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Oggetto	:	Equita reports strong growth in Revenues and Profits in the first nine months of 2021. The Group is on track to meet 2022 targets one year ahead

Testo del comunicato

Vedi allegato.

EQUITA REPORTS STRONG GROWTH IN NET REVENUES AND NET PROFITS IN THE FIRST NINE MONTHS OF 2021. THE GROUP IS ON TRACK TO MEET 2022 TARGETS ONE YEAR AHEAD OF SCHEDULE

- CONSOLIDATED NET REVENUES AT EURO 61.6 MILLION, UP 29% YEAR-ON-YEAR
- CONSOLIDATED NET PROFITS AT EURO 14.0 MILLION, UP 60% YEAR-ON-YEAR, WITH PROFIT MARGIN AT 23%
- AVERAGE RETURN ON TANGIBLE EQUITY (ROTE)[1] AT 37% AS OF 30 SEPTEMBER 2021. THE GROUP CONFIRMS ITS CAPITAL STRENGTH AND SOLIDITY
- OUTLOOK 2021: CONSIDERING THE POSITIVE EXPECTATIONS ON FULL-YEAR RESULTS AND THE CAPITAL STRENGTH OF THE GROUP, ABSENT SIGNIFICANT NEGATIVE EVENTS, THE BOARD OF DIRECTORS WILL PROPOSE TO THE NEXT SHAREHOLDERS' MEETING THE DISTRIBUTION OF A DIVIDEND ABOVE EURO 0.30 PER SHARE, SIGNIFICANTLY HIGHER THAT THE EURO 0.20 PAID IN 2021

Milan, 11 November 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 financial results for the first nine months ended 30 September 2021.

Andrea Vismara, Chief Executive Officer at Equita, commented: *"The solid performance of the first nine months and the expectations for the fourth quarter lead us to forecast strong growth in Net Revenues and Net Profits also for the full year. We are really proud of what we have achieved over the years. The commitment of our professionals, the strong positioning of Equita in all areas and the continuous diversification of our offering will allow the Group to surpass the 2022 financial targets one year in advance".*

Vismara also added: *"Projections on 2021 results, positive expectations on capital markets for the coming years, and the Group's capital solidity means the Board of Directors, absent significant negative events, will propose the distribution of a dividend above Euro 0,30 per share to the next Shareholders' Meeting, with a payout ratio of at least 90%".*

CONSOLIDATED NET REVENUES (DIVISIONAL BREAKDOWN)

The ***Global Markets*** division – which includes *Sales & Trading*, *Client Driven Trading & Market Making* and *Directional Trading* – recorded a 31% year-on-year increase in Net Revenues, up from Euro 24.8 million in the first nine months of 2020 to Euro 32.5 million in the first nine months of 2021. Over this period, Equita confirmed its role as the leading independent broker in Italy, maintaining high market share in the brokerage of financial instruments on behalf of clients (8% on the Italian Stock Exchange – Euronext Milan and Euronext Growth Milan, 9% on bonds and 7% on equity options)[2]. With specific reference to the market, brokerage activities for third parties in Italy saw increasing volumes on cash equities and declining volumes on bonds year-on-year (+13% and -30% respectively, 9M'21 vs 9M'20)[3].

[1] *ROTE = Last 12-months Net Profits / Average Tangible Equity. Tangible Equity excludes current period Net Profits. Average calculated between beginning of the year Tangible Equity (31 December 2020) and end of period Tangible Equity (30 September 2021)*
[2] *Source: ASSOSIM*
[3] *Source: ASSOSIM. Figure on equities refers to the Italian Stock Exchange – MTA. Figure on bonds refers to DomesticMOT, EuroMOT and ExtraMOT Italian markets*

(€m)	9M 2021	9M 2020	% Var	Q3 2021	Q3 2020	% Var
Global Markets	32,5	24,8	31%	7,7	6,5	18%
o/w Sales & Trading	*16,9*	*16,4*	*3%*	*4,9*	*4,2*	*17%*
o/w Client Driven Trading & Market Making	*8,9*	*8,8*	*1%*	*2,3*	*1,8*	*31%*
o/w Directional Trading	*6,7*	*(0,4)*	*n.m.*	*0,5*	*0,6*	*(18%)*
Investment Banking	23,8	19,9	20%	5,8	10,9	(47%)
Alternative Asset Management	5,2	3,1	70%	2,0	1,1	84%
o/w Asset management fees	*4,4*	*2,9*	*50%*	*1,8*	*1,0*	*84%*
o/w Investment Portfolio & Other [1]	*0,9*	*0,2*	*n.m.*	*0,3*	*0,2*	*83%*
Consolidated Net Revenues	61,6	47,7	29%	15,5	18,6	(17%)
o/w Client Related (S&T, CD&MM, IB…)	*54,0*	*48,0*	*13%*	*14,7*	*17,8*	*(17%)*
o/w Non-Client Related (Directional Trading)	*6,7*	*(0,4)*	*n.m.*	*0,5*	*0,6*	*(18%)*
o/w Investment Portfolio & Other [1]	*0,9*	*0,2*	*n.m.*	*0,3*	*0,2*	*83%*

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

Sales & Trading revenues, net of commissions and interest expenses, reached Euro 16.9 million in the first nine months of 2021 (Euro 16.4 million in the first nine months of 2020, +3%) while *Client Driven Trading & Market Making* [4] net revenues came in at Euro 8.9 million (Euro 8.8 million in the first nine months of 2020, +1%). By combining the incomes of the two units, Net Revenues linked to clients' activities in the Global Markets division reached Euro 25.8 million in total (+2% vs 9M'20). This represents the best first-nine-months' result since IPO, confirming the successful diversification strategy implemented by the management over the years.

Directional Trading recorded Euro 6.7 million Net Revenues in the first nine months of 2021 (Euro -0.4 million in the first nine months of 2020), contributing materially to the growth of the Global Markets division. The result represented the strongest first nine months since IPO, significantly above the average results of recent years, thanks to particularly favourable market performance.

In the third quarter of 2021, the *Global Markets* division increased its Net Revenues by 18% year-on-year, from Euro 6.5 million to Euro 7.7 million, predominantly driven by strong growth in Directional Trading, especially in the first semester of the year.

The *Investment Banking* division grew Net Revenues by 20%, from Euro 19.9 million in the first nine months of 2020 to Euro 23.8 million in the first nine months of 2021, thanks to the solid performance of capital markets and M&A advisory activities as well as the consolidation of Equita K Finance [5], which contributed Euro 2.7 million of Net Revenues. The investment banking team recorded solid performance thanks to both its leading position in Italy and the favourable underlying conditions in the Italian markets: equity capital markets transactions were up 78% (from 23 in the first nine months of 2020 to 41 in the first nine months of 2021) and debt capital markets transactions almost doubled (from 27 in the first nine months of 2020 to 50 in the first nine months of 2021, considering only corporate issues). M&A activities also increased significantly, both in terms of number of deals (from 628 in the first nine months of 2020 to 817 in the first nine months of 2021, +30% year on year) and in terms of volumes (from Euro 29 billion in the first nine months of 2020 to Euro 71 billion in the first nine months of 2021, +144% year on year, including relevant mergers such as FCA – PSA Peugeot-Citroen, GrandVision-EssilorLuxottica and Nexi-Nets).[6]

In the first nine months of 2021 – in addition to the transactions disclosed with first half announcement – Equita completed several high-profile mandates. The team assisted Advanced Logistics for Aerospace (A.L.A.) with its IPO on Euronext Growth Milan as Joint Global Coordinator, Joint Bookrunner and Nomad, Unipol Group with a Reverse Accelerated Bookbuilding as Sole Bookrunner, Autogrill with a Euro 600 million capital increase as Placement Agent and ACEA with the acquisition of Deco as Financial Advisor.

[4] *"Client Driven Trading & Market Making" and "Directional Trading" are an internal reporting representation of Proprietary Trading*
[5] *Acquisition completed on 14 July 2020*
[6] *Source: Equita elaboration on Dealogic (Equity Capital Markets), Bondradar (Debt Capital Markets) and KPMG (M&A) figures*

In the third quarter of 2021, investment banking Net Revenues were down 47% compared to the third quarter of 2020, from Euro 10.9 million to Euro 5.8 million, due to some important mandates executed in the third quarter of 2020 that boosted Net Revenues. Despite the tough comparison with 2020, the third quarter 2021 saw the positive contribution of all investment banking teams.
With specific reference to the fourth quarter of 2021, the investment banking team has already completed several mandates: Equita acted as Global Coordinator in the admission of Defence Tech Holding on Euronext Growth Milan, as Placement Agent in the issue of several senior unsecured notes offered by WIIT (Euro 150 million), Alerion Clean Power (Euro 200 million) and OVS (Euro 160 million), as Co-Lead Manager in the placement of senior notes offered by FNM (Euro 650 million) and as Financial Advisor and appointed intermediary in Generali' tender offer for Cattolica Assicurazioni shares.

The ***Alternative Asset Management*** division recorded Euro 5.2 million Net Revenues in the first nine months of 2021, up 70% year-on-year (Euro 3.1 million in the first nine months of 2020), and Assets under Management rose above Euro 1,030 million as of 30 September 2021 (Euro 988 million as of 30 June 2021, Euro 944 million as of 31 December 2020).
Revenues linked to asset management fees - *Portfolio Management* and *Private Debt* - **were up 50% year on year**, from Euro 2.9 million in the first nine months of 2020 to Euro 4.4 million in the first nine months of 2021. 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 September 2020 at Euro 100 million and reached Euro 178.5 million of total commitments as of 30 September 2021.
The Investment Portfolio[7] contributed to the Alternative Asset Management Net Revenues with Euro 0.9 million in the first nine months of 2021, up from Euro 0.2 million in the first nine months of 2020.
The ***Portfolio Management*** **team** recorded solid results in the management of discretionary portfolios and flexible funds, performing above the benchmark in most cases. The ***Private Debt*** **team** continued its marketing activities to raise additional commitments for its second fund (with the aim to reach the target of Euro 200 million by year-end). The team also continued its deal sourcing activities aimed at identifying new investment opportunities. The ***Private Equity*** **team** launched its first ELTIF in June 2021 (**Equita Smart Capital - ELTIF**), the **alternative PIR managed by Equita and mainly focused on private equity investments in Italian SMEs**. After just a few months of marketing with Cordusio SIM, the fund reached Euro 50 million of commitments in November 2021 and has now started its investment activities. In parallel, the team will continue fundraising also with other selected distributors, with the aim to reach maximum Euro 140 million by the end of 2022.
In the third quarter of 2021, the Alternative Asset Management Net Revenues were Euro 2.0 million, up 84% from Euro 1.1 million in the third quarter of 2020. **Excluding the impacts of the Investment Portfolio and considering revenues directly linked to asset management fees only, Net Revenues were up 84%**, from Euro 1.0 million in the third quarter of 2020 to Euro 1.8 million in the third quarter of 2021, thanks to the additional fees coming from the new, second private debt fund.

The ***Research Team*** continued to support all business areas of the Group, assisting institutional investors in making investment decisions on 117 Italian and 36 foreign listed companies. The research team also added several debt instruments to the coverage, building a significant presence in the fixed income domain.

[7] *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*

CONSOLIDATED INCOME STATEMENT (RECLASSIFIED)

In the first nine months, Equita recorded 29% growth in Net Revenues, from Euro 47.7 million in 2020 to Euro 61.6 million in 2021. Net Revenues linked to clients – excluding Directional Trading and the impacts of the Group's Investment Portfolio as of 30 September 2021 – were up 13%, from Euro 48.0 million in 2020 to Euro 54.0 million in 2021.

Consolidated Profit & Loss (reclassified, €m)	9M 2021	% R.N.	9M 2020	% R.N.	% Var
Consolidated Net Revenues	61,6	100%	47,7	100%	29%
Personnel costs (1)	(28,9)	(47%)	(22,6)	(47%)	28%
Other operating costs (2)	(13,4)	(22%)	(12,7)	(27%)	6%
of which Information Technology	*(4,3)*	*(7%)*	*(4,2)*	*(9%)*	*3%*
of which Trading Fees	*(2,5)*	*(4%)*	*(2,4)*	*(5%)*	*2%*
of which Other (marketing, governance…) (2)	*(6,6)*	*(11%)*	*(6,1)*	*(13%)*	*9%*
Total Costs	(42,4)	(69%)	(35,3)	(74%)	20%
Consolidated Profit before taxes	19,2	31%	12,4	26%	55%
Income taxes	(4,9)	(8%)	(3,3)	(7%)	49%
Minorities	(0,4)	(1%)	(0,4)	(1%)	(10%)
Consolidated Net Profit	14,0	23%	8,8	18%	60%

(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 increased from Euro 22.6 million in the first nine months of 2020 to Euro 28.9 million in the first nine months of 2021 (+28%) following the growth in Net Revenues. The *Compensation/Revenues ratio* stood at 46.9%, compared with 47.2% in full year 2020 and 47.3% in the first nine months of 2020. The number of professionals reached 170 as of 30 September 2021, up from 161 on 30 September 2020. Other operating costs rose from Euro 12.7 million in the first nine months of 2020 to Euro 13.4 million in the first nine months of 2021 (+6%). Trading fees[8] increased by 2%, following the performance of Global Markets revenues linked to clients' activities. Information Technology expenses increased, up 3% year-on-year, mainly due to some upgrades on the Global Markets technological platform. Other costs increased from Euro 6.1 million in the first nine months of 2020 to Euro 6.6 million in the first nine months of 2020 (+9%), due to additional costs deriving from the enlarged perimeter of the Group, the consolidation of Equita K Finance and some advertising expenses linked to the launch of Equita Smart Capital - ELTIF. The *Cost/Income ratio* [9] improved from 74% in the first nine months of 2020 to 69% in the first nine months of 2021, on the back of solid Net Revenues and strong operating leverage.

Consolidated Net Profit was up 60% year-on-year, from Euro 8.8 million in the first nine months of 2020 to Euro 14.0 million in the first nine months of 2021. Post-tax margin came in at 23%, benefitting from an effective tax rate of 25%, lower than the 26% recorded in the first nine months of 2020. The lower tax rate of the first nine months of 2020 was impacted by some tax benefits deriving from the tax step up of goodwill and the offset of tax losses at Equita K Finance level.

CONSOLIDATED SHAREHOLDERS' EQUITY

Consolidated Shareholders' Equity was Euro 91.1 million as of 30 September 2021. The Average Return on Tangible Equity (ROTE) was 37%.

It is worth mentioning that from 26 June 2021 the CRDIV Directive (which used to discipline capital requirements, including the Total Capital Ratio) is no longer applicable. At the end of July 2021, Bank of Italy confirmed the introduction

[8] *Fees directly linked to Sales & Trading and Client Driven Trading Net Revenues*
[9] *Ratio of Total Costs and Net Revenues*

of the new EU 2033/19 Regulation (IFR). As of today, the Group – classified as a "Class 2" intermediary – confirms its capital strength and continues to hold levels of capital well above minimum thresholds, on the basis of the guidelines provided by supervisory bodies.

OUTLOOK 2021

On the basis of the solid results achieved in the first nine months of the year and considering the positive expectations for the fourth quarter of 2021, the management of the Group expects strong growth in Net Revenues and Net Profits this year, significantly above the targets announced in the Strategic Plan in November 2019. The diversification strategy adopted over time and the continuous commitment of Equita's professionals will allow the Group to surpass 2022 financial targets one year ahead of schedule.

Thanks to the positive expectations on full-year results and considering the capital strength of the Group, the Board of Directors – absent significant negative events in the market – will consider to submit to the next Shareholders' Meeting a dividend distribution of above Euro 0,30 per share, representing a payout ratio of at least 90% to be paid out in two tranches as occurred in 2021.

The proposal mentioned above is based on the consolidated net profits of the first nine months (Euro 14.0 million) that, as of today, would correspond to a dividend above Euro 0,30 per share if totally distributed (100% payout ratio).

* * *

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 and financial statements for the first quarter ended 31 March 2021 are not audited

* * *

EQUITA

Equita Group	Close to Media	FinElk
Investor Relations – Andrea Graziotto	Adriana Liguori	Teresa Wincrantz
ir@equita.eu	adriana.liguori@closetomedia.it	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.

Consolidated Income Statement – Equita Group

Profit & Loss	30/09/2021	30/09/2020
10 Net trading income	12.964.097	6.570.100
40 Commission income	554.477	(220.575)
50 Commission income	49.911.154	43.935.662
60 Commission expense	(5.076.981)	(5.018.874)
70 Interest and similar income	677.555	1.406.824
80 Interest and similar expense	(1.937.161)	(1.511.205)
90 Dividends and similar income	4.385.194	2.520.905
110 Net Income	61.478.335	47.682.837
120 Net losses/recoveries on impairment	(6.050)	(98.524)
a) financial assets at amortized cost	*(6.050)*	*(98.524)*
130 Net Result of financial activities	61.472.285	47.584.313
140 Administrative expenses	(40.885.557)	(33.636.106)
a) personnel expenses (1)	*(30.017.241)*	*(23.566.480)*
b) other administrative expenses	*(10.868.316)*	*(10.069.626)*
160 Net (losses) recoveries on impairment of tangible assets	(955.795)	(972.079)
170 Net (losses) recoveries on impairment of intangible assets	(276.881)	(272.401)
180 Other operating income and expense	(140.728)	(284.786)
190 Operating costs	(42.258.961)	(35.165.373)
240 Profit (loss) on ordinary operations before tax	19.213.324	12.418.940
250 Income tax on ordinary operations	(4.849.813)	(3.249.612)
260 Net Profit (loss) on ordinary operations after tax	14.363.511	9.169.328
280 Net Profit (loss) of the period	14.363.511	9.169.328
290 Net Profit (loss) of the period - Third parties interests	352.577	391.479
300 Net profit (loss) of the period - Group	14.010.934	8.777.849

(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	30/09/2021	31/12/2020
10 Cash and cash equivalents	535	464
20 Financial assets at fair value with impact on P&L	64.205.296	43.849.094
a) financial assets held for trading	*56.040.506*	*35.269.620*
b) financial assets at fair value	*-*	*-*
c) other financial assets mandatory at fair value	*8.164.789*	*8.579.474*
40 Financial assets at amortized cost	226.802.041	203.341.805
a) banks	*168.454.453*	*173.573.118*
b) financial companies	*44.208.177*	*19.563.356*
c) clients	*14.139.411*	*10.205.331*
70 Equity investments	67.267	67.267
80 Tangible assets	5.518.399	6.223.374
90 Intangible assets	27.293.527	27.523.570
100 Tax assets	3.065.017	3.105.993
a) current	*2.255.980*	*2.092.866*
b) deferred	*809.036*	*1.013.128*
120 Other assets	2.975.043	1.643.880
Total assets	329.927.125	285.755.448

Liabilities and shareholders' equity	30/09/2021	31/12/2020
10 Financial liabilities at amortized cost	187.363.897	157.033.579
a) debt	*187.363.897*	*157.033.579*
20 Financial trading liabilities	15.364.928	14.217.087
40 Hedging derivatives	23.677	-
60 Tax liabilities	4.368.816	2.178.035
a) current	*3.599.832*	*1.417.632*
b) deferred	*768.984*	*760.403*
80 Other liabilities	27.520.231	21.700.338
90 Employees' termination indemnities	2.237.374	2.269.815
100 Allowance for risks and charges	1.982.585	2.672.933
b) other allowances	*1.982.585*	*2.672.933*
Total Liabilities	238.861.508	200.071.786
110 Share capital	11.427.911	11.376.345
120 Treasury shares (-)	(4.059.802)	(4.059.802)
140 Share premium reserve	18.737.040	18.198.319
150 Reserves	50.578.661	47.217.517
160 Revaluation reserve	(57.753)	(30.315)
170 Profit (loss) of the period	14.363.511	12.896.353
180 Third parties' equity	76.049	85.248
Shareholders' Equity	91.065.617	85.683.663
Total liabilities and shareholders' equity	329.927.125	285.755.448

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