INTEK GROUP

INTERIM FINANCIAL REPORT
AS AT 30 JUNE 2021
(1ST HALF 2021)

Drafted pursuant to art. 154-ter of the Consolidated Law on Finance (TUF)

Board of Directors
of 23 September 2021

Registered and Administrative Office:
20121 Milan - Foro Buonaparte, 44
Share capital Euro 335,069,162.51, fully paid-up
Tax Code and Milan Business
Register No. 00931330583
www.itkgroup.it

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Company Bodies

Board of Directors *(appointed by the shareholders' meeting of 8 June 2021)*

Chairman	Vincenzo Manes [B]
Deputy Chairpersons	Diva Moriani [B]
	Marcello Gallo [B]
Directors	James Macdonald
	Ruggero Magnoni
	Francesca Marchetti [A, C]
	Alessandra Pizzuti [C]
	Serena Porcari
	Alberto Previtali
	Luca Ricciardi [A,C]

A. Independent Director
B. Executive Director
C. Member of the Control and Risk Committee *(Chairman: Luca Ricciardi)*

Board of Statutory Auditors *(appointed by the shareholders' meeting of 8 June 2021)*

Chairman	Silvano Crescini
Standing Auditors	Marco Lombardi
	Giovanna Villa
Alternate Auditors	Elena Beretta
	Cristina Sorrentino

Manager in charge of Financial Reporting	Giuseppe Mazza
Independent Auditors *(appointed by the shareholders' meeting of 31 May 2016)*	Deloitte & Touche SpA
Common Representative of Savings Shareholders *(appointed by the special shareholders' meeting of 8 June 2021)*	Andrea Santarelli
Common Representative of the "Intek Group SpA 2020/2025 Bond" Holders	Rossano Bortolotti

Interim report on operations

Dear Shareholders,

Performance in the first half of 2021 was characterised by a decisive recovery in economic activity, favoured by the gradual easing of Covid-19-related containment measures and the positive effects of vaccination campaigns, which boosted consumer and business confidence, although uncertainties remain concerning the spread of virus variants. The interventions of central authorities to support the recovery are contributing towards favouring a rally, which will continue to benefit the investments of Intek Group SpA (hereinafter, also referred to as "**Intek**" or the "**Company**").

The Company is a diversified holding company, which actively manages the investments in its portfolio in order to increase their value, with a sharp focus on their capacity to generate cash and to increase in value over time.

A particular effort is made in research and the development of new projects, including in areas of growing interest, such as sustainability (ESG).

In general, Intek makes investments with medium-term time-frames, not characterised by particular sector restrictions. Amongst the assets in the portfolio, the equity investment in the KME group remains the most important and therefore the management dedicates the most attention to it. Specifically, numerous efforts have been made in recent years to streamline KME's businesses and to increase their value both now and in the future, the results of which are now starting to come to fruition.

There has also been no change from the past in the conviction that an assessment of the Company's investment portfolio must consider not only the economic results for the period achieved by the equity investments held, but also and above all the changes in value of the individual assets over time, and their capacity to create value for shareholders. The work performed on the KME group, in terms of both ordinary and extraordinary operations, primarily in the M&A area, has precisely followed those guiding principles and is continuing, with significant results expected.

On the basis of this approach, Intek's separate financial statements, which allow for a better overview of the investments made in the various sectors, are the tool that is most representative of the equity and income structure as well as the effective economic development of the Company and its investments.

Therefore, the separate financial statements have always been the Company's preferred informational tool to communicate its results. The Company's accounting classification as an "investment entity", starting from the year 2014, increased the informational content of this document, since the investments are valued not at cost but at fair value, with a constant adjustment of the financial statement values.

As a result of that approach, and of the corporate simplification process, the figures in the consolidated financial statements, which exclude non-instrumental investments from the scope of consolidation, have become increasingly aligned with those of the separate financial statements. With reference to 30 June 2021, after the completion of the liquidation of I2 Capital Partners SGR SpA, Intek Group no longer holds any instrumental equity investments and therefore the figures in the separate and consolidated financial statements are now the same.

The operations of Intek are not considered collective asset management and, therefore, to carry them out the Company is not required to be listed in the Register provided for by article 20 of the TUF.

The main events characterising the operations of Intek and its investees in 2021 until the date on which this report was drafted are described below:

(i) Copper sector

In this investment, significant transactions are being carried out to implement the KME group's strategy of concentrating on copper and copper-alloy rolled products, in which the group is the European leader and where it intends to focus its energy and future growth, given the appealing growth rates expected for the main reference markets.

In June 2021, an agreement was entered into with Paragon Partners GmbH, a German private equity fund which manages roughly Euro 1.2 billion in assets, for the transfer of control of the *Special Products* business. The agreement calls for the creation of a Newco, 55% held by Paragon and 45% by KME, to which the business will be transferred. The transaction, which is expected to be finalised by the end of 2021, will contribute total cash of Euro 260-280 million to KME - of which roughly Euro 60-80 million to be used to repay intra-group working capital loans - plus a vendor loan of Euro 32 million that will be repaid by the Newco. The transaction with Paragon - along with other transactions currently being researched on other assets and non-core activities - will substantially contribute to pursuing the group's progressive deleveraging target, while also enabling it to share pro rata in the future value creation of the Special Products business.

With respect to the *Copper* sector, a transaction was carried out in June with S.A. Eredi Gnutti Metalli SpA ("**EGM**"), which resulted in the transfer to KME Italy SpA of the rolled business of EGM. This business generates revenue of roughly Euro 60 million and employs 70 people. The consideration of Euro 21.8 million was reinvested in full by EGM in the subscription of a KME Italy share capital increase, corresponding to 16% post-money. The transaction will make it possible to combine know-how, production capacity, distribution channels and logistics coverage, with a view to generating operating efficiencies and boosting market competitiveness while providing the highest quality service to customers.

Also in the *Copper* sector, a term sheet was signed in August for the acquisition of part of the flat rolled products segment activities of Aurubis AG. The scope of the transaction includes the FRP plant in Zutphen (Netherlands) and the slitting centres in Birmingham (United Kingdom), Dolný Kubín (Slovakia) and Mortara (Italy), for total turnover of roughly Euro 280 million and 360 employees. The final agreement is expected to be signed in the coming months and the finalisation of the transaction will be subject to several conditions precedent, including approval by the competent competition authorities.

The current results of the Copper business (Special Products and Copper) showed revenue from sales, net of raw materials, up by 7.2% (from Euro 247.1 million in the first half of 2020 to Euro 264.7 million); EBITDA of Euro 47.6 million, 17.4% higher than the same period of 2020, when it stood at Euro 40.6 million; EBIT of Euro 26.4 million (Euro 19.7 million in the first half of 2020). The net financial debt was Euro 290.5 million (Euro 270.7 million as at 31 December 2020). The increase can be attributed primarily to working capital, impacted by seasonal considerations and metal prices, and for around Euro 5.3 million to the effects of the classification of the Special Products business as an asset held for disposal.

(ii) Culti Milano S.p.A.

Despite the effects of the restrictive measures linked to the Covid-19 pandemic, in the first half of 2021 Culti Milano and its subsidiaries recorded significant commercial growth, confirming their differentiation and complementary channel strategy.

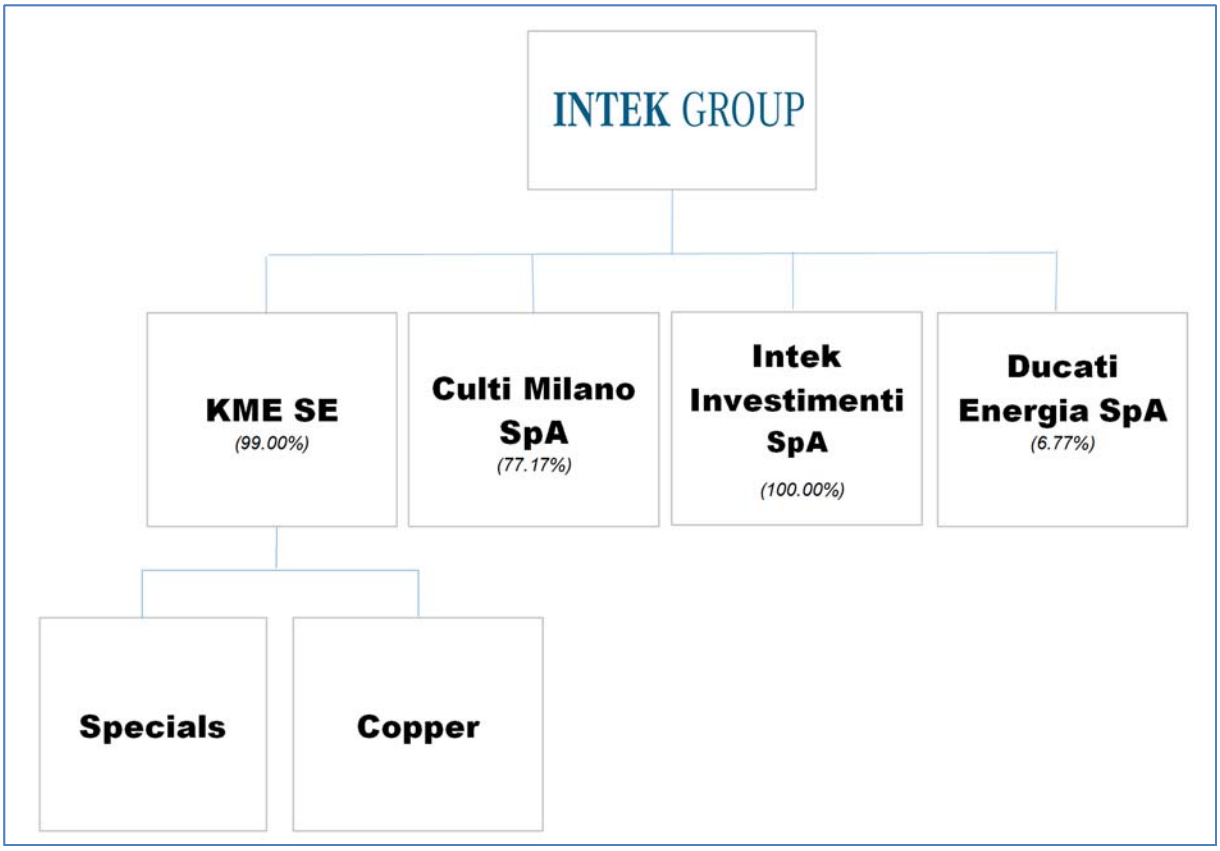
In the first half of 2021, the Culti Milano Group recorded consolidated revenue of Euro 9.1 million and consolidated EBITDA of Euro 1.7 million compared to the same indicators in the first half of 2020 (on a like-for-like basis) of Euro 6.4 million and Euro 1.0 million, respectively, therefore marking a considerable increase in sales supported by significant profitability performance.

(iii) Extraordinary finance transactions

On 28 June 2021, Intek Group 2021-2024 Warrants were issued and assigned free of charge all ordinary and savings shareholders, with a ratio of 0.4 warrant for every share held. Each warrant allows the subscription of one Intek Group ordinary share at the exercise price of Euro 0.4 by 28 June 2024. A total of 172.9 million warrants were assigned which, if they are all exercised, will result in a share capital increase of Euro 69.2 million.

The voluntary public exchange offer on Intek Group savings shares took place from 30 June 2021 to 23 July 2021. A total of 33.8 million savings shares were exchanged (equal to 67.41% of the share capital subject to the offer) and subsequently cancelled. In exchange, 785,417 "*Intek Group S.p.A. 2020 – 2025*" Bonds were issued as consideration, for a total value of Euro 17.0 million.

Summary of the Group's corporate structure as at 30 June 2021



Intek Group held the following principal shareholdings as at 30 June 2021:

- *KME SE*: head of a leading global group in the production and marketing of semi-finished copper and copper-alloy products, active in two separate business segments: Special Products and Copper Products;
- *Culti Milano SpA*: listed on the AIM market, increasingly geared towards personal well-being, in addition to the consolidation of its traditional business in the environmental fragrance segment;
- *Intek Investimenti SpA*: this is the corporate vehicle in which the investment and private equity activities of the Intek Group are now concentrated;
- *Ducati Energia SpA:* this is a non-controlling equity investment of Intek Group (6.77% of the share capital through all special shares) active in various, appealing business segments (condensers, industrial power factor correction, railway signalling, measurement tools, sustainable mobility, Intelligent Transportation Systems).

Financial position and results of operations of Intek Group SpA

In the past, the Intek Group has invested with a medium-term time-frame, combining its entrepreneurial approach with a solid financial structure.

The current allocation of resources involves a strong concentration in the first place in the investment in the KME group (90% of total assets). Within this group, for a few years now the most high-performing and promising sectors have been privileged, while instead favouring a departure from segments that have lower growth outlooks. Furthermore, a particularly active role was played in contributing to the phenomenon of progressive concentration carried out in recent years by major sector players. Intek actively contributes to the definition of the business strategies implemented by the management of the individual subsidiaries and performs constant monitoring of their activities and performance. Coherently with this approach, Intek Group is working to identify possible agreements and/or partnership opportunities with third parties interested in the subsidiaries or their individual businesses for various reasons, looking to maximise their value primarily through the conclusion of extraordinary transactions.

Intek Group's financial highlights as at 30 June 2021, compared to 31 December 2020, are summarised below:[1]

Condensed separate statement of financial position				
(in thousands of Euro)	*30 Jun 2021*		*31 Dec 2020*	
Copper	*515,473*	*90.01%*	*514,082*	*89.77%*
Culti	*27,309*	*4.77%*	*27,309*	*4.77%*
Ducati Energia	*16,013*	*2.80%*	*16,013*	*2.80%*
Intek Investimenti	*10,520*	*1.84%*	*10,241*	*1.79%*
I2 Capital Partners SGR	*-*	*0.00%*	*(104)*	*-0.02%*
Other investments	*1,943*	*0.34%*	*2,165*	*0.38%*
Other assets/liabilities	*1,399*	*0.24%*	*634*	*0.11%*
Net investments	**572,657**	**100.00%**	**570,340**	**100.00%**
Outstanding bonds (*)	*75,266*		*78,288*	
Net cash	*(5,740)*		*(15,128)*	
Holding company net financial debt	**69,526**	**12.14%**	**63,160**	**11.07%**
Total shareholders' equity	**503,131**	**87.86%**	**507,180**	**88.93%**

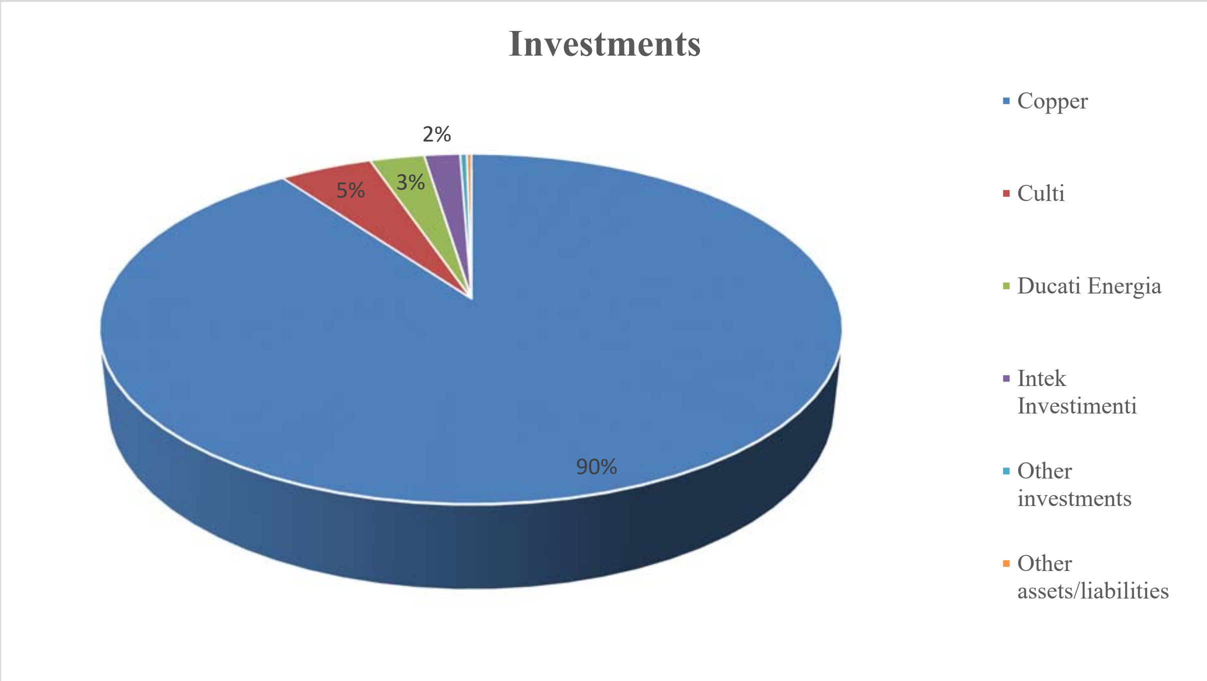
Notes:

- *In the table, investments are expressed net of any financial receivable/payable transactions outstanding with the Intek Group.*
- *(*) Including accruing interest.*

[1] *The report uses certain indicators identified as "Alternative Performance Indicators" ("APIs") pursuant to Consob communication of 3 December 2015, which incorporated the "ESMA" ("European Securities and Markets Authority") guidelines of 5 October 2015. APIs are financial indicators of financial performance, financial position or historical or future cash flows other than the financial indicators defined or specified in the applicable rules on financial reporting. APIs are calculated by adding or subtracting amounts from the data presented in the financial statements drafted in compliance with the rules applicable to financial reporting. The APIs have been consistent over time and were not redefined compared to preceding years.*

__Net investments__

The Net investments held by the Company amounted to Euro 572.7 million as at 30 June 2021 (Euro 570.3 million at the end of 2020), of which 90% concentrated in KME SE, as noted above.



__Shareholders' Equity__

The holding company's shareholders’ equity amounted to Euro 503.1 million, compared to Euro 507.2 million as at 31 December 2020; the change, net of the buyback of treasury shares for Euro 0.1 million, was caused solely by the result for the year.

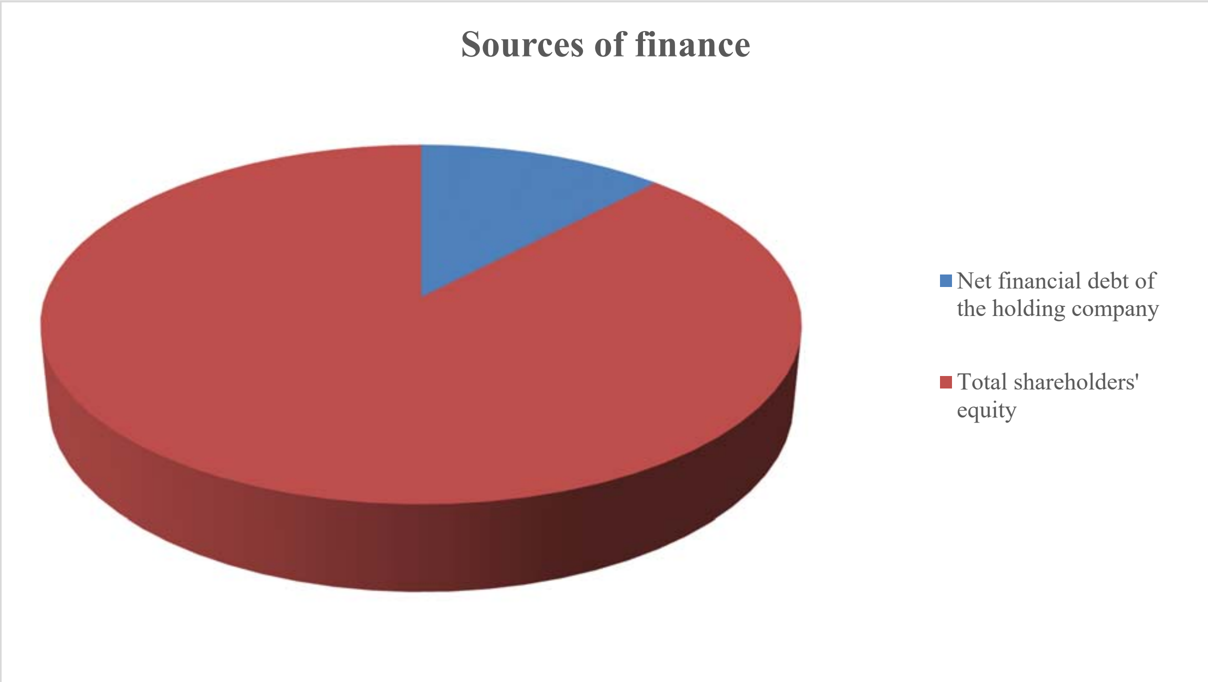
Shareholders’ equity per share was Euro 1.164 (Euro 1.175 as at 31 December 2020).

The Share Capital as at 30 June 2021 was Euro 335,069,009.80, divided into 389,131,478 ordinary shares and 50,109,818 savings shares, unchanged compared to 31 December 2020. All the shares were without par value.

As at 30 June 2021, the Company held a total of 6,949,112 treasury shares, of which 6,937,311 ordinary shares (equal to 1.783% of shares in this category) and 11,801 savings shares (equal to 0.024% of the capital for this category). The latter were subsequently cancelled along with the shares acquired through the public exchange offer. In 2021, 382,051 ordinary treasury shares were purchased, with a financial outlay of Euro 128 thousand.

Therefore, at the date of approval of this report, the Company currently holds only 6,937,311 ordinary treasury shares, equal to 1.783% of the ordinary share capital.

The structure of Intek’s sources of finance can be summarised as follows:



Financial management

Net financial debt of the holding company (excluding intra-group loans and leasing liabilities) totalled Euro 69.5 million as at 30 June 2021. The balance as at 31 December 2020 was Euro 63.2 million. It increased as a result of the use of financial resources to cover financial expenses and management costs.

Intek Group SpA's financial debt as at 30 June 2021, compared to 31 December 2020, can be broken down as follows:

	Financial debt [2]		
	(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*
A	Cash	739	15,286
B	Cash equivalents	-	-
C	Other financial assets	7,597	593
D	**Cash and cash equivalents (A+B+C)**	**8,336**	**15,879**
E	Current financial debt	1,458	4,414
F	Current portion of non-current financial debt	584	572
G	**Current financial debt (E+F)**	**2,042**	**4,986**
H	**Net current financial debt (G-D)**	**(6,294)**	**(10,893)**
I	Non-current financial debt	2,742	2,965
J	Debt instruments	75,266	75,332
K	Trade payables and other non-current payables	-	-
L	**Non-current financial debt (I + J + K)**	**78,008**	**78,297**
M	**Total financial debt (H + L)**	**71,714**	**67,404**

Bank loans are shown net of sums restricted to secure them.

The *Current portion of non-current financial debt* and *Non-current financial debt* relate solely to lease agreements accounted for in accordance with IFRS 16.

[2] *The table above relating to financial debt is compliant with the new ESMA guidelines. Indeed, on 4 March 2021, ESMA published a new document on "Guidelines on disclosure requirements under the Prospectus Regulation", which aims to establish uniform, efficient and effective supervisory practices between the competent authorities in the assessment of the comprehensiveness, understandability and consistency of information contained in prospectuses, as well as ensure the shared, uniform and consistent application of the disclosure requirements under Delegated Regulation (EU) 2019/980.*
The document, adopted by Consob with the Warning Notice of 29 April 2021, establishes a new statement for the calculation of the net financial position as represented above. To that end, the data as at 31 December 2020 have been reclassified in line with the guidelines referred to above.

The reconciliation between *Financial debt* and *Holding company net financial debt* is provided below:

Reconciliation of Financial Debt		
(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*
Financial debt	**71,714**	**67,404**
Current financial receivables from subsidiaries	1,106	521
IFRS 9 adjustment receivables from subsidiaries	32	17
Financial payables to subsidiaries	-	(1,245)
Long-term financial payables for leases	(584)	(572)
Short-term financial payables for leases	(2,742)	(2,965)
Holding company net financial debt	**69,526**	**63,160**

The cash flows for the period under review and for the comparative period can be summarised as follows:

Statement of cash flows – indirect method			
(in thousands of Euro)		*1st half 2021*	*1st half 2020*
(A) Cash and cash equivalents at the beginning of the year		**15,286**	**44,639**
Profit/(loss) before taxes		(4,549)	(4,484)
Amortisation and depreciation		325	327
Impairment/(Reversal of impairment) of current and non-current financial assets		-	900
Changes in pension funds, post-employment benefits (TFR) and stock options		157	10
Changes in provisions for risks and charges		-	(235)
(Increase)/decrease in equity investments		768	5
Increase/(decrease) in financial payables to associates		(1,244)	(2,899)
(Increase)/decrease in financial receivables from associates		(6,586)	1,181
(Increase)/decrease in current receivables		(767)	316
Increase/(decrease) in current payables		192	383
(B) Total cash flows from/(used in) operating activities		**(11,704)**	**(4,496)**
(Increase) in non-current intangible assets and property, plant and equipment		(225)	(67)
Decrease in non-current intangible assets and property, plant and equipment		13	-
(Increase)/decrease in instrumental equity investments		-	(550)
Increase/decrease in other non-current assets/liabilities		(152)	(141)
(C) Cash flows from/(used in) investing activities		**(364)**	**(758)**
(Purchase) sale of treasury shares		(128)	(192)
Payment of interest on bonds		(3,413)	-
Increase/(decrease) in current and non-current financial payables		1,330	(4,714)
(Increase)/decrease in current and non-current financial receivables		(268)	(15,213)
(D) Cash flows from/(used in) financing activities		**(2,479)**	**(20,119)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(14,547)**	**(25,373)**
(F) Cash and cash equivalents at the end of the period	**(A) + (E)**	**739**	**19,266**

The reclassified income statement shows, in a format including sub-totals, the formation of the net profit for the period by indicating the figures commonly used to provide a summary representation of business results.

Reclassified income statement		
(in thousands of Euro)	*1st half 2021*	*1st half 2020*
Fair value changes and other gains/losses from investment management	(37)	7
Investment management costs	(119)	(74)
Gross profit/(loss) from investments	**(156)**	**(67)**
Guarantee fees assets (a)	433	443
Net operating costs (b)	(2,405)	(2,101)
Overheads (a) - (b)	*(1,972)*	*(1,658)*
Operating profit/(loss)	**(2,128)**	**(1,725)**
Net finance expense	**(1,711)**	**(2,169)**
Profit/(loss) before taxes and non-recurring items	**(3,839)**	**(3,894)**
Non-recurring income/(expenses)	(710)	(590)
Profit/(loss) before taxes	**(4,549)**	**(4,484)**
Taxes for the year	618	257
Net profit (loss) for the period	**(3,931)**	**(4,227)**

"Non-recurring income/(expenses)" include the depreciation of rights of use relating to leases from subsidiaries and are linked primarily to the Milan property at Foro Buonaparte 44, the registered office of the Company and of other investees.

The *"Reclassified operating profit/(loss)"* is defined as the result from the management of investments net of overheads and excludes net financial expense, non-recurring income/(expenses) and taxes for the year.

* * *

Performance in the various investment sectors

Below is the performance of the investments existing as at 30 June 2021, represented specifically by the equity investments in KME SE and Culti Milano.

You are reminded that the equity investments held for investment purposes are measured at fair value through profit or loss.

As at 30 June 2021, after the transfer of Immobiliare Pictea Srl to KME SE and the completion of the liquidation of I2 Capital Partners SGR SpA, Intek Group no longer holds any instrumental equity investments.

* * *

<u>KME SE</u>

The investment in KME SE, which is in turn the holding company of a global group that is a leader in the production and marketing of semi-finished products in copper and copper alloy, has for years now represented the Intek Group's biggest industrial investment.

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*
KME SE investment	512,707	512,707
KME Beteiligungsgesellsch. mbH investment	1,400	1,400
Other	1,366	(25)
Total KME SE	**515,473**	**514,082**

* * *

The Group to which KME SE belongs manufactures a vast range of copper and copper-alloy products and is characterised by a particularly articulated and complex global organisational and production structure.

KME SE operates through two separate operating segments: the "*Special Products*" division and the "*Copper*" division which starting from 1 July 2020 have also completed thelegal separation, to allow for a better and more focused management of the operations of the individual businesses and facilitate the pursuit of individual paths for creating value and differentiated strategic solutions.

At the moment, the KME Group is committed to several strategic transactions to both create and consolidate several businesses in the copper sector, which for some years now has been affected by a process of rationalisation and concentration of the various markets undertaken by major global players. In this context, KME has stood apart with both sale and purchase transactions, such as in the case of MKM, acquired in 2019, and the rolled business of S.A. Eredi Gnutti Metalli, acquired this year - both in the Copper segment - and the disposal, currently being finalised, of 55% of the Special Products business to the Paragon fund, which will be discussed in more detail below.

The transactions referred to above both pursue the strategic objective of concentrating KME's activities on copper and copper-alloy rolled products, in which the group is the European leader and where it intends to focus its energy and future growth, given the appealing growth rates expected for the main reference markets.

In June 2021, an agreement was entered into with Paragon Partners GmbH ("**Paragon**"), a German private equity fund which manages roughly Euro 1.2 billion in assets, for the transfer of control of the Special Products business. The agreement calls for the creation of a company 55% held by Paragon and 45% by KME, to which the business will be transferred. The transaction, which is expected to be finalised by the end of 2021, will contribute total cash of Euro 260-280 million to KME - of which roughly Euro 60-80 million to be used to repay intra-group working capital loans - plus a vendor loan of Euro 32 million that will be repaid by the newly established company. The transaction with Paragon - along with other transactions currently being researched on other assets and non-core activities - also substantially contributes to pursuing the group's progressive deleveraging target, while enabling it to share pro rata in the future value creation of the Special Products business.

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Also in the *Copper* sector, a term sheet was signed in August for the acquisition of part of the flat rolled products segment activities of Aurubis AG. The scope of the transaction includes the FRP plant in Zutphen (Netherlands) and the slitting centres in Birmingham (United Kingdom), Dolný Kubín (Slovakia) and Mortara (Italy), for total turnover of roughly Euro 280 million and around 360 employees. The term sheet signed will act as the basis for the preparation of the sale agreement, which the parties intend to enter into in the coming months. The finalisation of the transaction will be subject to the fulfilment of several conditions precedent, including approval by the competent competition authorities.

* * *

The products in the "*Special Products*" division are high-tech and can be *customised* to the requirements of the client, with high added value and margins that are on average higher than other copper semi-finished products. The "*Special Products*" division in turn includes two product sub-categories, "*Engineering Products*" and "*Special Semis*":

- "*Engineering Products*" are characterised by high added value and high technology and make it possible to offer innovative, high performance solutions for casting in the iron and steel industry and for non-ferrous metals. This category of products includes, *inter alia*, tube moulds, cooling plates, casting wheels and crucibles, in addition to a complete portfolio of moulds for remelting, copper staves, casting rollers for steel and aluminium strips;
- "*Special Semis*" are special products in copper alloys used in various industrial applications, particularly in the automotive, maritime, chemical, petrochemical and civil engineering sectors. This category of products includes, inter alia, tubing for submarines and aircraft, tube bundles for pneumatic and hydraulic transmission over long distances, rods, profiles and tubes made for applications in welding.

The "*Copper*" division instead features a wide array of products for multiple uses in the mechanical, automotive, medical, construction and renewable energy sectors. This division includes, *inter alia*, products in rolled copper, products for coverings and coatings made with 100% recycled copper, various sizes and types of copper rods, and a wide range of copper tubes for plumbing and heating applications.

* * *

Performance of the individual business segments

Copper division

Demand for copper semi-finished products for **applications in the construction sector** is growing slowly despite the high level of raw material prices, achieving a positive increase in value added, obtained through a policy characterised by high quality products, a broad product range and also continuous customer support and developing design ideas, aiming to promote innovative solutions for residential architecture, interior design and, in general, large public spaces. Furthermore, it should be noted that the increase in the price of copper during the first half of 2021 has not yet had any negative impacts on demand. Further developments are being carefully monitored.

Demand for semi-finished copper and copper-alloy products for the **industrial sector**, in which the KME Group aims to be an important industrial player due to its traditional metallurgical know-how, is confirming signs of long-term stability and strong growth based on a solid market in electrical applications and positive development in the automotive sector, with an increase in the copper content per vehicle. This stability is expected to continue throughout 2021 and could even surpass expectations due to a restocking cycle throughout the entire supply chain of all industrial sectors, and therefore seems to be laying the foundations for further positive development in the near future.

Copper, a basic material for industrial applications linked to electrical components, confirms that it is just at the beginning of a new positive cycle across all electrical industrial applications. In the first half of 2021, there was a considerable increase in order acquisition in nearly all industrial applications, also supported by restocking phenomena in the automotive sector, which has led to buying behaviours oriented more towards supply stability than price sensitivity.

For the second half of 2021, KME's management expects a continuation in the current positive context, which may continue throughout 2021 and in the beginning of 2022, also due to the effects of positive Covid vaccination trends. In all copper semi-finished products, there has however been an extension of delivery times due to the high level of demand from all industrial sectors, and an increase in margins is expected due to trends in the prices applied.

Special Products division

Starting from the final quarter of 2020, the Special Products division benefitted from a recovery in the use of production plants in the global iron and steel markets, with positive outlooks for the subsequent year as well.

2021 began with a significant increase in orders acquired compared to the end of 2020, driven mainly by demand from North America, increased maintenance activities in the iron and steel and metals industry and a further increase in activities in the naval defence sector. This trend is also confirmed for the remainder of this year.

In general, forecasts for the Special Products division in 2021 are at a higher level than in 2020, but with a different seasonal profile in the engineering sector.

Engineering products

Revenue was aligned with forecasts, with a slight improvement in margins and with increases in efficiency, which led to further cost reductions. Positive developments in the manufacturing of long steel products are boosting volumes of tubular ingot moulds and resulting in a general increase in flat steel product volumes worldwide. This trend supports the main casting line products and will contribute towards generating solid business in 2021. Iron and steel industry maintenance activities are also expected to experience further development for the rest of the year. The increase in orders in the first half of 2021 confirms a robust order portfolio across all regions for the entire year.

Products for maritime use and tube bundles

In the segment relating to maritime use, the order flow was positive in all end markets, primarily due to production assets in Jacksonville (United States), which support the increasing orientation towards the defence market. Orders from the US Navy were confirmed and production increased in 2021, as did activities in the United Kingdom and China.

The oil and gas markets are extremely volatile, and the largest projects in this sector have been suspended. However, due to the increase in oil and gas prices, the resumption of projects in the second half of 2021 could make it possible for this segment to reach a slightly higher level of revenue.

Extruded and drawn products

Sales and the order flow were higher than in 2020 and seem to support a strong recovery in 2021 due to increased automotive, welding and energy sector activities. In Europe, the German market is experiencing a strong recovery, while demand in Spain, Italy and France is currently less intense. The activity of this business unit, primarily linked to the European and US industrial sector, improved considerably in the fourth quarter of 2020 as well as in the first half of 2021. There are also positive signs for this product line, based on the same trends as semi-finished copper products, which point to stable demand for the upcoming months of 2021.

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Copper price trends

In the second quarter of 2021, the average price of copper rose compared to the same period of the previous year by 63.67% in USD (from USD 5,357/tonne to USD 8,768/tonne) and 53.70% in EUR (from Euro 4,859/tonne to Euro 7,468/tonne). In terms of the trend, or compared to the first quarter of 2021, average copper prices rose by 3.10% in USD (from USD 8,504/tonne to USD 8,768/tonne), and by 5.75% in EUR (from Euro 7,062/tonne to Euro 7,468/tonne). Compared to the 2020 average, copper increased by 41.85% in USD (from USD 6,181/tonne to USD 8,768/tonne) and by 38.40% in EUR (from Euro 5,396/tonne to Euro 7,468/tonne).

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The main results of KME SE for the first half of 2021, compared to the same period of the previous year, can be summarised as follows:

Key results of the copper sector

(in millions of Euro)	*1st half 2021*		*1st half 2020*		*Change*
Revenue	1,106.2		888.0		24.6%
Revenue (net of raw materials)	264.7	100.0%	247.1	100.0%	7.2%
EBITDA	47.6	18.0%	40.6	16.4%	17.4%
EBIT	26.4	10.0%	19.7	8.0%	34.0%
Profit/(loss) before non-recurring items	6.4	2.4%	-	0.0%	
Non-recurring income/(expenses)	(13.3)		(10.0)		
Effect of IFRS measurement of inventories, net of taxes	21.5		(19.2)		
Share of profit/(loss) of equity-accounted investees	(4.0)		(5.1)		
Profit/(loss) from assets held for sale	(2.0)		(8.2)		
Net consolidated profit/(loss) (net of non-controlling interests)	6.7		(46.2)		
Comprehensive income	11.6		(47.7)		
Net debt *	290.5		270.7		
Shareholders' equity attributable to owners of the Parent *	148.9		115.0		

** data as at 31 December 2020*

Consolidated revenues in the first half of 2021 totalled Euro 1,106.2 million, up 24.6% compared to Euro 888.0 million in the same period of 2020. Net of the value of raw materials, revenue was up 7.2%, Euro 247.1 million to Euro 264.7 million.

Gross operating income (**EBITDA**) in the first half of 2021 was Euro 47.6 million, 17.4% higher than the figure for the first half of 2020 when EBITDA stood at Euro 40.6 million.

Net operating income (**EBIT**) was Euro 26.4 million (Euro 19.7 million in the first half of 2020).

Profit before non-recurring items was Euro 6.4 million, while it reached the break-even point in the first half of 2020.

In addition to this result, there was a positive effect of Euro 21.5 million, net of taxes, from the valuation of inventories and forward agreements and a negative effect for Euro 13.3 million from non-recurring expenses. In the first half of 2020, these effects were instead both negative to the tune of Euro 19.2 million and Euro 10.0 million, respectively.

The KME **Group's consolidated net profit** (net of the profit/(loss) of non-controlling interests) amounted to Euro 6.7 million, up considerably compared to the loss of Euro 46.2 million in the first half of 2020.

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Financial management

The **Net Financial Position** as at 30 June 2021 was negative for Euro 290.5 million, compared to Euro 270.7 million as at 31 December 2020. The increase can be attributed primarily to working capital, penalised by seasonal considerations and metal prices, as well as for around Euro 5.3 million to the effects of the classification of the Special Products business as an asset held for disposal. The Group is continuing to adopt measures to optimise working capital requirements.

In February 2021, the duration of the bank pool coordinated by Deutsche Bank was extended for an additional year, on the basis of the option previously granted.

The credit lines were used by means of letters of credit for roughly Euro 394.5 million, an amount similar to the end of 2020, for the payment of metal suppliers. The relative supplier liabilities are still recognised under trade payables or other payables.

As at 30 June 2021, the subsidiary KME Mansfeld GmbH remained with Tranche B of the borrowing base credit facility for a total of Euro 25 million maturing in the third quarter of 2024 with a run-off period starting from the fourth quarter of 2022.

The aforementioned credit facilities contain similar financial covenants, subject to quarterly review, except for the bond, which is subject to an "at incurrence covenant test" according to the standards for high-yield bond loans.

As at 30 June 2021, the KME group had fully respected all covenants.

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As at 30 June 2021, **Shareholders' equity** was Euro 148.9 million.

Total **Investments** in the first half of 2021 amounted to Euro 10.8 million.

As at 30 June 2021, there were 3,892 **Employees**.

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Culti Milano S.p.A.

Intek holds 77.17% of the share capital of Culti Milano S.p.A., a company whose shares have been traded on the AIM Italia market managed by Borsa Italiana since July 2017. The equity investment has not changed compared to last year.

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*
Equity investment Culti Milano S.p.A.	27,300	27,300
Other	9	9
Total Culti	**27,309**	**27,309**

The business of Culti Milano, which traditionally operated at domestic and international level in the manufacture and distribution of high-end environmental fragrances, a specific luxury market segment, has recently extended to the perfumes and cosmetics sector, evolving from a fragrance company to a personal well-being business: from fragrance for spaces (home, car, boat, etc.) to personal products (perfume, personal hygiene, cosmetics).

The openings of *Culti Houses* (single-brand shops present in prime positions in major Italian cities), of which there are currently 6, played a dual role: 1) strengthening brand awareness in the domestic market by covering areas of greatest commercial interest, and 2) the possibility of introducing the new personal and cosmetics collections, thus creating a link with the "personal well-being" market segment. Particular attention was dedicated to the international sales network which covers the main markets and is present in more than 60 countries.

From this perspective, the controlling holding of Bakel Srl, a company whose business focuses on cosmetics products made from natural active ingredients, and Scent Company Srl, a company active in olfactory branding, were acquired.

The acquisition of 50.01% of Bakel was completed in July 2019 with a maximum investment of Euro 2.5 million, of which Euro 2 million paid at the closing. The remaining up to Euro 500 thousand will be subject to an incentive mechanism, calculated on the company's profitability, which will end with reference to the results of the 2021 financial statements. To date, on the basis of the results of the 2020 financial statements, Euro 187 thousand has been paid, and therefore the residual amount cannot exceed Euro 313 thousand.

The acquisition of 51.00% of Scent Company took place in June 2020 with an investment of Euro 1.8 million. The remaining 49% is subject to compulsory put & call options, to be exercised by the final deadline of three years from the closing date for enterprise values within a range of Euro 1.6 million and Euro 2.7 million.

Also in the course of 2020, a joint venture was launched in Hong Kong, in addition to a subsidiary in Shanghai, which will make it possible to consolidate Culti Milano's already significant presence in the East, thus laying the foundations for greater penetration of Scent Company as well, in addition to launching Bakel's commercial activities in those geographical areas. The joint venture began operating in the early months of 2021. The company relies on highly structured commercial know-how and is ready to intercept domestic growth in the Chinese and Hong Kong markets with a view to intensifying the efforts made in recent years at distribution level, with a view to being increasingly recognised as a leading brand in environmental fragrances.

The main consolidated indicators can be summarised as follows:

- total consolidated sales of Euro 9.1 million (Euro 4.5 million as at 30 June 2020), up 102% compared to the previous period. The increase in sales recorded by the parent company Culti Milano as well as by Bakel also benefitted, for Euro 1.5 million, from the consolidation of Scent Company as of the second half of 2020 and for Euro 1.3 million from the contribution to sales of the Chinese subsidiaries, which began operating in February 2021;

- Consolidated EBITDA of Euro 1.7 million (Euro 1.0 million in the first half of 2020, on a like-for-like basis), marking an increase of 183% compared to the previous period;
- EBIT of Euro 1.5 million (Euro 0.5 million in the first half of 2020), recording an increase of 200% compared to the previous year;
- positive net financial position of Euro 2.2 million, down slightly compared to Euro 2.3 million as at 31 December 2020. Moreover, during the half-year the Asian joint venture was established with an investment of Euro 300 thousand and a contractual earn-out was recognised relating to the investment in the controlling share of Bakel, for Euro 187 thousand.

With respect to Culti Milano, the Parent Company's Italian retail segment recovered compared to 2020, although it was penalised in the early months of the year by the restrictive measures resulting from Covid-19. Nonetheless, revenue levels comparable with those achieved in 2019 were reached. With regard to the Parent Company's wholesale activities in the domestic market, there was exponential growth, with a return to operating levels exceeding pre-Covid levels. At international wholesale level, the presence was strengthened in certain geographical areas. In particular, it opened up in the Far East, with distribution agreements entered into with SGPL (India) and King Power Group (Thailand).

Bakel carried out two significant product launches: Pepti-Tech (anti-age serum) and Eye-recovery (patch providing immediate benefits for the eye area), and with respect to wholesale activities, it strengthened its presence in the pharmacy channel, successfully continuing distribution channel expansion and doubling the network of dealers.

For Scent Company, distribution synergies have been achieved with Culti Milano, with the launch of a collaboration in the Middle East and Asia, and a project was launched for the technological update of scenting machines; this development will make it possible to fully take advantage of the new 5G technology.

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Intek Investimenti SpA

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*
Intek Investimenti investment	9,704	9,704
Financial receivables/payables from/to Intek Investimenti	816	537
Total Intek Investimenti	**10,520**	**10,241**

Intek Investimenti SpA is a sub-holding company to which the previous private equity investments of Intek Group were transferred, which makes investments, primarily non-controlling.

Following a number of transactions involving the transfer and contribution of equity investments concluded between 2019 and 2020, as at 30 June 2021 Intek Investimenti SpA holds 20% of Mecchld Srl, with a carrying amount of Euro 0.2 million, active in the fintech field, 31.13% of Il Post Srl, with a carrying amount of Euro 0.3 million, operating in publishing and managing the online newspaper of the same name, 40% of Acqua Dynamo Srl benefit corporation, with a carrying amount of Euro 0.2 million, which markets mineral water, 42.86% of Oasi Dynamo Società Agricola Srl, with a carrying amount of Euro 2.1 million and lastly, 60.72% of Isno 3 Srl in liquidation, a company in which the remaining assets of the I2 Capital Partners fund are concentrated:

- *Festival Crociere Procedure*

  The Court of Cassation ruling recently resulted in a negative outcome for the challenge of the appeal ruling which had confirmed the decisions of the Court of Genoa, rejecting the main demands submitted by Isno 3 Srl in liquidation; however, there were no negative impacts for Isno3 as the provisions recognised in the financial statements covered the relative liabilities.

- *Nuovi Investimenti SIM SpA*

  For this investment, there is still a residual receivable for a nominal amount of Euro 1.2 million (the carrying amount of which was adjusted to Euro 0.5 million) due from several of the purchasers of Nuovi Investimenti SIM SpA for which a dispute is under way, and ownership of several properties of limited value located in Biella.

- *Benten Srl*

  As at 31 December 2020, the assets of Benten Srl (30% held) still to be realised consist only of tax credits subject to disputes with the Italian Revenue Agency for a total of Euro 13.7 million. In October 2020, a ruling in the first instance was handed down against Benten, on the Agency's implied decision rejecting the complaint concerning a repayment of Euro 2.9 million based on a VAT modification note.

  The total value of the equity investment in Isno 3 is now Euro 0.6 million.

  The financial receivable from Quattroduedue SpA of Euro 3.5 million, resulting from the completion of the liquidation of Breda Energia, was transferred to Intek Investimenti.

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As at 30 June 2021, Intek Investimenti had shareholders' equity of Euro 9.2 million.

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Ducati Energia SpA

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*
Ducati Energia investment	16,013	16,013
Total Ducati Energia	**16,013**	**16,013**

The equity investment in Ducati Energia consists of 100% of the category B special shares, constituting 6.77% of its share capital. These shares enjoy a 2% premium over the ordinary shares in the event of a dividend distribution. Moreover, if control of Ducati Energia is given up, these shares will be converted into ordinary shares with the same rights as those afforded to the transferring shareholders.

Ducati Energia and its subsidiaries have more than 1,400 employees distributed at 9 plants all over the world and operate in various business segments with applications that are currently particularly interesting, such as: condensers, industrial power factor correction and power electronics, alternators and ignition systems for endothermic engines, electric vehicles and recharging stations, energy analysers, systems for the remote control of electricity grids, railway signalling, motorway and public transport systems and equipment, and wind power generators.

Ducati Energia does not publish interim reporting, so comments relating to its performance in 2020 are provided below.

In 2020, the Ducati Energia Group achieved consolidated revenues of Euro 218.7 million (Euro 250.2 million in 2019), of which Euro 170.7 million in Italy (Euro 200.0 million in 2019) and the remainder abroad. The reduction in revenue concerned the Energy Division, with revenue amounting to Euro 156.6 million compared to Euro 191.7 million in 2019. The Systems Division contributed Euro 57.1 million to revenue (Euro 57.9 million in 2019).

Despite the reduction in revenue, the group’s profitability improved. EBITDA for the year 2020 indeed amounted to Euro 27.1 million, compared to Euro 23.2 million in the previous year, while EBIT totalled Euro 20.1 million compared to Euro 14.9 million in 2019.

Net consolidated profit was Euro 12.7 million in 2020, higher than 2019, when the figure was Euro 10.0 million.

In the course of 2020, Ducati Energia continued to make investments in development, in part completed in 2021, destined to expand the offer of new products and to enter new markets, with good prospects for an increase in revenue for the subsequent three years.

In 2021, the order portfolio recorded in the first four months a billable amount in the current year of roughly Euro 125 million with options and deliveries for the subsequent two-year period for a further roughly Euro 170 million, thanks primarily to the continuation of the production of electricity consumption measurement instruments (meters).

In relation to the individual business segments, the Power Factor Correction sector was not impacted by the uncertainty triggered by the pandemic and saw the launch of new projects which will guarantee similar revenue levels in the near future as well.

The Condensers segment recorded a decline in turnover of 5% compared to 2019 despite the extended lockdown which caused a sharp decline in demand from end consumers, which peaked in the second quarter of 2020. The signs of recovery inferable from order trends in the final quarter of 2020 lead to the expectation of an increase in revenue in 2021.

The Generators division recorded a roughly 10% revenue increase in 2020 compared to the previous year, especially thanks to the increase in orders from the primary customer in the recreational sector, which in 2020 acquired new market share, offsetting the decrease recorded at global level.

Again in 2020, the Electric Vehicles sector recorded a significant increase in sales thanks to the awarding of new contracts for the supply of four-wheeled vehicles, which by virtue of contractual transactions for the supply of additional vehicles, ensure the maintenance of current revenue levels for 2021 as well.

As concerns the Motorway sector (for example light curtains and collection systems), in 2020 supplies of new devices continued with robust expectations of an increase in revenue over the coming years, both in Italy and abroad. In 2021, another significant part of work is expected to be completed after the progress made in previous years on an important project in North Africa.

In 2020, Energy sector turnover declined by roughly 4.5%, attributable exclusively to the reduction in the price of the main component sold due to the reduction in the cost of production. This made it possible to keep the company’s margin unchanged.

The close collaboration with major electricity distribution companies to create products for recharging electric vehicles and the awarding of new contracts for the supply of electricity consumption measurement instruments will enable Ducati Energia to boost its revenue in 2021, with outlooks for further growth in the following years.

The Railway sector recorded roughly 20% revenue growth in 2020 compared to the previous year, thanks to the approval and subsequent manufacture of new safety systems. For 2021, the revenue levels currently reached are expected to basically be maintained thanks to the technological upgrading plan on the systems currently marketed.

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Extraordinary finance transactions

In the course of 2021, two extraordinary finance transactions were carried out relating to:

- the voluntary total public exchange offer on Intek Group SpA savings shares, and
- the issue and assignment of warrants.

<u>Issue and Assignment of warrants</u>

On 28 June 2021, “Intek Group SpA 2021-2024 Warrants” were issued and assigned free of charge to all ordinary and savings shareholders (the “Warrants”).

Every warrant makes it possible to subscribe at a fixed exercise price of Euro 0.40 (including share premium) one newly issued ordinary share, with no par value, and with the same characteristics as those outstanding. The final exercise deadline is 28 June 2024.

The warrant assignment ratio was 0.4 warrants for each share held and was defined by the Board of Directors on 7 May 2021, which was delegated to make that decision by the Shareholders’ Meeting of 30 November 2020, which approved the issue of the warrants.

A total of 172.9 million warrants were assigned which, if they are all exercised, will result in a share capital increase of Euro 69.2 million.

Following the approval by the Ordinary Shareholders' Meeting of 8 June 2021 of the Remuneration Policy for the 2021-2023 three-year period and the Intek Group Executive Director 2021-2024 Incentive Plan (“**Incentive Plan**”), 25 million warrants were issued and assigned free of charge to the executive directors, also at the exercise price of Euro 0.4 and exercisable by 28 June 2024, which if exercised will give rise to an additional share capital increase for up to Euro 10 million. The Extraordinary Shareholders' Meeting of 8 June 2021 also approved a share capital increase of Euro 5 million in connection with an additional 12.5 million warrants, which may possibly be assigned, also partially, by the Board of Directors on bases and conditions that it has defined. These warrants, which will have the same exercise price of Euro 0.40, may be exercised from 1 July 2022 until 28 June 2024.

<u>Voluntary total public exchange offer on Intek Group SpA savings shares</u>

The voluntary total public exchange offer on the Savings Shares (the “**Offer**”) called for consideration represented by 1 2020-2025 Intek Group Bond (the “**Bonds**”), with a unit nominal value of Euro 21.60, for every 43 Savings Shares contributed and acquired for a total nominal value of up to roughly Euro 25.2 million.

The Offer, which concerned up to 50,098,017 savings shares, or all savings shares less the 11,801 treasury savings shares, took place from 30 June to 23 July 2021. The Offer was accepted for a total of 33,772,954 Savings Shares, representing 67.41% of the savings shares subject to the Offer.

The consideration was paid on 30 July with the issue and delivery to the participants of a total of 785,417 Bonds, for a total equivalent value of Euro 17.0 million. The participants were also recognised interest accrued on the Bonds as of the coupon date (18 February 2021) until 30 July 2021.

Following the issue of the Bonds relating to the Offer, the total number of 2020-2025 Intek Group Bonds issued is 4,297,158, for a total amount of Euro 92.8 million.

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Group results

The separate and consolidated financial statements of Intek Group as at 30 June 2021 include the same values as there are no instrumental subsidiaries. The liquidation of the subsidiary I2 Capital Partners SGR SpA, consolidated line-by-line in the financial statements as at 31 December 2020 was indeed concluded on 31 March 2021. Given the irrelevance of the income statement flows of this subsidiary, it was deconsolidated on 1 January 2021.

Therefore, please refer to what has already been described concerning the financial position and results of operations of Intek Group SpA.

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Business outlook

The business outlook will be correlated with the performance of the investments and their increase in value, both dependant on the confirmation of the recovery of demand at continental and global level and the measures undertaken by the various governments to support global economic activity and the Eurozone in particular, to handle the effects of the Covid-19 pandemic.

Increasing the value of investments, particularly of KME, will be closely related to the results of the extraordinary transactions intended to concentrate activities on copper and copper-alloy laminate products, in which the group is the European leader and where it intends to focus its energy and future growth, given the appealing growth rates expected for the main reference markets.

In any event, contagion trends, the spread of virus variants, the results of vaccination campaigns and the extent and tightening of the ensuing containment measures that may be imposed will have the utmost importance, alongside traditional financial indicators.

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Governance Updates

Shareholders' Meeting

In line with what has been done in previous years, during the presentation of the interim financial report, the Company deems it appropriate to update its information on corporate governance.

The Shareholders' Meeting of 8 June 2021 approved the Board of Directors report on operations and the financial statements closed as at 31 December 2020 as well as the proposed allocation of profit for the year of Euro 6,539,266 for 5%, equal to Euro 326,964, to the legal reserve, and for the remainder of Euro 6,212,302 to an unavailable reserve, pursuant to art. 6 of Italian Legislative Decree 38/2005, for profits deriving from the application of the fair value approach.

The corporate officers were also re-appointed, with the appointment of the Board of Directors consisting of ten members (one of whom from the non-controlling shareholders list) and the Board of Statutory Auditors (the chairman of which is from the non-controlling shareholders list). The new bodies will remain in office until the date of the Shareholders' Meeting that will be called to approve the financial statements as at 31 December 2023.

The Shareholders' Meeting also approved the first section of the "Remuneration Policy" for the year 2021-2023 three-year period and expressed its opinion in favour of the second section of the "Report on Remuneration" relating to the year 2020, drafted pursuant to art. 123-ter of Legislative Decree 58/98. The Intek Group Executive Director 2021-2024 Incentive Plan was also approved.

The Board of Directors was also authorised, in compliance with the limits and methods laid out by law, the articles of association and regulations, to purchase and dispose of treasury shares.

Also on 8 June, the Special Meeting of Savings Shareholders was also held, which appointed the new common representative who will remain in office until the date of the Shareholders' Meeting that will be called to approve the financial statements as at 31 December 2023.

Share capital

There were no changes to the size and composition of the share capital until 30 June 2021.

Subsequent to that date:

- the 33,772,954 savings shares acquired as a result of the voluntary public offer and the 11,801 savings shares already held as treasury shares were cancelled, for a total of 33,784,755 savings shares cancelled. The share capital remained unchanged;

- 15,271 ordinary shares were issued as a result of the exercise, in July and August, of the same number of Intek Group 2021-2024 Warrants, thus bringing the total ordinary shares issued to 389,146,749. The share capital therefore increased by Euro 152.71.

As a result of these transactions, at the date on which this report was prepared, the share capital therefore amounted to Euro 335,069,162.51, represented by 405,471,812 shares, with 389,146,749 ordinary shares and 16,325,063 savings shares.

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Additional information

Treasury shares

In the first half of 2021, 382,051 ordinary treasury shares were purchased, with a financial outlay of Euro 128 thousand.

As at 30 June 2021, the Company therefore held a total of 6,949,112 treasury shares, of which 6,937,311 ordinary shares (equal to 1.783% of shares in this category) and 11,801 savings shares (equal to 0.024% of the capital for this category). The latter were subsequently cancelled along with the shares acquired through the public exchange offer.

Therefore, at the date of this report, the Company currently holds only 6,937,311 ordinary treasury shares, equal to 1.783% of the ordinary share capital.

Parent company and ownership structure

The Company is controlled by Quattroduedue Holding BV, which is based in Amsterdam - Duivendrecht (Holland), Entrada 306, 5th Floor, through wholly owned subsidiary Quattroduedue SpA.

As at 30 June 2021, Quattroduedue Holding BV held indirectly 182,778,198 Intek Group ordinary shares (47.77% of the Company's voting share capital) and 1,424,032 savings shares (2.842% of the shares in this category). There were no changes in 2021. As a result of the cancellation of savings shares subsequent to the conclusion of the public exchange offer, the percentage of savings shares held is currently 8.72%.

As of June 2018, as the requirements and conditions set forth by legislation in force and the Articles of Association were met, the increase of the voting right with reference to 158,067,500 ordinary Intek Group shares held by the shareholder Quattroduedue SpA became effective; therefore, as a result of this increase, the total number of voting rights currently held by Quattroduedue SpA is 340,845,692, equal to 61.66% of the total 552,792,608 voting rights that may be exercised at the Company's shareholders' meetings. This percentage rises to 62.44% net of the ordinary treasury shares held at the date on which this report was prepared.

Intek Group holds no shares or units of the parent company and during 2021 it made no purchases or sales of such shares or units.

In January 2021, the Company received a statement from Banca Intesa Sanpaolo S.p.A. with regard to the possession of financial instruments (mandatory convertible loans) which, if the prerequisites are met for their conversion, would give the right to the attribution of an investment equal to 17.610% of the voting rights in the Company. On the basis of the information provided by the shareholder Quattroduedue SpA., please note that these are three mandatorily convertible bond loans and one convertible bond loan issued by Quattroduedue SpA and subscribed by Intesa Sanpaolo, maturing on 30 June 2021, subsequently extended to 15 December 2021.

For any other information regarding the ownership structures, the Company's governance and the fulfilment of any other obligations, refer to the specific report prepared for the year 2020 pursuant to art. 123 bis of Legislative Decree 58/98, which is part of the financial statements.

Related party transactions

Related party transactions, including intra-group transactions, were neither atypical nor unusual, in that they were part of the Group companies' day-to-day business and were all conducted on an arm's length basis or according to standard criteria or at normal market conditions. In 2021, there were no transactions that could be qualified as of greater importance pursuant to the "Procedure applicable to transactions with related parties".

As at 30 June 2021, Intek had trade receivables from KME SE and its subsidiaries totalling Euro 1.4 million. These were mainly from fees and commissions for guarantees and the provision of services. There was also a short-term use of liquidity for Euro 6.0 million with respect to KME SE and a corresponding current account with a positive balance of Euro 0.3 million with Immobiliare Pictea Srl, a subsidiary of KME SE.

With respect to other financial relations, there is a corresponding current account with Intek Investimenti with a positive balance of Euro 0.8 million.

Lastly, due to the application of IFRS 16, financial liabilities with regard to Immobiliare Pictea are recognised in the financial statements for the lease of the Foro Buonaparte properties, for a total of Euro 3.1 million, of which Euro 0.4 million current.

The breakdown of transactions with related parties is included in the Notes to the condensed consolidated interim financial statements.

Disputes

Below is updated information on the main litigation involving Intek Group.

Disputes with certain holders of savings shares which were pending from the first half of 2016 are still under way.

Four of these cases were resolved with a ruling at the first degree, all in favour of the Company, of which three were challenged and heard before the competent Courts of Appeal (Bari and Rome), while one was considered final as it was not appealed.

In particular, of the three appeals, aside from one which will be dealt with in 2023 due to successive deferments by the Rome Court of Appeals, two concluded before the Bari Court of Appeals and the Rome Court of Appeals, respectively, with rulings that confirmed the decisions in the first instance and therefore against the appellant savings shareholders, who were also ordered to pay Intek's legal costs. These rulings became final and the related costs were collected.

The other five cases pending before the Court of Bari on the same matter, experienced further deferrals and currently the hearing for closing arguments has been listed for 16 March 2022 (previously scheduled for 16 June 2021 and postponed due to the excessive caseload of the assigned Judge), since the Judge rejected all the preliminary motions formulated by the counterparties.

Intek Group, in the certainty that it has always acted in full respect of the rights and prerogatives of the Company and its own shareholders, as well as of its Articles of Association, the law, and the regulations, opposed the initiatives thus started by these savings shareholders, with the intention of taking the most effective measures in order to protect its interests and its reputation.

Lastly, civil proceedings are pending before the Court of Milan, lodged by Futura Funds Sicav PLC against Intek Group and Immobiliare Pictea, for the cancellation of a property sale, with a request for Euro 350 thousand. Currently, the case has been adjourned for final arguments to be presented at the hearing on 19 January 2022. If the company should lose the case, and the sale consequently cancelled, the pre-existing credit position of Intek Group and Immobiliare Pictea, which had been closed as a result of the sale, would in any case re-emerge.

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Personnel

As at 30 June 2021, Intek had 13 employees, of whom 3 executives and 10 clerical workers. In March 2021, the two employees of I2 Capital Partners SGR were transferred to Intek Group.

The average number of group employees (13, of whom 3 executives and 10 clerical workers) remained unchanged compared to last year.

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Compliance with Section VI of the Market Regulation - Consob Regulation no. 16191/2007

With reference to the provisions of articles 36, 37, and 38 of the Regulation in question, it should be noted that:

- with regard to the provisions of article 36, Intek Group does not hold relevant investments, pursuant to article 151 of Consob Issuers' Regulation, in non-EU Countries;
- although a subsidiary of Quattroduedue Holding B.V., the Company considers itself not to be subject to management and coordination as defined in articles 2497 et seq. of the Italian Civil Code and article 37 of the Market Regulation, insofar as that:
    - it has autonomous powers of negotiation with respect to contractual arrangements with customers and suppliers;
    - it does not participate in any centralised treasury arrangements operated by the parent Quattroduedue Holding B.V. or any other company under the parent's control;
- with regard to the provisions of article 38 of the Market Regulation, the Company does not fall within its scope of application, as its corporate purpose does not exclusively envisage equity investment activity in accordance with predetermined limitations.

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The Company's Board of Directors, at its meeting of 14 September 2012, decided, among other things, to apply the exception envisaged by articles 70, paragraph VIII, and 71-*bis* of the Issuers' Regulation, which exempts the Company from publishing an Information Document in the case of significant mergers, demergers, share capital increases through transfers in kind, acquisitions and sales.

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Risk Management

In its position as a dynamic investment holding company, Intek is directly exposed to risks connected with investments and disinvestments. The Company's financial results mainly depend on these transactions and on any dividends distributed by its investees, and therefore, in addition to the financial performance, they also reflect the investment and dividend distribution policies of the subsidiaries.

Corporate equity investments are by their nature investments that carry a certain level of risk. Indeed, these types of investments do not provide the certainty that the invested capital will be refunded in full or they could produce cash flows that are insufficient for remuneration of the capital investment or in any case result in performance that could trail behind market performance.

Furthermore, the disinvestment process could require more time than expected and/or be carried out on the basis of terms and conditions that are not fully satisfactory or remunerative. In particular, regarding equity investments in unlisted companies, whether held directly or indirectly, the absence of risks connected mainly to the liquidability of these equity investments and their valuation cannot be guaranteed, in consideration: (a) of the possible absence in these companies of control systems similar to those required of companies with listed shares, with the possible consequent unavailability of information flows that are at least equal, insofar as quantity and quality, to the ones available for companies with listed shares; and (b) of the difficulties inherent in carrying out independent audits of the companies and therefore assessing the completeness and accuracy of the information they provide. For non-controlling equity investments, whether in listed or unlisted companies, the possibility of influencing the management of the equity investments in order to promote their growth, including through a relationship with the management and the shareholders of the investee, could be limited.

For more information on corporate risks, please refer to the dedicated section of the Notes to the condensed consolidated interim financial statements.

Significant events after 30 June 2021

No noteworthy events occurred after the balance sheet date, other than those set forth above.

INTEK GROUP

Condensed consolidated interim financial statements as at 30 June 2021

Intek Group – Condensed consolidated interim financial statements as at 30 June 2021

Consolidated Statement of financial position – Assets

(in thousands of Euro)	*Ref. Note*	*30-Jun-21*	*of which related parties*	*31-Dec-20*	*of which related parties*
Investments in equity interests and fund units	*4.1*	567,446	*551,199*	567,446	*551,199*
Non-current financial assets	*4.2*	616	*616*	134	*134*
Property, plant and equipment	*4.3*	3,758	-	3,925	-
Investment property	*4.4*	140	-	140	-
Intangible assets	*4.5*	14	-	7	-
Other non-current assets	*4.6*	3	-	3	-
Deferred tax assets	*4.20*	2,751	-	3,037	-
Total non-current assets		**574,728**		**574,692**	
Current financial assets	*4.7*	33,336	*7,959*	26,480	*1,371*
Trade receivables	*4.8*	5,025	*1,550*	4,534	*916*
Other current receivables and assets	*4.9*	5,233	*1,937*	4,122	*1,144*
Cash and cash equivalents	*4.10*	739	-	15,415	-
Total current assets		**44,333**		**50,551**	
Non-current assets held for sale		-		-	
Total assets		**619,061**		**625,243**	

The notes are an integral part of these condensed consolidated interim financial statements.

Details of related party transactions are disclosed in note 4.21.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2021

Consolidated Statement of financial position – Liabilities

(in thousands of Euro)	*Ref. Note*	*30-Jun-21*	*of which related parties*	*31-Dec-20*	*of which related parties*
Share capital		335,069		335,069	
Other reserves		102,992		98,469	
Treasury shares		(2,140)		(2,012)	
Retained earnings/(accumulated losses)		71,142		71,143	
Other comprehensive income reserve		(1)		(12)	
Profit/(loss) for the period		(3,931)		4,523	
Shareholders' equity attributable to owners of the Parent	*4.11*	**503,131**		**507,180**	
Non-controlling interests		-		-	
Total equity	*4.11*	**503,131**		**507,180**	
Employee benefits	*4.12*	379	-	368	-
Deferred tax liabilities	*4.20*	2,067	-	2,097	-
Non-current financial payables and liabilities	*4.13*	3,358	*2,678*	3,130	*2,911*
Bonds	*4.14*	75,266	-	75,332	-
Other non-current liabilities	*4.15*	570	-	722	-
Provisions for risks and charges	*4.16*	291	-	291	-
Total non-current liabilities		**81,931**		**81,940**	
Current financial payables and liabilities	*4.17*	27,781	*448*	29,960	*815*
Trade payables	*4.18*	2,137	*533*	1,905	*560*
Other current liabilities	*4.19*	4,081	*1,467*	4,258	*1,642*
Total current liabilities		**33,999**		**36,123**	
Total liabilities and shareholders' equity		**619,061**		**625,243**	

The notes are an integral part of these condensed consolidated interim financial statements.

Details of related party transactions are disclosed in note 4.21.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2021

Consolidated statement of profit or loss and other comprehensive income

(in thousands of Euro)	*Ref. Note*	*1st half 2021*	*of which related parties*	*1st half 2020*	*of which related parties*
Net income from investment management	*5.1*	(55)	-	(188)	-
Guarantee fees	*5.2*	433	*433*	442	*442*
Other income	*5.3*	116	*71*	903	*48*
Labour costs	*5.4*	(926)	-	(983)	-
Amortisation, depreciation, impairment and write-downs	*5.5*	(325)	*(239)*	(516)	-
Other operating costs	*5.6*	(2,006)	*(1,221)*	(2,195)	*(823)*
Operating profit/(loss)		**(2,763)**		**(2,537)**	
Finance income		208	*120*	191	*(31)*
Finance expense		(1,994)	*(94)*	(2,588)	*(108)*
Net finance expense	*5.7*	*(1,786)*		*(2,397)*	
Profit/(loss) before taxes		**(4,549)**		**(4,934)**	
Current taxes	*5.8*	874		633	
Deferred taxes	*5.8*	(256)		(292)	
Total income taxes		**618**		**341**	
Net profit/(loss) for the year		**(3,931)**		**(4,593)**	
Other comprehensive income:					
Measurement of employee defined benefits		*11*		*2*	
Items that will not be reclassified to profit or loss		11		2	
Net change in cash flow hedge reserve		-		(58)	
Taxes on other comprehensive income		-		14	
Items that may be reclassified to profit or loss		-		(44)	
Other comprehensive income, net of tax effect:		11		(42)	
Total comprehensive income for the year		**(3,931)**		**(4,635)**	
Profit/(loss) for the period attributable to:					
- non-controlling interests		-		-	
- owners of the Parent		(3,931)		(4,593)	
Profit/(loss) for the period		(3,931)		(4,593)	
Total comprehensive income attributable to:					
- non-controlling interests		-		-	
- owners of the Parent		(3,920)		(4,635)	
Total comprehensive income for the period		(3,920)		(4,635)	
Earnings per share (in Euro)					
Basic earnings/(loss) per share		(0.0091)		(0.0106)	
Diluted earnings/(loss) per share		(0.0091)		(0.0106)	

The notes are an integral part of these condensed consolidated interim financial statements.

Details of related party transactions are disclosed in note 4.21.

Consolidated Statement of changes in equity as at 30 June 2020

(in thousands of Euro)	*Share capital*	*Other reserves*	*Treasury shares*	*Retained earnings/(accumulated losses)*	*Other comprehensive income reserve*	*Profit/(loss) for the period*	*Total equity attributable to owners of the Parent*	*Non-controlling interests*	*Total consolidated equity*
Shareholders' equity as at 31 December 2019	**335,069**	**100,336**	**(1,820)**	**71,143**	**(225)**	**(1,868)**	**502,635**	**-**	**502,635**
Allocation of Parent company's profit/(loss)	-	(1,043)	-	-	-	1,043	-	-	-
Allocation of subsidiaries' profit/(loss)	-	(824)	-	(1)	-	825	-	-	-
Purchase of treasury shares	-	-	(192)	-	-	-	(192)	-	(192)
Comprehensive income items	-	-	-	-	(43)	-	(43)	-	(43)
Profit/(loss) for the period	-	-	-	-	-	(4,593)	(4,593)	-	(4,593)
Total comprehensive income	-	-	-	-	(43)	(4,593)	(4,636)	-	(4,636)
Shareholders' equity as at 30 June 2020	**335,069**	**98,469**	**(2,012)**	**71,142**	**(268)**	**(4,593)**	**497,807**	**-**	**497,807**
Reclassification of treasury shares	(2,012)	-	2,012	-	-	-	-	-	-
Shareholders' equity as at 30 June 2020	**333,057**	**98,469**	**-**	**71,142**	**(268)**	**(4,593)**	**497,807**	**-**	**497,807**

As at 30 June 2020, the Parent Company directly held 6,555,260 ordinary shares and 11,801 savings shares, all without par value. All the shares were then fully reclassified as a deduction from share capital.

The notes are an integral part of these condensed consolidated interim financial statements.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2021

Consolidated Statement of changes in equity as at 30 June 2021

(in thousands of Euro)	*Share capital*	*Other reserves*	*Treasury shares*	*Retained earnings/(accumulated losses)*	*Other comprehensive income reserve*	*Profit/(loss) for the period*	*Total equity attributable to owners of the Parent*	*Non-controlling interests*	*Total consolidated equity*
Shareholders' equity as at 31 December 2020	**335,069**	**98,469**	**(2,012)**	**71,143**	**(12)**	**4,523**	**507,180**	**-**	**507,180**
Allocation of Parent company's profit/(loss)	-	6,539	-	-	-	(6,539)	-	-	-
Allocation of subsidiaries' profit/(loss)	-	(2,016)	-	-	-	2,016	-	-	-
Purchase of treasury shares	-	-	(128)	-	-	-	(128)	-	(128)
Other	-	-	-	(1)	-	-	(1)	-	(1)
Comprehensive income items	-	-	-	-	11	-	11	-	11
Profit/(loss) for the period	-	-	-	-	-	(3,931)	(3,931)	-	(3,931)
Total comprehensive income	-	-	-	-	11	(3,931)	(3,920)	-	(3,920)
Shareholders' equity as at 30 June 2021	**335,069**	**102,992**	**(2,140)**	**71,142**	**(1)**	**(3,931)**	**503,131**	**-**	**503,131**
Reclassification of treasury shares	(2,140)	-	2,140	-	-	-	-	-	-
Shareholders' equity as at 30 June 2021	**332,929**	**102,992**	**-**	**71,142**	**(1)**	**(3,931)**	**503,131**	**-**	**503,131**

As at 30 June 2021, the Parent Company directly held 6,937,311 ordinary shares and 11,801 savings shares, all without par value. All the shares were then fully reclassified as a deduction from share capital.

The notes are an integral part of these condensed consolidated interim financial statements.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2021

Consolidated statement of cash flows – indirect method

(in thousands of Euro)		*1st half 2021*	*1st half 2020*
(A) Cash and cash equivalents at the beginning of the year		**15,415**	**44,904**
Profit/(loss) before taxes		(4,549)	(4,934)
Amortisation and depreciation		323	291
Impairment/(reversal of impairment) of non-current assets other than financial assets		-	225
Impairment/(reversal of impairment) of investments and financial assets		-	378
Changes in pension funds, post-employment benefits (TFR) and stock options		22	17
Changes in provisions for risks and charges		-	(235)
Increase/(decrease) in current and non-current financial payables to associates		(373)	2,139
(Increase)/decrease in current and non-current financial receivables from associates		(6,585)	(2,831)
(Increase)/decrease in current receivables		(728)	348
Increase/(decrease) in current payables		55	327
(B) Total cash flows from/(used in) operating activities		**(11,835)**	**(4,275)**
(Increase) in non-current intangible assets and property, plant and equipment		(178)	(301)
Decrease in non-current intangible assets and property, plant and equipment		15	-
Increase/decrease in other non-current assets/liabilities		(152)	(140)
(C) Cash flows from/(used in) investing activities		**(315)**	**(441)**
(Purchase) sale of treasury shares and similar securities		(129)	(192)
Increase/(decrease) in current and non-current financial payables		(2,129)	(4,807)
(Increase)/decrease in current and non-current financial receivables		(268)	(15,447)
(D) Cash flows from/(used in) financing activities		**(2,526)**	**(20,446)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(14,676)**	**(25,162)**
(F) Cash and cash equivalents at the end of the period	**(A) + (E) + (F)**	**739**	**19,742**

The notes are an integral part of these condensed consolidated interim financial statements.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2021

Notes

1. *General information*

Intek Group is a diversified investment holding company, whose main objective is to manage its portfolio of assets and investments with a dynamic entrepreneurial perspective, focusing on cash generation and growth in the value of investments over time, also through sales functional to the development strategies.

Intek Group is a joint-stock company (Società per Azioni) registered in Italy with the Milan Companies Register under no. 00931330583 and its shares are listed on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A.

Although it is owned by Quattroduedue Holding B.V. through the wholly-owned subsidiary Quattroduedue S.p.A., Intek Group is not subject to management and coordination as defined in articles 2497 et seq. of the Italian Civil Code and article 37 of the Market Regulation, insofar as that:

a) it has autonomous powers of negotiation in its relations with customers and suppliers;
b) it does not participate in any centralised treasury arrangements operated by the parent or any other company under the parent's control;
c) the number of independent Directors (3 out of 10) is such as to ensure that their opinions have a material influence on board decisions.

The Condensed consolidated interim financial statements as at 30 June 2021 were approved by the Board of Directors on 23 September 2021 and will be published in accordance with legal requirements.

2. *Accounting policies*

2.1. Assessment of Investment Entity status

Intek Group considers that it possesses all the elements set forth in paragraphs 27 and 28 of IFRS 10 to qualify as an investment entity.

Paragraph 27 of IFRS 10 requires that the company:

a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The typical characteristics of investment entities as provided by paragraph 28 of IFRS 10 are as follows:

- it has more than one investment;
- it has more than one investor;
- it has investors that are not related parties of the entity; and
- it has ownership interests in the form of equity or similar interests.

The Condensed consolidated interim financial statements as at 30 June 2021 were therefore prepared by applying the accounting standards relative to Investment Entities and measuring at fair value the investments in subsidiaries not providing services that are related to the Company's investment activity, which therefore are not fully consolidated, in line with the financial statements as from 31 December 2014.

2.2. Basis of presentation

The Condensed consolidated interim financial statements as at 30 June 2021 were drafted pursuant to art. 154-*ter* of Legislative Decree 58/1998 and conform to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European

Commission in accordance with the procedure as set out in art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 as well as with the provisions issued in implementation of art. 9 of Legislative Decree 38/2005.

The Condensed consolidated interim financial statements as at 30 June 2021 are composed of the consolidated statement of financial position, the consolidated statement of profit or loss for the half-year and other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity, as well as the Notes thereto.

The Condensed consolidated interim financial statements and the notes thereto include, besides the amounts relating to the reference period, the corresponding comparative data relating to the previous year. There were no changes to the structure of the statements compared to those as at 31 December 2020.

These consolidated financial statements were drafted on a going concern basis, according to the provisions of IAS 1. In evaluating the adequacy of the going concern assumption for the preparation of these financial statements, the Covid-19 health emergency and the effects of the ensuing restrictions introduced in the countries concerned, which had and continue in many respects to have a significant impact on the general context, were taken into consideration.

In preparing the consolidated financial statements, the Directors have applied the concepts of accruals, clarity, significance, materiality, reliability, neutrality, prudence and comparability and applied accounting policies consistent with those used for the consolidated financial statements as at 31 December 2020, except for the standards effective as from 1 January 2021 laid out below, the application of which in any event had no effects.

The Group has not yet applied the accounting standards listed below in paragraph 2.6, which, although already issued by the IASB, will become effective after the date of these consolidated financial statements or which have not yet completed the endorsement process by the European Union.

Events and transactions affecting the Company are recognised and presented with respect to their economic substance rather than legal form.

Specific notes contained in the Report on operations disclose the content and meaning of the non-IFRS alternative performance indicators, where applicable, in compliance with CESR recommendation 05 - 178b published on 3 November 2005.

These condensed consolidated interim financial statements are presented in Euro, the functional currency of the Parent Company. The tables and data in the notes are in thousands of Euro, unless otherwise indicated.

2.3. Use of estimates

The preparation of the consolidated financial statements and notes thereto in accordance with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Considering the fact that interim financial statements are based for the most part on updates of estimates made for the previous year-end financial statements, in the absence of objective elements, the values of assets and liabilities are adjusted only if the results of the updates of the estimation processes differ significantly from the previous ones.

The estimates were mainly used to determine: the fair value of investments in equities and funds, investment property, the useful lives of non-current assets and the related recoverable amount, allowance for impairment, any impairment losses, the cost of employee benefits, the estimated current and deferred tax charges, the estimated indefinite useful lives of intangible assets and other provisions.

These estimates and assumptions are periodically checked and any variations are immediately recognised in profit or loss. At the end of the reporting period, the Directors were of the opinion that the estimates and assumptions used were the best indicators of the actual amounts given the information to hand. In addition, the Directors believed that the estimates and assumptions adopted did not imply any material adjustments to carrying amounts of assets and liabilities.

2.4. Basis of consolidation

The consolidation standards only affect equity investments in ancillary services subsidiaries, as equity investments held for investment purposes are excluded from the scope of consolidation.

Subsidiaries are all those companies over which the Intek Group simultaneously has:

- power, i.e. it holds legitimate rights that bestow upon it the actual capacity to manage *relevant activities*, i.e. activities that have a significant effect on returns;
- exposure or rights to variable returns arising from the relationship with the company itself;
- capacity to exercise its power.

The assets and liabilities, income and expenses of the subsidiaries consolidated on a line-by-line basis are recognised in the financial statements at their full value; the carrying amount of the investments is eliminated by offsetting it against the underlying interest in the respective equity, and the individual assets and liabilities are measured at their fair value at the date when control of the investee was established. Any difference, if positive, is recognised under asset item “Goodwill and goodwill arising on consolidation”; if negative, in profit or loss. The portion of equity and profit (loss) attributable to non-controlling interests is recognised under the relevant items. After initial recognition, “goodwill” is measured at cost less accumulated impairment losses as required by *IAS 36 – Impairment of Assets*.

Unrealised profits on intra-group transactions, if material, are eliminated. Receivables, payables, income, expenses, guarantees, commitments and contingencies in connection with transactions between and among consolidated companies are also eliminated. Intra-group losses are not eliminated as they are deemed to represent an impairment loss on the asset sold. All financial statements of subsidiaries, if necessary, have been adjusted to ensure consistency of accounting policies and measurement standards with those of the Group.

The financial year of all consolidated companies is the calendar year. They draft their financial statements using the Euro.

In the case of the sale or transfer of an investee, the deconsolidation is accounted for from the date of effective loss of control.

In the case of the transfer of a subsidiary to a jointly-controlled or associated company, the profit or loss from the loss of control is recognised in profit or loss, as provided for by IFRS 10, paragraph 25. In this case, it:

a) derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position;

b) recognises any investment retained in the former subsidiary at the corresponding fair value on the date the control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. This fair value becomes the basis for the next posting of the investment;

c) recognises the gain or loss associated with the loss of control attributable to the former controlling interest;

d) reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRSs, the amounts previously recognised in other comprehensive income in relation to the former subsidiary.

After the completion of the liquidation of the subsidiary I2 Capital Partners SGR SpA as at 31 March 2021, an instrumental company consolidated line-by-line in the financial statements until 31 December 2020, there has been a change in the scope of consolidation. These condensed consolidated interim financial statements do not include companies consolidated with the line-by-line method. Given the insignificance of the income statement flows in the first three months of 2021 of this subsidiary (loss of €56 thousand as at 31 March 2021), it was deconsolidated on 1 January 2021.

For the sake of comprehensiveness, please recall that the income statement and financial flows in 2020 also included those of the investee Immobiliare Pictea Srl, which at the end of December 2020 was transferred to KME SE and whose income statement balances were consolidated throughout 2020.

2.5. Newly applied accounting standards

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as of 1 January 2021:

- On 28 May 2020, the IASB issued an amendment named "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document provides lessees with the right to account for rent reductions linked to Covid-19 without having to evaluate, by analysing the contracts, whether they fall within the definition of lease modification as set forth in IFRS 16. Therefore, the lessees that take advantage of this right can account for the effects of reductions in rent payments directly in profit or loss at the effective date of the reduction. The adoption of this amendment did not impact the Group's consolidated financial statements.
- On 28 May 2020, the IASB issued an amendment named "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments make it possible to extend the temporary exemption from the application of IFRS 9 to 1 January 2023 for insurance companies. The adoption of this amendment did not impact the Group's consolidated financial statements.
- On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document "Interest Rate Benchmark Reform—Phase 2" which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts; and
  - IFRS 16 Leases.

  All amendments entered into force on 1 January 2021. The adoption of this amendment did not impact the Group's consolidated financial statements.

2.6. Accounting standards not yet applied

The following accounting standards, amendments and interpretations were endorsed by the European Union, are not yet applicable on a compulsory basis and were not adopted early by the Group as at 30 June 2021.

- On 14 May 2020, the IASB issued the following amendments named:
  - Amendments to IFRS 3 *Business Combinations*: the amendments aim to update the reference present in IFRS 3 to the revised version of the Conceptual Framework, without this entailing amendments to the provisions of the standard.
  - Amendments to IAS 16 *Property, Plant and Equipment*: the amendments aim not to permit the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the asset testing phase. Such sales revenues and the relative costs will therefore be recognised in profit or loss.
  - Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that in the estimate on whether a contract is onerous, all costs directly attributable to the contract must be taken into consideration. As a result, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct

material used in processing), but also all costs that the company cannot avoid because it has entered into the contract (such as the portion of the depreciation on the machinery used for the performance of the contract).

- Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All amendments will enter into force on 1 January 2022. The adoption of these amendments is not expected to have significant effects on the Group's consolidated financial statements.

As at the reference date of these financial statements, the competent bodies of the European Union had not yet concluded the approval process required for adoption of the amendments and the standards described below.

- On 18 May 2017, the IASB issued *IFRS 17 – Insurance Contracts*, which is set to replace *IFRS 4 – Insurance Contracts*. The objective of the new standard is to ensure that an entity will provide pertinent information that faithfully represents the rights and obligations arising from the insurance contracts issued by that entity. The IASB developed the standard to eliminate incongruities and weaknesses inherent in the existing accounting standards, providing a single principle-based framework that would take all types of insurance contracts into account, including the reinsurance contracts held by an insurer. This standard does not apply to the Group's activities.
- On 23 January 2020, the IASB issued an amendment named "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*". The document aims to clarify how to classify payables and other liabilities as current or non-current. The amendments enter into force as of 1 January 2022, but the IASB has issued an exposure draft to postpone their entry into force to 1 January 2023; however, early application is permitted. The adoption of this amendment is not expected to have a significant effect on the Group's consolidated financial statements.
- On 12 February 2021, the IASB published two amendments named "Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates—Amendments to IAS 8". The amendments are intended to improve the disclosure on accounting policies so as to provide more useful information to investors and other primary users of financial statements as well as help companies to distinguish changes in accounting estimates from changes in accounting policies. These amendments will be effective for periods beginning on or after 1 January 2023. Earlier application is permitted. The adoption of these amendments is not expected to have significant effect on the Group's consolidated financial statements.
- On 31 March 2021, the IASB published an amendment named "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*" which extends by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the recognition of rent concessions provided to lessees as a result of Covid-19. The amendments will be effective for periods beginning on or after 1 April 2021. Earlier adoption is permitted. The adoption of this amendment is not expected to have a significant effect on the Group's consolidated financial statements.
- On 7 May 2021, the IASB published an amendment named "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies how to account for deferred tax liabilities on certain transactions that could generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The adoption of this amendment is not expected to have a significant effect on the Group's consolidated financial statements.
- On 30 January 2014 the IASB issued *IFRS 14 – Regulatory Deferral Accounts* which allows only IFRS first-time adopters to continue to recognise the amounts relative to assets subject to regulated fees ("*Rate Regulation Activities*") according to the previous accounting principles that had been adopted. Since the Group is not a first-time adopter, this standard cannot be applied.

3. ***Financial risk management***

In its position as a dynamic investment holding company, Intek Group is directly exposed to risks connected with investments and disinvestments. The Group's financial results mainly depend on these transactions and on the dividends distributed by its subsidiaries, and therefore, in addition to the financial performance, they also reflect the investment and dividend distribution policies of the subsidiaries.

Corporate equity investments are by their nature investments that carry a certain level of risk. Indeed, these types of investments do not provide the certainty that the invested capital will be refunded in full or they could produce cash flows that are insufficient for remuneration of the capital investment or in any case result in performances that could trail behind market performances.

Furthermore, the disinvestment process could require more time than expected and/or be carried out on the basis of terms and conditions that are not fully satisfactory or remunerative. In particular, regarding equity investments in unlisted companies, whether held directly or indirectly, the absence of risks connected mainly to the liquidability of these equity investments and their valuation cannot be guaranteed, in consideration: (a) of the possible absence in these companies of control systems similar to those required of companies with listed shares, with the possible consequent unavailability of information flows that are at least equal, insofar as quantity and quality, to the ones available for companies with listed shares; and (b) of the difficulties inherent in carrying out independent audits of the company and therefore assessing the completeness and accuracy of the information it provides. For non-controlling equity investments, whether in listed or unlisted companies, the possibility of influencing the management of the equity investments in order to promote their growth, including through a relationship with the management and the shareholders of the investee, could be limited.

With reference to the impacts of the Covid-19 pandemic and the relative related risks, please refer to what is set forth in the Report on operations.

Types of risk:

a) credit risk: given the operations of Intek and its consolidated subsidiaries, there are no significant receivables from third party entities;

b) liquidity risk: it can arise from difficulties in raising finance for operating activities as and when required. All inflows and outflows and cash balances are centrally monitored. The Group expects to meet its cash requirements for the repayment of short-term financial payables and capital expenditure through cash from operating activities, cash on hand and fresh or renewed bank borrowings or the issue of new bond loans;

c) currency risk: the Group is exposed to this risk only indirectly due to the risk that the fair value of the investments operating in currencies other than the Euro will be influenced by changes in exchange rates;

d) interest rate risk: the interest rate risk to which the Group is exposed originates mainly from non-current financial liabilities. Floating rate liabilities expose the Group to a cash flow risk, while fixed rate liabilities entail assumption of the risk of a change in fair value;

e) risk of fluctuation of the share value: the Group is exposed to market fluctuations insofar as the listed shares it holds in its portfolio and changes in the market parameters used for determination of the value of equity investments through valuation techniques. The risk of fluctuations in the values of these equity interests, recognised under the item “Investments in equity interests and fund units” is not actively managed using financial hedging instruments.

4. Notes to the Condensed consolidated interim financial statements as at 30 June 2021

4.1. Investments in equity interests and fund units

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Investments in subsidiaries and associates	551,199	551,199	-
Investments in other companies	16,247	16,247	-
Investments in equity interests and fund units	**567,446**	**567,446**	**-**

The detail of the item as at 30 June 2021 is presented below; there were no changes in the course of the first half of 2021.

Name	*Percentage of interest as at 30/06/2021*	*31/12/2020*	*30/06/2021*
KME SE	99.00%	512,707	512,707
Culti Milano SpA	77.17%	27,300	27,300
KME Beteiligungsgesellsch.mbH	100.00%	1,400	1,400
Intek Investimenti SpA	100.00%	9,704	9,704
Ergyca Tracker 2 Srl	51.00%	82	82
Nextep Srl social enterprise (società benefit)	60.00%	6	6
Total subsidiaries and associates		**551,199**	**551,199**
Ducati Energia		16,013	16,013
Editoriale Vita		222	222
Other minor investments		12	12
Other investments		**16,247**	**16,247**
Total investments		**567,446**	**567,446**
Investments in equity interests and fund units		**567,446**	**567,446**

To determine the fair values of the various investments, the estimates performed for the financial statements as at 31 December 2020 were updated. The update of the estimates did not bring to light variances exceeding 10% and therefore, in compliance with the provisions of the policy on the determination of fair value, during the preparation of the interim financial report the carrying amounts were not modified.

With reference to the equity investment in KME SE, the *Unlevered discounted cash flow* (UDCF) method was used, with the support of an external consultant, by discounting the operating cash flows expected from the assets (net of tax effects). As the basis of information, the economic projections and changes in several balance sheet items set forth in the 2021-2025 Plan, which were already used for the assessment as at 31 December 2020, were used and updated to extrapolate only the flows of the *copper business* in light of the agreements entered into for the transfer of the *special products business*, which was therefore valued on the basis of the contractual agreements with Paragon, as well as market performance in the first half of 2021 and expectations of an increase in margins linked to expected sale price trends.

To discount cash flows, a discount rate representative of the average cost of capital (WACC) was used, determined in consideration of the following parameters:

- *risk free-rate:* weighted average of the 10-year government bonds of each country in which the Group operates;
- *market risk premium*: equal to 6.0%, in line with Italian valuation practices;
- debt cost: 10-year USD swap rate as at 30 June plus a 2.00% spread, for a total gross rate of 3.21%;
- Unlevered Beta: average of unlevered beta coefficients of a sample of comparable listed companies;

- Additional Alpha premium on the cost of own capital equal to 4%.

The WACC rate is also inclusive of an additional premium of 2.25% to reflect the risks intrinsic in forecasts. This additional premium is equal to that already used in the financial statements as at 31 December 2020. The rate applied to determine the fair value is 10.58%, while it was 10.09% as at 31 December 2020.

The operating value thus estimated was subsequently adjusted using the same methodology as in previous years to consider:

- the valuation of prior losses that can be carried forward for tax purposes;
- the fair value of surplus assets, consisting of the value of special products business, properties not used in the business and other non-consolidated companies;
- the fair value of the joint venture KMD;
- the Group's adjusted net financial position as at 30 June 2021.

The values obtained were compared with those resulting from other methods in particular using the market multiples and the transaction multiples methods with the EV/EBITDA multiple. The results of the two control methods showed variances exceeding 20% with respect to the value determined using the principal method and, therefore, in compliance with the provisions of the policy on the determination of fair value, the results of the principal method were averaged with those of the two control methods.

The results of the valuation process would have led to an increase in fair value of roughly 9% compared to that recognised in the financial statements closed as at 31 December.

In light of these results and the higher level of estimation inherent in the process of updating the calculation, no modifications were made to the carrying amount of the equity investment, in compliance with the provisions of the policy on the determination of fair value, when drafting the interim financial report.

The above estimation process is characterised by a significant level of complexity and subjectivity, based, in the case of the *Unlevered Discounted Cash Flow* method, on assumptions regarding, among other things, the expected cash flows of the investee, the determination of an appropriate discount rate (WACC) and a long-term growth rate (*g-rate*); these assumptions are influenced by future expectations, the success of the implementation of programmes and market conditions, particularly with regard to the copper market. The application of the methodologies which are based on multiples, in relation to the selection and definition of the benchmark samples, are also subjective elements.

For the equity investment in Culti Milano, whose shares are traded in the AIM market, although during the half-year there has been an increase in trades, the prices recorded were not yet deemed representative of the fair value of the company, as a result leading to the opportunity to make recourse to the multiples method, which confirmed the book value, within the limits of the variance of 10% set forth in the policy on the determination of fair value when drafting the interim report.

The equity investment in Ducati Energia, given the lack of availability of a plan to use the UCF method, was measured using the market multiples method and the transaction multiples method.

For other investments, reference was mainly made to the equity value of the same, adjusted on the basis of the current values of the related assets.

4.2. *Non-current financial assets*

This item can be broken down as follows:

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Guarantee fees receivable	616	134	482
Non-current financial assets	**616**	**134**	**482**

"Guarantee fees receivable" are the present value of guarantee fees that are receivable in future years, in more than 12 months, for guarantees issued to banks on behalf of the non-consolidated subsidiaries to which the loans were extended. The receivable relates substantially to the €100 million guarantee provided in favour of KME SE.

These receivables are matched by payables of an equal amount.

4.3. *Property, plant and equipment:*

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Buildings	3,052	3,297	(245)
Other assets	706	628	78
Property, plant and equipment	**3,758**	**3,925**	**(167)**

Below is the breakdown between owned and leased assets.

(in thousands of Euro)	*Owned*	*Leased*	*Total*
Buildings	-	3,052	3,052
Other assets	609	97	706
Property, plant and equipment	**609**	**3,149**	**3,758**

The change in owned assets for the first half of 2021 is shown below:

(in thousands of Euro)	*Buildings*	*Other assets*	*Total*
Gross amount	-	2,405	2,405
Accumulated depreciation	-	(1,905)	(1,905)
Total as at 31 December 2020	**-**	**500**	**500**
Gross amount as at 31 December 2020	**-**	**2,405**	**2,405**
Purchases in the period	-	11	11
Change in scope of consolidation (cost)	-	(40)	(40)
Gross amount as at 30 June 2021	**-**	**2,376**	**2,376**
Accumulated depreciation as at 31 December 2020	**-**	**(1,905)**	**(1,905)**
Change in scope of consolidation (depreciation provision)	-	152	152
Amortisation, depreciation, impairment and write-downs	-	(14)	(14)
Accumulated depreciation as at 30 June 2021	**-**	**(1,767)**	**(1,767)**
Gross amount	-	2,376	2,376
Accumulated depreciation	-	(1,767)	(1,767)
Total as at 30 June 2021	**-**	**609**	**609**

Leased assets changed as follows:

(in thousands of Euro)	*Buildings*	*Other assets*	*Total*
Gross amount	4,542	176	4,718
Accumulated depreciation	(1,245)	(48)	(1,293)
Total as at 31 December 2020	**3,297**	**128**	**3,425**
Gross amount as at 31 December 2020	**4,542**	**176**	**4,718**
Purchases in the period	50	-	50
Change in scope of consolidation (cost)	-	(10)	(10)
Disposals (cost)	(7)	(35)	(42)
Gross amount as at 30 June 2021	**4,585**	**131**	**4,716**
Accumulated depreciation as at 31 December 2020	**(1,245)**	**(48)**	**(1,293)**
Change in scope of consolidation (depreciation provision)	-	7	7
Amortisation, depreciation, impairment and write-downs	(288)	(22)	(310)
Disposals (accumulated depreciation)	-	29	29
Accumulated depreciation as at 30 June 2021	**(1,533)**	**(34)**	**(1,567)**
Gross amount	4,585	131	4,716
Accumulated depreciation	(1,533)	(34)	(1,567)
Total as at 30 June 2021	**3,052**	**97**	**3,149**

4.4. *Investment property*

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Investment property	**140**	**140**	**-**

This item includes real estate in Sezze (LT) for €108 thousand, which was subsequently sold, and land in Castronno (VA) for €32 thousand.

4.5. *Intangible assets*

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Other	14	7	7
Intangible assets	**14**	**7**	**7**

The intangible assets in the table above relate to software and have finite useful lives.

The changes during the first half of the year are analysed below:

(in thousands of Euro)	*Total*
Gross amount	22
Accumulated amortisation	(15)
Total as at 31 December 2020	**7**
Gross amount as at 31 December 2020	**22**
Purchases in the period	9
Gross amount as at 30 June 2021	**31**
Accumulated amortisation as at 31 December 2020	**(15)**
Amortisation, depreciation, impairment and write-downs	(2)
Accumulated amortisation as at 30 June 2021	**(17)**
Gross amount	31
Accumulated amortisation	(17)
Total as at 30 June 2021	**14**

4.6. Other non-current assets

The breakdown of the item is as follows:

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Guarantee deposits	3	3	-
Other non-current assets	**3**	**3**	**-**

4.7. Current financial assets

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Financial receivables from associates	7,106	521	6,585
Guarantee fees receivable	853	850	3
Financial assets held for trading	257	57	200
Other current financial assets	25,120	25,052	68
Current financial assets	**33,336**	**26,480**	**6,856**

As at 30 June 2021, *"Financial receivables from associates"* include investments in liquidity in KME SE for €6,000 thousand and corresponding current accounts with respect to Intek Investimenti for €792 thousand and Immobiliare Pictea for €314 thousand.

"Guarantee fees receivables" are the amount of guarantee fees that are receivable within 12 months, for guarantees issued by the Intek Group to banks on behalf of subsidiaries, in particular KME SE, to which loans were granted. These receivables are matched by payables of an equal amount.

The item *"Other current financial assets"* includes €24,885 thousand for a deposit pledged to guarantee the outstanding credit line with Banco BPM, expiring in August 2021 and subsequently extended to March 2022.

In reference to the Consob Communication no. DEM/11070007 of 5 August 2011 which drew on the document issued by the *European Securities and Markets Authority* (ESMA), it is specified that the Company has no investments in sovereign debt securities.

4.8. Trade receivables

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Receivables from factoring/leases	3,475	3,618	(143)
Receivables due from associates	1,550	916	634
Trade receivables	**5,025**	**4,534**	**491**

"Receivables from factoring/leases" relate to non-performing loans from the business previously operated by Fime Leasing and Fime Factoring. The change is mainly due to the collections during the period.

"Receivables due from associates" refer to guarantee fees for loans already invoiced or administrative services provided.

4.9. Other current receivables and assets

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Tax assets	595	667	(72)
Accruals and prepayments	200	34	166
Receivables due from associates	1,937	1,144	793
Other receivables	2,501	2,277	224
Other current receivables and assets	**5,233**	**4,122**	**1,111**

"Tax assets" include receivables for direct taxes of €134 thousand and VAT credits of €461 thousand.

"Receivables due from associates" include positions arising from the tax consolidation and will be recovered following the submission of the tax returns.

Prepayments and accrued income are due to the recording of prepayments mainly for travel costs and services to be used in subsequent periods.

All the receivables are due within twelve months.

4.10. Cash and cash equivalents

"Cash and cash equivalents" consist of bank accounts and cash on hand.

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Bank and post office accounts	734	15,410	(14,676)
Cash on hand	5	5	-
Cash and cash equivalents	**739**	**15,415**	**(14,676)**

Please refer to the Consolidated cash flow statement for an analysis of the cash flows for the period and details of the components which generated and absorbed liquidity during the half-year.

4.11. Shareholders' equity attributable to owners of the Parent

For an analysis of the changes in consolidated equity, reference should be made to the "*Consolidated statement of changes in equity as at 30 June 2021*".

The Share Capital as at 31 December 2020 amounted to €335,069,009.80; during the first half of 2021, there were no changes in the number of shares issued, while 382,051 ordinary treasury shares were acquired; following the acquisition of treasury shares, the "Reserve for treasury shares held" increased by €128 thousand.

4.12. Employee benefits

The item refers to *"Post-employment benefits (TFR)"* and is broken down as follows:

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Executives	92	88	4
Clerical workers	247	231	16
IAS adjustment	40	49	(9)
Employee benefits	**379**	**368**	**11**

The changes in the item were as follows:

(in thousands of Euro)	*31 Dec 2020*	*Increases*	*Decreases*	*Contributions to the fund*	*30 Jun 2021*
Executives	88	15	-	(11)	92
Clerical workers	231	19	-	(3)	247
IFRS differences	49	-	(9)	-	40
Employee benefits	**368**	**34**	**(9)**	**(14)**	**379**

The main criteria used in the measurement of *"Employee benefits"* are as follows:

General criteria	*30 Jun 2021*	*31 Dec 2020*
Discount rate	0.79%	-0.02-0.34%
Rate of increase in future remuneration	1.00%	0.5-1.0%
Average remaining working life	11.7 years	5.8-15.6 years
General criteria		

A discount rate based on the "*Iboxx Eurozone Corporate AA*" index was used also as at 30 June 2021 for the actuarial valuation of post-employment benefits.

4.13. Non-current financial payables and liabilities

The breakdown of the item is as follows:

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Payables for financial guarantees issued	616	134	482
Lease liabilities - third parties	64	85	(21)
Lease liabilities - related parties	2,678	2,911	(233)
Non-current financial payables and liabilities	**3,358**	**3,130**	**228**

For further details on the item *"Payables for financial guarantees issued"*, reference should be made to note 4.2 *"Non-current financial assets"*.

"Lease liabilities" represent financial liabilities maturing beyond twelve months, recognised due to the application of IFRS 16; those to related parties refer to properties and those to third parties to vehicles as well.

4.14. Bonds

(in thousands of Euro)	30 Jun 2021	31 Dec 2020	Change
Intek Group 2020/2025 Bonds	75,266	75,332	(66)
Bonds	**75,266**	**75,332**	**(66)**

In February 2020, the 5-year "*Intek Group 2020-2025 Bonds*" bond loan, with a fixed rate of 4.5%, was issued. The par value of the issue is €75.9 million. The book value was recorded net of the issue costs, which are deferred along the duration of the security so as to determine a constant effective interest rate.

4.15. Other non-current liabilities

(in thousands of Euro)	30 Jun 2021	31 Dec 2020	Change
Payables for "special situations"	422	422	-
Payables for guarantees issued	148	300	(152)
Other liabilities	-	-	-
Other non-current liabilities	**570**	**722**	**(152)**

"Liabilities for special situations" originated as part of agreements with creditors and refer to creditors that could not be found of the former FEB – Ernesto Breda S.p.A. proceedings (€326 thousand) and for the remainder to advances linked to former Fime Leasing positions.

"Payables for guarantees issued", equal to €148 thousand, refer to the non-current portion of the payable for tax liabilities, broken down into instalments over 48 months until November 2022, assumed by the Company against guarantees given during the disposal of an equity investment.

4.16. Provisions for risks and charges

A summary of the movements relating to the provisions for risks and charges is as follows:

(in thousands of Euro)	31 December 2020	Increases	Releases/ uses	30 June 2021
Provisions for risks for tax disputes	291	-	-	291
Total	**291**	**-**	**-**	**291**

The *"Provisions for risks for tax disputes"* relate to disputes concerning stamp duty and Invim of the Fime Group, recognised to the maximum extent of the estimated liability.

At the approval date of these condensed consolidated interim financial statements, as far as the management is aware, there were no other significant contingent liabilities.

4.17. Current financial payables and liabilities

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Due to associates	-	373	(373)
Due to banks	25,110	25,194	(84)
Payables for financial guarantees issued	853	850	3
Payables for bonds	1,234	2,956	(1,722)
Lease liabilities	136	145	(9)
Lease liabilities - related parties	448	442	6
Current financial payables and liabilities	**27,781**	**29,960**	**(2,179)**

As at 31 December 2020, payables *"Due to associates"* related to the balance of the corresponding current accounts with Immobiliare Pictea, held at market rates with remuneration set at Euribor plus a spread.

Payables *"Due to banks"* refer to a credit line for €25,000 thousand, plus related interest, outstanding with Banco BPM, expected to mature in August 2021 (and subsequently extended to March 2022) and backed by a current account pledged in an equal amount.

The item *"Payables for financial guarantees issued"* represents the contra-entry of the item with the same origin, entered in the current financial assets. For further details, please refer to comment to note 4.7.

The item *"Payables for bonds"*, totalling €1,234 thousand, relates to interest accruing on the 2020-2025 Intek Group Bond Loan.

"Lease liabilities" relate to the short-term share of the financial liability in application of IFRS 16.

The amount of financial debt with details of its main components pursuant to Consob Communication no. 6064293, Consob Warning Notice no. 5/21 of 29 April 2021 and the ESMA Guidelines on disclosure requirements under the prospectus regulation (ESMA 32-382-1138) is specified in the "Board of Directors' Report on Operations".

4.18. Trade payables

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Trade payables - third parties	1,604	1,345	259
Trade payables - associates	533	560	(27)
Trade payables	**2,137**	**1,905**	**232**

The carrying amount of trade payables is believed to approximate their fair value.

4.19. Other current liabilities

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Due to employees	315	196	119
Due to social security institutions	91	101	(10)
Tax liabilities	182	150	32
Due to directors for end of office indemnity (TFM)	758	746	12
Due to associates	709	896	(187)
Other liabilities	2,026	2,169	(143)
Other current liabilities	**4,081**	**4,258**	**(177)**

The item *"Due to employees"* mainly refers to amounts which have accrued but have not yet been settled.

Both as at 30 June 2021 and 31 December 2020, the item *"Tax liabilities"* mainly refers to payables to the Tax Authorities, for withholding amounts to be paid.

"Due to directors for end of office indemnity (TFM)" refer to the residual amount due to the Chairman for the end of office indemnity (TFM) accrued to 31 December 2012, the date on which the office ended. The amount in question has been accruing interest of 5% since 2014. The Chairman has allowed the payment due date to be extended to 31 December 2021.

The item *"Payables due to associates"* includes the payables to directors for accrued remuneration.

The item *"Other liabilities"* includes for €1,306 thousand sums received by way of advance from former leasing customers and not offset with credit entries and for €315 thousand the current share of the payable linked to guarantees given, noted above in item *"Other non-current liabilities"*.

4.20. Deferred tax assets and liabilities

As at the reporting date of these condensed consolidated interim financial statements, the Group recorded deferred tax assets on tax losses carried forward amounting to €0.7 million. Moreover, there are losses of €33.9 million for which no deferred tax assets were recognised.

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Deferred tax assets	2,751	3,037	(286)
Deferred tax liabilities	(2,067)	(2,097)	30
Deferred tax assets and liabilities	**684**	**940**	**(256)**

Deferred tax assets and liabilities can be broken down by asset and liability item as follows:

(in thousands of Euro)	*Deferred tax assets*		*Deferred tax liabilities*	
	30 Jun 2021	*31 Dec 2020*	*30 Jun 2021*	*31 Dec 2020*
Investment property	9	9	-	-
Equity/Financial investments	-	-	(1,548)	(1,548)
Trade receivables	1,512	1,756	(519)	(549)
Current financial assets	47	34	-	-
Cash and cash equivalents	4	14	-	-
Other current liabilities	475	520	-	-
Deferred taxes on tax losses carried forward	704	704	-	-
Total	**2,751**	**3,037**	**(2,067)**	**(2,097)**

4.21. Related party disclosures

The tables below show the relations involving payables, receivables, costs and revenue with related parties. The transactions which generated these items were carried out at arm's length and market prices. For information regarding the nature of the transactions, reference should be made to the comments under the individual items.

Receivables and payables

(in thousands of Euro)	*Non-current financial assets*	*Current financial assets*	*Trade receivables*	*Other current receivables and assets*	*Non-current financial payables and liabilities*	*Current financial payables and liabilities*	*Trade payables*	*Other current liabilities*
Immobiliare Pictea Srl	-	314	-	-	(2,678)	(448)	(65)	-
Culti Milano SpA	-	-	10	-	-	-	-	-
Società Agricola Agrienergia Srl	-	-	37	66	-	-	-	-
EM Moulds SpA	-	-	63	-	-	-	-	-
Intek Investimenti SpA	-	792	-	-	-	-	-	-
Isno 3 Srl in liquidation	-	-	9	-	-	-	-	-
KME SE	-	6,000	1,119	-	-	-	(300)	-
KME Italy SpA	-	-	124	-	-	-	(2)	-
KME Germany GmbH	-	-	63	-	-	-	(28)	-
KME Yorkshire Ltd	-	-	-	-	-	-	(8)	-
KME Special Products GmbH & Co. KG	-	-	29	-	-	-	-	-
KME Srl	-	-	-	-	-	-	(18)	-
Trèfimetaux SA	-	-	2	-	-	-	-	-
Nextep Srl social enterprise (società benefit)	-	-	17	-	-	-	-	-
Quattroduedue SpA	-	-	77	-	-	-	-	-
Receivables from guarantees	616	853	-	-	-	-	-	-
Receivables/Payables for group VAT	-	-	-	(7)	-	-	-	-
Receivables/Payables for tax consolidation	-	-	-	1,878	-	-	-	-
Directors and Statutory Auditors	-	-	-	-	-	-	(112)	(1,467)
	616	**7,959**	**1,550**	**1,937**	**(2,678)**	**(448)**	**(533)**	**(1,467)**
Total	**616**	**33,336**	**5,025**	**5,233**	**(3,358)**	**(27,781)**	**(2,137)**	**(4,081)**
Percentage	**100.00%**	**23.88%**	**30.85%**	**37.02%**	**79.75%**	**1.61%**	**24.94%**	**35.95%**

Flows of costs and revenues

(in thousands of Euro)	*Guarantee fees*	*Other operating income*	*Amortisation, depreciation, impairment and write-downs*	*Other operating costs*	*Finance income*	*Finance expense*
I2 Capital Partners SGR SpA	-	12		-	-	(4)
Immobiliare Pictea Srl	-	13	(239)	-	1	(78)
Culti Milano SpA	-	8	-	(1)	-	-
EM Moulds Srl	5	-	-	-	-	-
Società Agricola Agrienergia Srl	-	16	-	-	-	-
Intek Investimenti SpA	-	7	-	-	9	-
Isno 3 Srl in liquidation	-	7	-	-	-	-
KME SE	375	-	-	-	85	-
KME Italy SpA	36	-	-	(4)	-	-
KME Srl	-	-	-	(13)	-	-
KME Special Products GmbH & Co. KG	15					
Oasi Dynamo FoodCo Srl	-	-		(1)	-	-
Quattroduedue SpA	-	8	-	-	-	-
Trèfimetaux SA	2	-	-	-	-	-
Directors/Statutory Auditors	-	-	-	(589)	25	(12)
	433	**71**	**(239)**	**(608)**	**120**	**(94)**
Total	**433**	**116**	**(325)**	**(2,006)**	**208**	**(1,994)**
Percentage	**99.91%**	**61.21%**	**73.54%**	**30.29%**	**57.69%**	**4.71%**

5. ***Income Statement***

Pursuant to Consob Communication no.6064293/06, it is hereby specified that the Group did not carry out any "atypical and/or unusual transactions" in the period under review.

Please note that as at 30 June 2021, the scope of consolidation included exclusively Intek Group SpA, while in the comparative period, i.e. 30 June 2020, it also included both Immobiliare Pictea and I2 Capital Partners SGR.

5.1. Net income from management of equity investments

The breakdown of the item is as follows:

(in thousands of Euro)	*1st half 2021*	*1st half 2020*	*Change*	*% Change*
Value adjustments on equity investments and securities	(55)	-	(55)	n/a
Gains/(losses) from the sale of fund units and securities	-	(368)	368	-100.00%
Dividends	-	180	(180)	-100.00%
Net income from management of equity investments	**(55)**	**(188)**	**133**	**-70.74%**

The balance of value adjustments on equity investments and securities relates to I2 Capital Partners SGR SpA, the liquidation of which was concluded on 31 March 2021.

5.2. Guarantee fees

(in thousands of Euro)	*1st half 2021*	*1st half 2020*	*Change*	*% Change*
Guarantee fees	433	442	(9)	-2.04%
Guarantee fees	**433**	**442**	**(9)**	**-2.04%**

These refer to the remuneration of the guarantees provided for instrumental equity interests and investment instruments for securing loans.

5.3. Other income

(in thousands of Euro)	*1st half 2021*	*1st half 2020*	*Change*	*% Change*
Income from "special situations"	15	812	(797)	-98.15%
Lease income	-	28	(28)	-100.00%
Provision of services to associates	71	48	23	47.92%
Other	30	15	15	100.00%
Other income	**116**	**903**	**(787)**	**-87.15%**

"Income from special situations" refers to Intek's activities connected to the undertaking of compositions with creditors.

The item *"Provision of services to associates"* contains only the amounts for the half-year for administrative support to Group companies.

5.4. Labour costs

(in thousands of Euro)	*1st half 2021*	*1st half 2020*	*Change*	*% Change*
Wages and salaries	(467)	(539)	72	-13.36%
Social security charges	(161)	(186)	25	-13.44%
Other personnel expense	(298)	(258)	(40)	15.50%
Labour costs	**(926)**	**(983)**	**57**	**-5.80%**

"Other personnel expense" includes remuneration to associates of €142 thousand, in addition to contribution expense of €84 thousand, costs for a welfare plan of €38 thousand and an allocation to the employees' post-employment benefits (TFR) of €34 thousand.

The average number of employees is given here below:

	30/06/2021	*31/12/2020*
Executives	3	3
	23.08%	23.08%
Clerical workers	10	10
	76.92%	76.92%
Total employees (average)	**13**	**13**
	100.00%	100.00%

5.5. Amortisation, depreciation, impairment and write-downs

Please refer to the comments relating to non-current assets included in the notes to the balance sheet assets.

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(in thousands of Euro)	*1st half 2021*	*1st half 2020*	*Change*	*% Change*
Depreciation of property, plant and equipment	(14)	(206)	192	-93.20%
Depreciation on leased assets	(309)	(83)	(226)	n/s
Amortisation of intangible assets	(2)	(2)	-	-
Reversal of impairment losses on investment property	-	(225)	225	-100.00%
Amortisation, depreciation, impairment and write-downs	**(325)**	**(516)**	**191**	**-37.02%**

5.6. Other operating costs

(in thousands of Euro)	*1st half 2021*	*1st half 2020*	*Change*	*% Change*
Directors' and Statutory Auditors' fees	(600)	(744)	144	-19.35%
Professional services	(514)	(477)	(37)	7.76%
Travel costs	(146)	(90)	(56)	62.22%
Other personnel expense	(34)	(33)	(1)	3.03%
Legal and company disclosure	(57)	(45)	(12)	26.67%
Electricity, heating, postal and telephone costs	(19)	(89)	70	-78.65%
Insurance premiums	(44)	(48)	4	-8.33%
Training and seminars	(2)	(12)	10	-83.33%
Real property leases	(78)	(17)	(61)	n/a
Maintenance	(7)	(120)	113	-94.17%
Leases and rentals	(8)	(16)	8	-50.00%
Other tax charges	(306)	(360)	54	-15.00%
Membership fees	(110)	(89)	(21)	23.60%
Other net costs	(68)	(39)	(29)	74.36%
Donations	(10)	(10)	-	0.00%
Bank charges	(3)	(6)	3	-50.00%
Other operating costs	**(2,006)**	**(2,195)**	**189**	**-8.61%**

The amount of *"Directors' and Statutory Auditors' fees"* for the first half of 2020 included remuneration to directors and statutory auditors of the instrumental equity investments Immobiliare Pictea and I2 Capital Partners SGR.

The amount of *"Travel costs"* in the first half of 2020 was influenced by the restrictions on mobility imposed at the start of the Covid-19 epidemiological emergency.

In 2020, *"Maintenance"* included maintenance on the properties of Immobiliare Pictea.

The increase in *"Real property leases"*, an item which includes real estate management expenses, resulted from the deconsolidation of Immobiliare Pictea.

The total of this item as at 30 June 2020 relating to the Parent Company amounted to €1,688 thousand; the increase in costs in the first half of 2021 compared to the first half of 2020 relates primarily to the increase in professional services, travel costs and the non-deductible share of VAT.

5.7. Net finance expense

(in thousands of Euro)	*1st half 2021*	*1st half 2020*	*Change*	*% Change*
Interest income from associates	*120*	*78*	42	53.85%
Other finance income and interest	*88*	*113*	(25)	-22.12%
Total finance income	**208**	**191**	**17**	**8.90%**
Interest expense to associates	*(18)*	*(31)*	13	-41.94%
Loan interest expense	*(111)*	*(189)*	78	-41.27%
Interest expense on securities issued	*(1,756)*	*(2,090)*	334	-15.98%
Interest expense on lease agreements	*(4)*	*(9)*	5	-55.56%
Interest expense on lease agreements to associates	*(76)*	-	(76)	n/a
Other interest expense	*(11)*	*(25)*	14	-56.00%
Other finance expense	*(18)*	*(244)*	226	-92.62%
Total finance expense	**(1,994)**	**(2,588)**	**594**	**-22.95%**
Total net finance expense	**(1,786)**	**(2,397)**	**611**	**-25.49%**

Compared with 2020, in 2021 there were finance expense savings due to the renewal of the outstanding bond loan at more favourable rates and lower amounts.

Interest income and expense from/to associates refer to the debit and credit positions described under current and non-current financial assets and current financial liabilities. The breakdown is provided in the paragraph on related parties.

5.8. Current and deferred taxes

(in thousands of Euro)	*1st half 2021*	*1st half 2020*	*Change*	*% Change*
Current taxes	874	633	241	38.07%
Deferred taxes	(256)	(292)	36	-12.33%
Current and deferred taxes	**618**	**341**	**277**	**81.23%**

Since 2007, Intek Group and most of its Italian subsidiaries have elected to apply the Italian domestic tax consolidation regime, determining IRES (Italian corporate income tax) on a taxable base that corresponds to the algebraic sum of the taxable income and losses of each of the participating entities. The financial relationships, responsibilities and mutual obligations are set out in the domestic tax consolidation regime agreement and regulations, according to which taxable losses of the Parent and/or subsidiaries can be offset against the tax savings realised by the Parent and/or subsidiaries with taxable income.

Reconciliation of theoretical tax charge and the effective charge:

(in thousands of Euro)	*1st half 2021*
Profit/(loss) before taxes	(4,549)
Theoretical tax charge *(tax rate used 24%)*	**1,092**
Reconciliation:	
- Non-deductible (expenses) and non-taxable income	(461)
- Impairment losses/(reversal of impairment losses) on investments and securities	(13)
Taxes recognised in profit or loss	**618**

6. ***Additional information***

6.1. *Financial instruments by category*

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*	*Change*
Financial assets at fair value through profit or loss	569,172	568,487	685
Amortised cost	42,631	48,980	(6,349)
Financial assets	**611,803**	**617,467**	**(5,664)**
Financial liabilities at fair value through profit or loss	(1,469)	(984)	(485)
Financial payables and liabilities at amortised cost	(111,542)	(114,173)	2,631
Financial liabilities	**(113,011)**	**(115,157)**	**2,146**

6.2. *Financial instruments by financial statement item*

A summary is provided below of financial instruments along with a reconciliation with financial statement items as at 30 June 2021:

(in thousands of Euro)	Total	*At amortised cost*	*At fair value*	*Outside the scope of IFRS 7*
Investments in equity interests and fund units	567,446	-	567,446	-
Non-current financial assets	616	-	616	-
Investments	-	-	-	-
Other non-current assets	3	3	-	-
Trade receivables	5,025	5,025	-	-
Other current receivables and assets	5,233	4,638	-	595
Current financial assets	33,336	32,226	1,110	-
Cash and cash equivalents	739	739	-	-
Total financial assets	**612,398**	**42,631**	**569,172**	**595**
Non-current financial payables and liabilities	(3,358)	(2,742)	(616)	-
Bonds	(75,266)	(75,266)	-	-
Other non-current liabilities	(570)	(570)	-	-
Current financial payables and liabilities	(27,781)	(26,928)	(853)	-
Trade payables	(2,137)	(2,137)	-	-
Other current liabilities	(4,081)	(3,899)	-	(182)
Total financial liabilities	**(113,193)**	**(111,542)**	**(1,469)**	**(182)**

The carrying amount of the financial assets and liabilities recognised in these financial statements does not diverge from their fair value.

There are three levels of fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 – unobservable market inputs for the asset or liability.

The analysis of financial assets and liabilities by fair value level is as follows:

(in thousands of Euro)	*Total fair value*	*Level 1*	*Level 2*	*Level 3*
Investments in equity interests and fund units	567,446	-	-	567,446
Non-current financial assets	616	-	-	616
Current financial assets	1,110	-	-	1,110
Total financial assets	**569,172**	**-**	**-**	**569,172**
Non-current financial payables and liabilities	(616)	-	-	(616)
Current financial payables and liabilities	(853)	-	-	(853)
Total financial liabilities	**(1,469)**	**-**	**-**	**(1,469)**

The financial instruments recognised in the statement of financial position at fair value consist of equity investments and guarantees issued which are level 3 assets. For the determination of the fair value of the equity investments, please refer to the dedicated note. The fair value of the guarantees issued is determined by applying a rate which is considered to be representative of the risk undertaken.

6.3. Notional value of financial instruments and derivatives

No derivative financial instruments are recognised as at 30 June 2021.

6.4. Credit risk exposure and impairment losses

The carrying amount of financial assets is the Group's maximum exposure to credit risk.

6.5. Currency risk exposure

As at 30 June 2021, there were no assets or liabilities in foreign currency.

6.6. Exposure to the risk of fluctuations in share value

The carrying amount of financial assets is the Intek Group's maximum exposure to this risk.

6.7. Interest rate risk exposure

As at 30 June 2021 the Group's interest-bearing financial assets and liabilities had the following interest rate risk exposure:

(in thousands of Euro)	*30 Jun 2021*	*31 Dec 2020*
Financial assets	-	-
Financial liabilities	(78,592)	(78,915)
Fixed rate instruments	**(78,592)**	**(78,915)**
Financial assets	32,960	40,983
Financial liabilities	(25,110)	(25,567)
Floating rate instruments	**7,850**	**15,416**

A 50-base-point increase (decrease) in interest rates at the reporting date of these financial statements would produce an increase (decrease) in equity and profit of approximately €75 thousand.

6.8. Liquidity risk exposure

Liquidity risk can arise from difficulties in raising finance to support operating activities as and when required.

* * *

7. ***Commitments and guarantees***

Intek Group is the guarantor for KME SE and its main subsidiaries for €100 million for the loan obtained from a pool of banks and for additional bank credit facilities for €15.3 million.

A loan disbursed to Tecno Servizi Srl (a company that merged into Immobiliare Pictea in 2017) by Mediocredito Italiano originally for €7.8 million with a residual value of €5.2 million is also subject to a guarantee; this position is currently held by another financial intermediary with which Immobiliare Pictea agreed upon a plan that calls for repayment of the residual debt by the end of June 2022, with the possibility of extension to June 2023.

In December 2015, Intek Group indicated its willingness to issue a guarantee of up to €5.0 million for Associazione Dynamo for the granting of a mortgage loan for the restructuring of certain buildings located in Limestre. The mortgage is also backed by other collateral.

Annexes to the notes:

Statement of reconciliation of the profit/(loss) and equity of the Parent Company Intek Group SpA and the consolidated profit/(loss) and equity for the first half of 2021

There are no differences between the Parent Company and consolidated equity and profit/(loss).

CERTIFICATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE 58/98 AND PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

1. Having regard to the requirements of article 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned Vincenzo Manes, Chairman, and Giuseppe Mazza, Manager in charge of Financial Reporting of Intek Group S.p.A., hereby certify:
   - the adequacy with respect to the characteristics of the Company and
   - the effective application

   of administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements during the period from 01.01.2021 to 30.06.2021, including the policies which the Company applied in order to comply with the requirements of IFRS 10 in relation to Investment Entities.

2. No material findings emerged in this regard.

3. Moreover, they certify that:

   3.1. the condensed consolidated interim financial statements:

   a) were prepared in accordance with the applicable set of international accounting standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002. The Investment Entities Accounting principle (Amendments to IFRS 10, IFRS 12 and IAS 27), as introduced by Regulation (EU) no. 1174/2013, was applied in these financial statements;

   b) reflect the balances recorded in the accounting books and records;

   c) give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole;

   3.2 the interim Report on operations includes a reliable analysis of the references to the important events that took place in the first six months of the year and their impact on the condensed consolidated interim financial statements, along with a description of the main risks and uncertainties for the remaining six months of the year. The interim Report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 23 September 2021

The Chairman

Signed by Vincenzo Manes

The Manager in charge of Financial Reporting

Signed by Giuseppe Mazza

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REPORT ON REVIEW OF THE HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Intek Group S.p.A.

Introduction

We have reviewed the accompanying half-yearly consolidated financial statements of Intek Group S.p.A. and subsidiaries (the "Intek Group"), which comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes thereto as at June 30th, 2021. The Directors are responsible for the preparation of the half-yearly consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly consolidated financial statements of Intek Group as at June 30th, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Avolio
Partner

Milan, Italy
September 30th, 2021

This report has been translated into the English language solely for the convenience of international readers.