) deferred</i>	760.403	722.320
80 Other liabilities	21.700.338	14.219.594
90 Employees' termination indemnities	2.269.815	2.520.797
100 Allowance for risks and charges	2.672.933	3.915.449
<i>b) other allowances</i>	2.672.933	3.915.449
110 Share capital	11.376.345	11.376.345
120 Treasury shares (-)	(4.059.802)	(4.548.025)
140 Share premium reserve	18.198.319	18.198.319
150 Reserves	47.217.517	45.613.161
160 Revaluation reserve	(30.315)	(12.884)
170 Profit (loss) of the period	12.896.353	9.504.865
180 Third parties' equity	85.248	-
Total liabilities and shareholders' equity	285.755.449	288.292.255

Income Statement (standalone) – Equita Group

Profit & Loss	31/12/2020	31/12/2019
40 Commission income	(53.629)	415.484
50 Commission income	-	492.931
60 Commission expense	(246.427)	(3.133)
70 Interest and similar income	1.021.624	270.109
80 Interest and similar expense	(261.919)	(54.852)
90 Dividends and similar income	8.714.553	14.239.349
110 Net Income	9.174.202	15.359.887
120 Net losses/recoveries on impairment <i>a) financial assets at amortized cost</i>	- -	- -
130 Net Result of financial activities	9.174.202	15.359.887
140 Administrative expenses	(3.566.506)	(3.693.677)
<i>a) personnel expenses (2)</i>	<i>(2.047.582)</i>	<i>(2.375.158)</i>
<i>b) other administrative expenses</i>	<i>(1.518.925)</i>	<i>(1.318.519)</i>
160 Net (losses) recoveries on impairment of tangible assets	(261.374)	(237.002)
170 Net (losses) recoveries on impairment of intangible assets	(18.366)	(17.269)
180 Other operating income and expense	181.115	172.704
190 Operating costs	(3.665.133)	(3.775.245)
200 Profit (loss) on equity investments	(552.487)	-
240 Profit (loss) on ordinary operations before tax	4.956.582	11.584.642
250 Income tax on ordinary operations	833.753	473.545
260 Net Profit (loss) on ordinary operations after tax	5.790.334	12.058.187

Balance Sheet (standalone) – Equita Group

Assets	31/12/2020	31/12/2019
10 Cash and cash equivalents	-	-
20 Financial assets at fair value with impact on P&L	3.710.195	15.873.687
<i>a) financial assets held for trading</i>	-	-
<i>b) financial assets at fair value</i>	-	-
<i>c) other financial assets mandatory at fair value</i>	3.710.195	15.873.687
40 Financial assets at amortized cost	4.787.104	3.477.208
<i>a) banks</i>	4.783.982	3.477.086
<i>b) financial companies</i>	3.122	122
<i>c) clients</i>	-	-
70 Equity investments	56.561.219	48.722.574
80 Tangible assets	1.818.121	2.124.972
90 Intangible assets	55.602	73.477
100 Tax assets	999.562	3.132.924
<i>a) current</i>	958.383	3.068.553
<i>b) deferred</i>	41.179	64.371
120 Other assets	7.898.507	3.534.614
Total assets	75.830.311	76.939.456
Liabilities and shareholders' equity	31/12/2020	31/12/2019
10 Financial liabilities at amortized cost	-	-
<i>a) debt</i>	-	-
20 Financial trading liabilities	-	-
60 Tax liabilities	1.021.862	190.000
<i>a) current</i>	1.021.862	190.000
<i>b) deferred</i>	-	-
80 Other liabilities	2.435.877	1.185.118
90 Employees' termination indemnities	17.325	344.164
100 Allowance for risks and charges	56.197	278.409
<i>b) other allowances</i>	56.197	278.409
110 Share capital	11.376.345	11.376.345
120 Treasury shares (-)	(4.059.802)	(4.548.025)
140 Share premium reserve	18.198.319	18.198.319
150 Reserves	30.808.454	25.723.947
160 Revaluation reserve	(15.102)	(12.884)
170 Profit (loss) of the period	5.790.334	12.058.187
Total liabilities and shareholders' equity	75.830.311	76.939.456

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