INTEK GROUP

ANNUAL FINANCIAL REPORT
YEAR 2021

Board of Directors
of 31 March 2022

INTEK Group S.p.A.
Registered and Administrative Office:
Foro Buonaparte, 44 - 20121 Milan - Italy
Share capital €335.069.387,15, fully paid-up
Tax Code and Milan Business
Register No. 00931330583
www.itkgroup.it

Contents

Social commitment

For 15 years, Dynamo Camp has been working for the right to happiness of children and young people with serious illnesses and their families. The programs offered by the non-profit organisation are structured according to the **Dynamo® Recreational Therapy** model, which aims to provide fun and entertainment, and above all to stimulate everyone's abilities, to renew **self-confidence and hope**, with **long-term benefits on the quality of life**. All programs are free for children and families.

In addition to the specially structured Camp, a marvellous place, immersed in a unique natural environment, in Limestre in the province of Pistoia, **the non-profit Onlus organisation takes its programmes outside the Camp, involving children and young people with illnesses in numerous cities throughout Italy**. The **goal is to make Dynamo Recreational Therapy even more accessible and inclusive,** and **continuous**, involving children who have also experienced Dynamo Camp in their cities, or reaching children who do not know about it.

Recently in 2021, Dynamo Camp boosted this project with Dynamo City Camp in multiple cities. In Milan, in particular, it has set up an ad hoc space in the Milan Triennale, offering **a continuous daily presence free of charge throughout the year, with programs dedicated to children and parents. This ongoing experience revealed an enormous need on the part of families.** Often the experience at the Camp is unique, an "experience" which enters your life and revolutionises the way you face it. Making a Recreational Therapy experience live again or even offering continuity, as in the case of City Camps, increases the benefits for children, teenagers and their families in terms of quality of life. In 2021, the Dynamo City Camps were also developed in Florence and Foggia, in collaboration with associations active in the area, and the Dynamo Programs in numerous regions of Italy.

At the same time as hospitality at Dynamo Camp, the development of ongoing programs on the national territory, starting from some key cities, such as Milan, Rome and Florence, is one of the strategic guidelines of the non-profit organisation.

These are the numbers of the 2021 impact: 9,854 guests and participants in Dynamo programs, of which 7,622 in presence, in Soli Camper programs (194), dedicated to children and teenagers independently from their parents; in Family programs (1,534), aimed at the entire nucleus with parents and siblings; in Extraordinary Sessions (376) dedicated to disabled adults or minors in conditions of economic and social hardship; in Dynamo Programs (7,750) dedicated to children, siblings, parents and, to a lesser extent, disabled adults in nursing homes for the disabled.

These numbers of beneficiaries reached reflect the pre-COVID levels.

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 S.p.A.
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

2021 Directors' Report on operations

Performance in 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 recent events that have affected Ukraine and Russia have unfortunately introduced a climate of uncertainty that hopefully will not last, in the hope of a rapid return to a situation of peace and normality.

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.

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 KME SME, operating in the copper sector, 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 started to reap important results.

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 31 December 2021, after the completion of the liquidation of I2 Capital Partners SGR S.p.A., 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 and in the first months of 2022 until the date on which this Report was drafted are described below:

(i) Enhancement activities in the copper industry

In this area, in the course of 2021 and the early months of 2022, significant transactions were carried out in order 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 intends to focus its energy and future growth, given the appealing growth rates expected for the main reference markets.

In January 2022, the agreement was executed with Paragon Partners GmbH ("**Paragon**"), a German private equity fund, for the transfer of control of the Special Products business. The agreement was the base for the creation of a company 55% held by Paragon and 45% by KME, to which the above-mentioned business was transferred. This transaction enabled KME to benefit from the contribution of financial resources for roughly Euro 200 million, after the repayment of around Euro 20 million in intragroup loans, relating to working capital, and after granting a Euro 32 million loan which will be repaid by the newly-established company.

An additional disposal was completed in February 2022 with the sale of the *Wires business* (cables), which was added to KME portfolio following the acquisition of MKM. This transaction resulted in a cash in of a total of approximately Euro 20 million, plus the value of metal stock.

With respect to the *Copper* business, a production integration operation was carried out in June 2021 with S.A. Eredi Gnutti Metalli SpA ("**EGM**"), which resulted in the transfer to KME Italy SpA of the rolled business of EGM. 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 allowed to pool *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.

Additionally, in the *Copper* sector as well, the final contract was signed in February 2022 for the acquisition of part of the flat rolled products production segment of Aurubis AG. The perimeter of the transaction includes the FRP plant in Zutphen (Netherlands) and the slitting centres in Birmingham (United Kingdom), Dolný Kubín (Slovakia) and Mortara (Italy). This contract was finalised after the *term sheet* signed in August 2021, while the closing of the transaction, subject to several conditions precedent (including approval by the competent *antitrust* supervisory authorities), is expected during the summer 2022.

The cash in from M&A transactions allowed the early partial redemption, by the end of April 2022, for Euro 190 million of the KME SME Bond for a total of Euro 300 million maturing in 2023; as of the date of approval of this Report, Euro 175 million of the early repayment had been already completed.

For the KME Group, revenues from sales amounted to Euro 2,172.5 million (+14.4% compared to 2020), revenues from sales net of raw materials equalled Euro 537.1 million (+13.8% compared to 2020) and EBITDA came to Euro 95.5 million (+27.2% compared to 2020).

(ii) Culti Milano SpA

In the course of 2021, Culti Milano and its subsidiaries marked significant commercial growth supported by remarkable income *performance*.

In 2021, the Culti Milano group indeed reached, at consolidated level, revenue of Euro 21.0 million (Euro 13.5 million in 2020) and EBITDA of Euro 5.0 million (Euro 3.2 million in 2020).

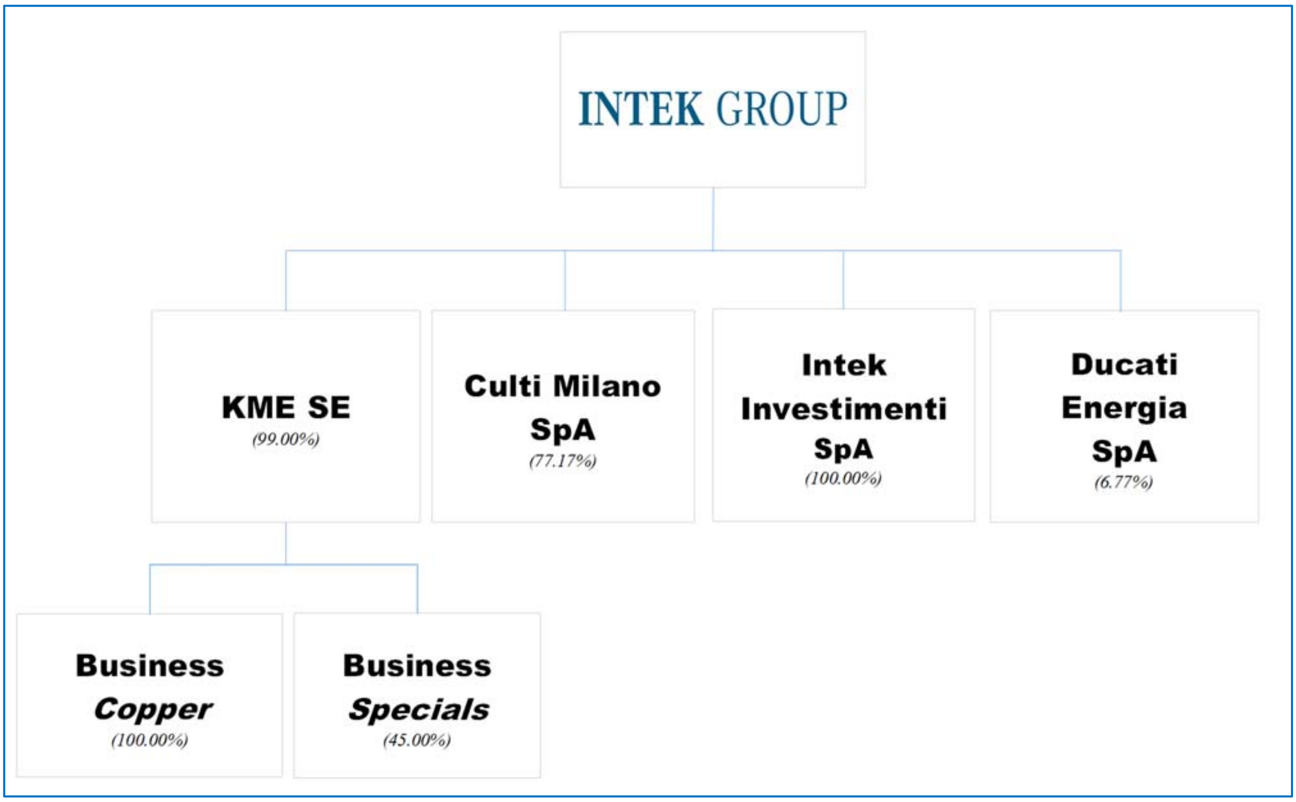
The Asian markets also contributed to these results, thanks to the operational launch of the *joint venture* established in Hong Kong with a local *partner* and the *subsidiary* in Shanghai, as well as increased multichannel presence (the *store*on TMALL, opened at the end of 2020, recorded more than 35 thousand purchases).

(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 *warrants* for every share held. Each *warrant* allows the subscription by 28 June 2024 of one Intek Group ordinary share at the fixed exercise price of Euro 0.40. 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 total public exchange offer on Intek Group savings shares took place from 30 June 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), all of which were 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



Intek Group held the following principal shareholdings as at 31 December 2021:

- *KME SE*: head of a leading global group in the production and marketing of semi-finished copper and copper-alloy products, which is concentrating its activities in the Copper business, primarily rolled products, after the transfer of 55% of the Special Products business finalised in January 2022;
- *Culti Milano SpA*: listed on the Euronext Growth Milan (formerly AIM Italia) market, increasingly geared towards personal well-being, aside from the consolidation of its traditional business in the environmental fragrance segment;
- *Intek Investimenti SpA*: the corporate vehicle in which the investment and private equity activities of the Intek Group are now concentrated, with diversified and primarily non-controlling investments;
- *Ducati Energia SpA:* non-controlling equity investment of Intek Group (6.77% of the share capital through ownership of all special shares issued) active in various, appealing business segments (condensers, industrial power factor correction, railway signalling, measurement tools, sustainable mobility, *Intelligent Transportation Systems*).

Alongside equity investments, Intek also holds other residual assets of previous investments, such as credit assets from former Fime *leasing* and *factoring* management.

The *Holding* Company Intek Group S.p.A.

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 31 December 2021, compared to 31 December 2020, are summarised below:[1]

Condensed separate statement of financial position

(in thousands of Euro)	*31 Dec 2021*		*31 Dec 2020 Restated (*)*	
KME	*581,546*	*90.43%*	*510,875*	*90.09%*
Culti Milano	*28,904*	*4.49%*	*27,309*	*4.82%*
Ducati Energia	*16,700*	*2.60%*	*15,931*	*2.81%*
Intek Investimenti	*11,984*	*1.86%*	*10,241*	*1.81%*
I2 Capital Partners SGR	*-*	*0.00%*	*(104)*	*-0.02%*
Other investments	*1,995*	*0.31%*	*2,165*	*0.38%*
Other assets/liabilities	*1,990*	*0.31%*	*673*	*0.12%*
Net investments	**643,119**	**100.00%**	**567,090**	**100.00%**
Outstanding bonds (**)	*95,988*		*78,288*	
Net cash	*(4,572)*		*(15,128)*	
Holding company net financial debt	**91,416**	**14.21%**	**63,160**	**11.14%**
Total shareholders' equity	**551,703**	**85.79%**	**503,930**	**88.86%**

Note: in the table, investments are shown net of financial receivable/payable transactions outstanding with the Intek Group.

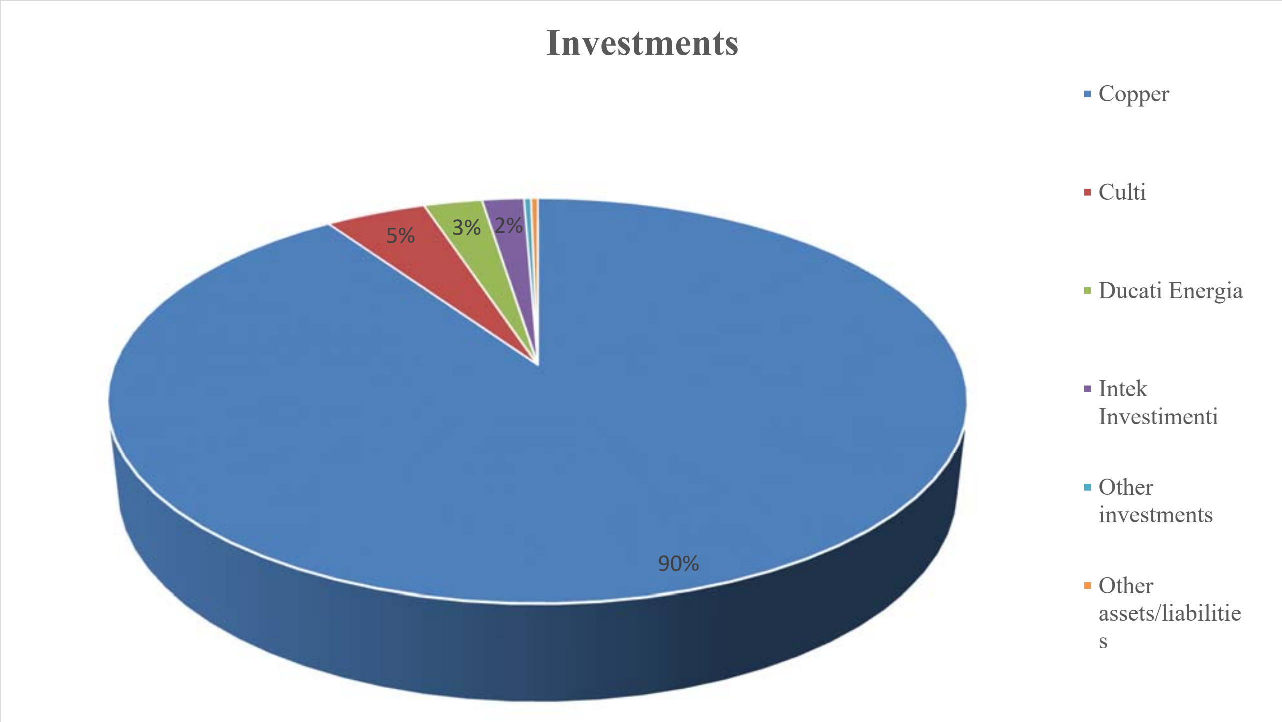
(*) Some data relating to 2020 have been restated to retroactively consider the effects of an update of the "Policy for the methods of determining fair value" applied to the balance sheet item "Investments in equity investments and fund units". Specifically, this amendment relates to the elimination of the provision according to which no changes in the carrying amount of investments are recognised when the result of their valuation was different, in absolute value, from the carrying amount prior to the valuation by less than 1.5%. This elimination entailed a reduction of Euro 3.2 million on the result for the year 2020 and the value of shareholders' equity as at 31 December 2020, with reference to both the separate and consolidated financial statements. For more details, please refer to the press release of 18 February and in the notes to the financial statements.

(**) including accruing interests.

[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

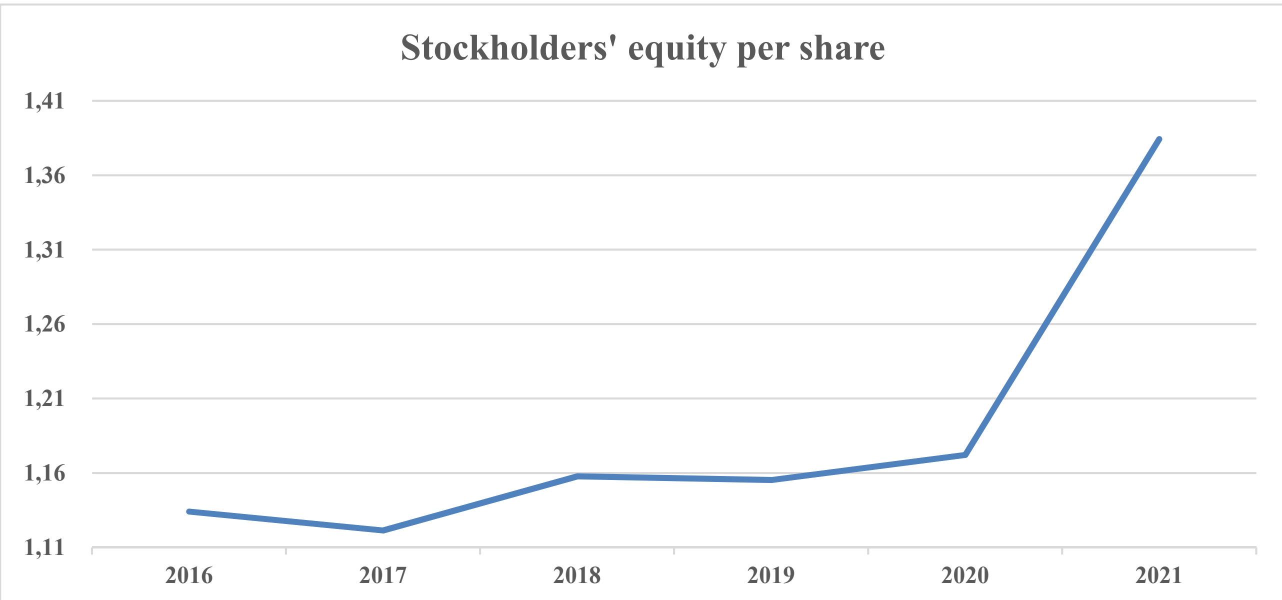
The Net investments held by the Company amounted to Euro 643.1 million as at 31 December 2021 (Euro 567.1 million at the end of 2020), of which around 90% concentrated in KME SE. This increase of the net investment is mainly linked to the positive effects of *fair value* measurements, particularly of KME SE (Euro 68.8 million) and Culti Milano (Euro 1.6 million).



Shareholders' Equity

The equity of the *holding* company as at 31 December 2021 is equal to Euro 551.7 million, compared to Euro 503.9 million at 31 December 2020. The variation of Euro 47.8 million was caused, on the positive side, by the result for the year (Euro 65.3 million) and in the opposite direction by the overall effects of the voluntary public exchange offer on savings shares (Euro 17.9 million reduction in shareholders' equity).

Equity per share was Euro 1.38 (Euro 1.17 at 31 December 2020).



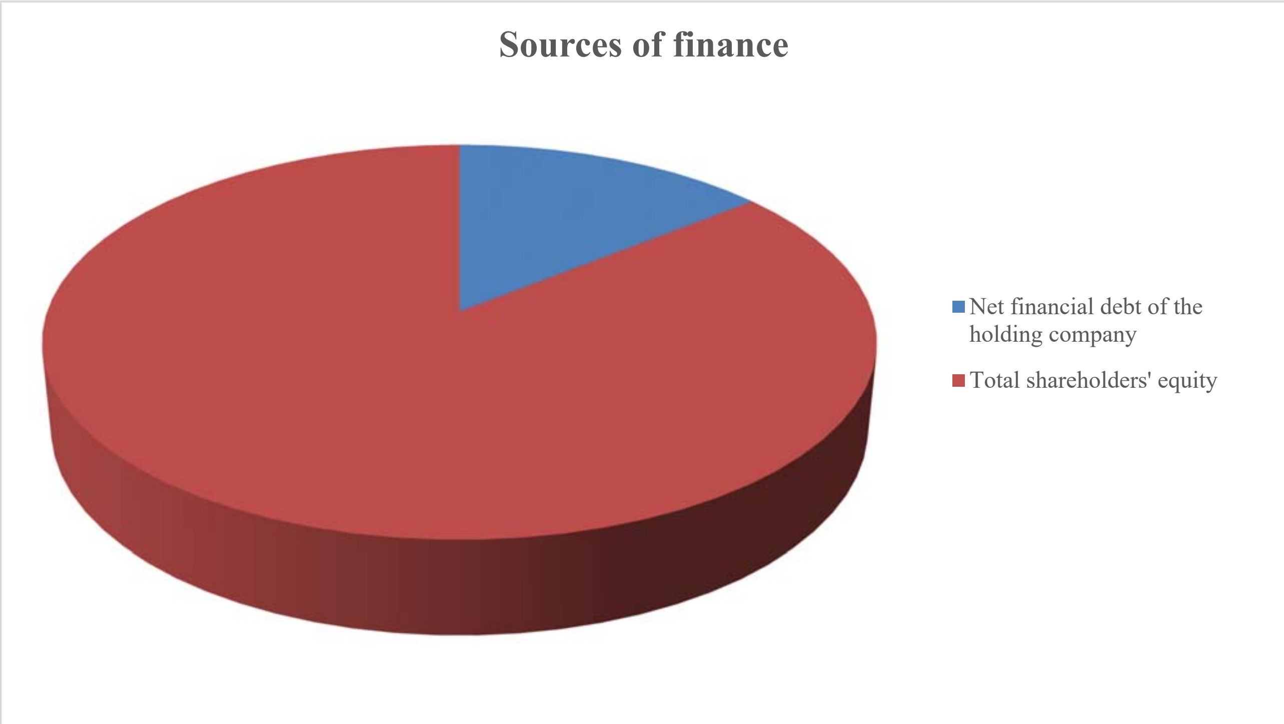
At 31 December 2021 the share capital amounted to Euro 335,069,210.90 and was divided into a total of 405,476,651 shares, of which 389,151,588 were ordinary shares and 16,325,063 savings shares. All the shares were without par value.

During the 2021 financial year, due to the exercise of 20,110 *warrants*, an equal number of ordinary shares were issued. An additional 17,625 *warrants* were exercised in 2022, up to the date of this Report, with the simultaneous issue of the same number of ordinary shares.

At 31 December 2021 the Company held 6,937,311 own ordinary shares equal to 1.783% of the ordinary capital. In 2021, 382,051 ordinary treasury shares were purchased, with a financial outlay of €128 thousand.

On the other hand, as a result of the public exchange offer, 33,772,954 savings shares were purchased and then cancelled, together with the 11,801 treasury savings shares already in the portfolio.

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



Financial management

Net financial indebtedness of the *holding* company to third parties (excluding intra-group loans and *lease* liabilities) totalled Euro 91.4 million as at 31 December 2021. The balance as at 31 December 2020 was €63.2 million. Its increase is mainly linked to the issue of the further *tranche* of the Intek Group 2020-2025 Bond due to the public exchange offer on savings shares.

It should be noted that on 4 March 2021, ESMA published a document on the subject of "Guidelines on disclosure obligations pursuant to the prospectus regulation". The document 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, introduced a new statement for the calculation of the net financial position as represented above.

Intek Group's financial debt as at 31 December 2021, compared to 31 December 2020, is described below:

Financial debt			
	(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*
A	Cash	4,698	15,286
B	Cash equivalents	-	-
C	Other financial assets	1,067	593
D	**Cash and cash equivalents (A+B+C)**	**5,765**	**15,879**
E	Current financial debt	3,954	4,414
F	Current portion of non-current financial debt	603	572
G	**Current financial debt (E+F)**	**4,557**	**4,986**
H	**Net current financial debt (G-D)**	**(1,208)**	**(10,893)**
I	Non-current financial debt	2,441	2,965
J	Debt instruments	92,372	75,332
K	Trade payables and other non-current payables	-	-
L	**Non-current financial debt (I + J + K)**	**94,813**	**78,297**
M	**Total financial debt (H + L)**	**93,605**	**67,404**

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

The reconciliation between *financial debt* and third party holding company net financial debt is provided below:

Reconciliation of financial debt		
(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*
Financial debt	**93,605**	**67,404**
Current financial receivables from subsidiaries	831	521
IFRS 9 adjustment receivables from subsidiaries	24	17
Financial payables to subsidiaries	-	(1,245)
Long-term financial payables for leases	(2,441)	(2,965)
Short-term financial payables for leases	(603)	(572)
Net financial debt of the holding company to third parties	**91,416**	**63,160**

Cash flows

Cash flows for the years 2021 and 2020 can be summarised as follows:

Statement of cash flows – indirect method			
(in thousands of Euro)		*2021*	*2020 Restated*
(A) Cash and cash equivalents at the beginning of the year		**15,286**	**44,639**
Profit/(loss) before taxes		63,851	3,252
Amortisation and depreciation		658	660
Impairment/(Reversal of impairment) of current and non-current financial assets		(72,912)	(10,902)
Changes in pension funds, post-employment benefits (TFR) and stock options		714	(3)
Changes in provisions for risks and charges		-	(235)
(Increase)/decrease in equity investments		2	(7,271)
(Increase)/decrease in other financial investments		(268)	-
Increase/(decrease) in financial payables to associates		(536)	253
(Increase)/decrease in financial receivables from associates		(311)	(3,011)
Dividends received		-	6,000
(Increase)/decrease in current receivables		(208)	79
Increase/(decrease) in current payables		(613)	598
(B) Total cash flows from/(used in) operating activities		**(9,623)**	**(10,580)**
(Increase) in non-current intangible assets and property, plant and equipment		(363)	(155)
Decrease in non-current intangible assets and property, plant and equipment		193	329
Increase/decrease in other non-current assets/liabilities		(609)	(330)
(C) Cash flows from/(used in) investing activities		**(779)**	**(156)**
(Purchase) sale of treasury shares		(128)	(192)
Bond Repayment and New Issue		-	(27,712)
Payment of interest on bonds		(3,413)	(5,085)
Increase/(decrease) in current and non-current financial payables		3,355	4,820
(Increase)/decrease in current and non-current financial receivables		-	9,552
(D) Cash flows from/(used in) financing activities		**(186)**	**(18,617)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(10,588)**	**(29,353)**
(F) Cash and cash equivalents at the end of the period	**(A) + (E)**	**4,698**	**15,286**

Reclassified income statement

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

Reclassified income statement		
(in thousands of Euro)	*2021*	*2020 Restated*
Fair value changes and other gains/losses from investment management	74,185	11,875
Investment management costs	(279)	(238)
Gross profit/(loss) from investments	**73,906**	**11,637**
Guarantee fees assets (a)	865	875
Net operating costs (b)	(5,180)	(4,266)
Overheads (a) - (b)	*(4,315)*	*(3,391)*
Reclassified operating profit/(loss)	**69,591**	**8,246**
Net finance expense	**(3,934)**	**(3,689)**
Profit/(loss) before taxes and non-recurring items	**65,657**	**4,557**
Non-recurring income/(expenses)	(1,806)	(1,304)
Profit/(loss) before taxes	**63,851**	**3,253**
Taxes for the year	1,455	36
Net profit/(loss) for the year	**65,306**	**3,289**

"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 and costs accrued in accordance with IFRS 2 on *warrants* granted to *management*.

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.

* * *

Impacts from the situation in Ukraine

At the end of February 2022, a military operation by Russia began in Ukraine, which started a military conflict whose outcomes are currently unforeseeable. The worsening of the situation in Ukraine risks significantly changing the global macroeconomic scenario with profound consequences. Russia, in fact, plays a central role in the global energy supply (it produces about 18% of natural gas and 12% of oil) and is also a primary supplier of many industrial metals and agricultural raw materials. The persistence of conditions of instability and tension on commodity prices could intensify the increase in inflationary pressures and damage growth through the erosion of the purchasing power of consumers.

The extent of the impact will undoubtedly depend on the way the conflict evolves, the severity of sanctions by Western countries and Russia's possible retaliatory actions: the economies of developed countries are still managing the complex fallout from the pandemic crisis, and Europe is structurally vulnerable to energy price shocks. The situation of the conflict is uncertain and at present it is difficult to predict the evolution of the geopolitical framework and also to quantify the impacts of the crisis in Ukraine.

The Company and its subsidiaries are not directly exposed to countries affected by the conflict, as they do not have significant commercial relations with Russia and Ukraine. The Company is carefully monitoring the situation also in order to verify what the impact on its investments may be.

* * *

Business outlook

The business outlook will be correlated with the performance of the investments and their increase in value, both dependant on the recovery of demand at 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 pandemic and the aforementioned ongoing conflict between Russia and Ukraine.

Performance in the various investment sectors

Below is the performance of the investments existing as at 31 December 2021, represented specifically by the equity investments in KME SE and Culti Milano.

It is hereby reiterated that the equity investments held for investment purposes are measured at *fair value* with an impact on the income statement.

As at 31 December 2021, after the completion of the liquidation of I2 Capital Partners SGR S.p.A., Intek Group no longer holds any instrumental equity investments.

* * *

<u>KME</u>

The investment in the Copper sector refers to the German subsidiary KME SE, and, as is well-known, for years now has been the Intek Group's core business.

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020 Restated*
KME SE investment	578,300	509,500
KME Germany Bet. GmbH investment	1,700	1,400
Other	1,546	(25)
Total KME	**581,546**	**510,875**

The value of the equity investments increased due only to the effects of their fair value measurement.

* * *

The KME group boasts of a vast range of copper and copper-alloy products, as well as a particularly articulated and complex global organisational and production structure.

In the course of 2021, the KME Group was committed to several strategic transactions, the majority of which have already been completed at the date of preparation of this Report, to both create and consolidate several businesses in a 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 particular, the KME group's strategy is to concentrate on copper and copper-alloy rolled products, in which the group is the European *leader* and intends to focus its energy and future growth, given the appealing growth rates expected for the main reference markets. Another fundamental objective of the group is progressive *deleveraging*.

In this context, the KME Group has carried out both sale and purchase transactions, such as in the case of:

- in the *Copper* sector, the acquisition of MKM, already in 2019, and the rolled business of S.A. Eredi Gnutti Metalli ("**EGM**"), completed in June 2021 and which resulted in the transfer to KME Italy S.p.A. of the rolled business of EGM. This business generates revenue of roughly €60 million and employs 70 people. The consideration of Euro 21.8 million was reinvested by EGM in the subscription of a reserved share capital increase of KME Italy, of which it now holds 16%. The transaction allowed to pool *know-how*, production capacity, distribution channels and logistics coverage, with a view to generating operating efficiencies and achieving the necessary level of market competitiveness to provide the best possible service to customers;
- the transfer of 55% of the Special Products business to Paragon Partners GmbH ("*Paragon*"), a German private equity fund which manages roughly Euro 1.2 billion in assets, the closing of which took place in January 2022. This agreement, which resulted in the creation of a company, 55% owned by Paragon and 45% by KME, to which the aforementioned *business* was contributed, allowed KME to cash in around Euro 200 million, after the reimbursement of approximately Euro 20 million in intragroup loans, relating to working capital, and after granting a Euro 32 million loan which will be repaid by the newly-established company. KME's Specials *business* had produced revenues of approximately Euro 282 million in 2021 and EBITDA of approximately Euro 48 million. The transaction with Paragon 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*;

- the disposal of the *Wires business* was completed in February 2022, this business was added to KME portfolio with the acquisition of MKM. This operation, which followed the signing of a contractual agreement in November 2021, allowed the cash in of a total amount of Euro 20 million plus the value of the metal stock. The *Wires business* recorded a turnover of approximately Euro 87 million in 2021 and employs approximately 190 people in the Hettstedt plant;
- lastly, also in February 2022, was signed the contract for the acquisition of part of the flat rolled products production segment of Aurubis AG. The perimeter of the transaction, which is expected to be completed in summer 2022 (subject to the fulfilment of several conditions precedent), among them the approval of the *antitrust* authorities, 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 contract follows the signing of a *term sheet* in August 2021.

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The "*Copper Products*" 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, rolled copper products, 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.

The products in "*Specials*", even after the sale to Paragon in which KME still retains 45% interest, are high-tech products that 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 "*Specials*" division includes the following two product sub-categories:

- the "*Engineering Products*" are characterised by high added value and high technology, which 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;
- the "*Special Semis*" products 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.

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Commodity prices and inflation

During 2021, most commodity sectors continued to be characterized by the recovery in demand and prices that began in the second half of 2020 after the effects that COVID had caused in the first part of 2020. Average crude oil prices increased nearly 70% in 2021 compared to 2020. The forecasts for 2022 stand at even higher levels, also due to the deterioration of the political situation in Eastern Europe.

Metal prices continued to trend higher for much of 2021. In particular, copper continued its run that began in the second half of 2020, ending up in a "corridor" of LME prices oscillating between $ 9,000 per ton and $ 10,000 per ton during 2021. The global economic recovery is expected to support this trend also in 2022. The pressure on prices was also observed in other sectors, such as chemicals, timber, plastics, and the cost of containers. It is therefore not surprising that the growing inflationary pressure, both for consumers and for industries, continued into the first months of 2022 and led to the decision of some central banks to raise interest rates.

KME's main markets Thanks to vaccination campaigns conducted with success and determination in the EU and other parts of the world, world GDP grew by 5.6% in 2021 and is expected to increase further by 4.1% in the current year, although such forecasts for 2022 could potentially be influenced by rising inflation and the macroeconomic impacts of the war in Ukraine.

After a rather difficult 2020, economic output has recovered rapidly in most countries and regions of the world, strengthening the confidence of private companies and government organisations. In 2021, the EU launched a post-COVID recovery initiative called Next Generation Fund (Euro 607 billion), with the aim of leading to an evolution and strengthening following the pandemic, transforming economies and creating opportunities and jobs within the EU. This initiative is expected to have a very positive future impact in KME's main outlet markets.

During 2021, all major economies emerged from the recession that characterised 2020. The G20 countries recorded GDP growth of 6.1% in 2021 compared to a contraction of 3.2% the previous year. In 2022, further growth of 4.4% is expected in the G20 countries.

The EU economy grew by 5.3% in 2021 and is expected to grow further by 4% in 2022 and 2.8% in 2023. In particular, German GDP increased by 2.7% in 2021 after a reduction of 5.5% in 2020 and is expected to increase by 3.6% in 2022, while Italy recorded a growth of 6.5% in 2021, after a contraction of 8.9%, and is expected to achieve a 4.7% increase in 2022.

Current business performance

Copper division

The Eurozone is KME's main outlet market, followed by the United States, the Middle East and other parts of the world. The economic recovery of 2021 and the growing *trend* in the digitalisation and electrification sectors supported the improvement in KME's performance compared to 2020.

In 2021, all of KME's markets and outlets registered growth. However, the most significant increases occurred in the automotive and electrical/electronic sectors. This positive development characterised the year 2021 in a substantially uniform way and is continuing into 2022 as well. Therefore, KME expects the demand and the performance of its end markets to remain strong also for the current year. In any case, although KME has no exposure to Russia, Ukraine, and Belarus it is difficult to assess a potential indirect macroeconomic impact of the war in Ukraine.

In order to offset the effects of the high prices of raw materials and to increase company profitability, two main projects have been successfully launched and implemented:

- Price policy review;
- The change in the payment conditions of the metal, in November 2021, to apply the *pass-through* principle to customers, not only for the price of the metal, but also for the related financing, by sending the metal to customers in processing account or by prepayment.

Special Products division

The steel industries also significantly increased production in the second half of 2021 compared to the previous year, following the growing demand from customers, operating in the construction, mechanical engineering and *automotive* sectors. Already in the first half of 2021, global steel mill production recorded significant growth of 14.4% year-on-year following the easing of the measures taken locally against the pandemic, with China recording growth at a below-average rate. Substantial continued capacity increases in Western markets above 4% are projected to continue in 2022, with China contributing flatly to the projected global growth of 2.2%.

Despite the risk of rising inflation and the diversified pandemic situation at the regional level, positive signs continue to prevail in 2022. In consideration of the good level of order acquisition recorded in 2021 in *engineering* products, despite the slowdown in the *business* linked to new projects in 2021, it was possible to maintain a good order book also in the second half of 2021 and therefore start 2022 with good prospects.

A similar market development is also expected for maritime applications. The *business* related to marine products, in fact, should be similar to 2021. Furthermore, during the second half of 2022, a relaunch of the project activity in the *offshore* sector and the related investment decisions are expected.

Finally, in extruded and drawn products, KME recorded a recovery in activity compared to 2020. With an order book that is currently higher than in 2020 and 2019, KME is optimistic about the possibility that the positive *trend* of 2021 will continue into 2022.

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

Key results of the copper sector					
(in millions of Euro)	*2021*		*2020*		*Change*
Revenue	2,172.5		1,898.6		14.4%
Revenue (net of raw materials)	537.1	100.0%	471.8	100.0%	13.8%
EBITDA	95.5	17.8%	75.1	15.9%	27.2%
EBIT	56.8	10.6%	31.1	6.6%	82.6%
Profit/(loss) before non-recurring items	12.3	2.3%	(8.1)	-1.7%	
Non-recurring income/(expenses)	(19.1)		(21.6)	(0.0)	
Net debt *(at 31 December)*	249.4		270.7		

Consolidated revenues in the year 2021 amounted to a total of Euro 2,172.5 million, an increase of 14.4% compared to 2020 (Euro 1,898.6 million). Net of the value of raw materials, revenue marked an increase up to 13.8%, Euro 471.8 million to Euro 537.1 million.

Gross operating profit (EBITDA) for the year 2021 is equal to Euro 95.5 million with an increase of 27.2% compared to 2020 (Euro 75.1 million).

Net operating income (EBIT) stood at Euro 56.8 million (Euro 31.1 million in 2020).

The loss before non-recurring items was positive for Euro 12.3 million (negative of Euro 8.1 million in 2020).

As of the date of this Report, KME has approved the main economic-financial data gross of taxes.

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The Net Financial Position as at 31 December 2021 was negative by Euro 249.5 million, compared to Euro 270.7 million last year. The decrease is mainly driven by the optimisation of working capital needs via new customer payment terms for metal.

At the end of February 2022, KME SE, also following the M&A transactions mentioned above, decided to proceed, by the end of April 2022 with the early redemption of Euro 190 million of the Euro 300 million Bond maturing in 2023; as of the current Report approval date, Euro 175 million of that redemption had been already completed.

Also in February 2022, the duration of the Euro 320 million banks pool loan agreement coordinated by Deutsche Bank was extended to the end of November 2022. This also automatically extended the duration of the Factofrance factoring line in the amount of Euro 150 million. As at 31 December 2021, the subsidiary KME Mansfeld GmbH has remained with Tranche B of the funding for a total of Euro 25 million, maturing in the third quarter of 2024 with a run-off period starting from the third quarter of 2022.

The credit lines were used through letters of credit for Euro 393.9 million (Euro 394.9 million as at 31 December 2020) as a means of payment to metal suppliers. The relative supplier liabilities are recognised under trade payables or other payables.

In March 2022, KME Italy S.p.A. and Serravalle Copper Tubes Italy S.r.l., the Italian subsidiaries of KME SE, entered into a 6-year loan agreement for a total of Euro 75 million, with a pool of banks and backed by the SACE guarantee.

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

As at 31 December 2021, the KME group had fully respected all *covenants*.

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Valuation of KME in the Intek financial statements

The book value at 31 December 2021 of the investment in KME SE is equal to Euro 578.3 million compared to Euro 509.5 million at 31 December 2020, the increase is linked solely to the effects of the valuation of the investment.

For the valuation of KME SE, based on the *Unlevered discounted cash flow* (UDCF) methodology, the data from the 2022-2026 plan approved by the administrative bodies of KME SE in the course of 2022, which they use to test their assets for impairment. The cash flows considered in the Plan also include those related to the sale of the Special purpose business.

The discount rate (in continuity with previous years, including an additional 1.5% premium linked to *execution risk*) was 9.35% when the previous year was 9.34%. The substantial return to a situation of normality thanks to the progressive spread of vaccinations and the relaunch interventions envisaged by the authorities by the central authorities which have in fact surpassed the climate of uncertainty linked to the health situation has made the Intek Group no longer consider it necessary to further increase the *execution risk* (an increase equal to 0.75% both in the 2020 financial statements and the 2021 half-year). Another factor supporting this decision was KME's 2021 results, which were in line with *budgeted* figures.

In order to arrive at the equity value of KME, the estimated operating value, which includes the cash flows of the partial sale of the Specials business, was subsequently adjusted, using the same methodology adopted in previous years, to consider not only the estimated net financial position of the KME group at 31 December 2021, but also the value of other assets such as the fair value of the surplus assets, consisting of non-instrumental properties, in particular those relating to the investment in Immobiliare Pictea, and of the other non-consolidated companies.

The value obtained was compared with other values resulting from other methods in particular using the market multiples and the transaction multiples methods with the EV/EBITDA parameter, calculated by using historical EBITDA and for the former also with the prospective EBITDA (the above adjustments have also been made to these methods). This comparison highlighted a variance considered significant pursuant to the "*Policy* for the methods of determining *fair value*" used by the Company and, therefore, the result of the various methods was considered to identify the *fair value* considered to be the most significant.

For more details, please refer to the dedicated section of the notes to the financial statements.

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Culti Milano S.p.A.

Intek holds 77.17% of the share capital of Culti Milano SpA, a company whose shares have been traded on the Euronext Growth Milan (formerly AIM Italia) market since July 2017. The equity investment has not changed compared to last year.

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*
Equity investment Culti Milano S.p.A.	28,904	27,300
Other	-	9
Total Culti	**28,904**	**27,309**

The increase in the value of the investment is linked to the effects of the *fair value* measurement. For the purposes of this assessment, analyses were carried out on the volumes traded which showed, compared to previous years, a significant increase such as to believe that an active market exists. This led, in compliance with the provisions of the IFRS, to the valuation on the basis of the market price, which at the reference date of the financial statements was equal to Euro 12.1 per share (Euro 14.6 on the day before this Report was prepared). This valuation, in the opinion of the directors, does not fully reflect the intrinsic value of the investment. In this regard, it should be noted that if the valuation had been carried out similarly to the previous year (when the reference market was considered inactive), with the multiples methodology the value of the shareholding would have been over Euro 41 million.

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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) the strengthening of *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 S.r.l., a company active in olfactory branding, were acquired.

The acquisition of 50.01% of Bakel was finalised in July 2019 with a maximum investment of Euro 2.5 million, of which Euro 2 million was paid at *closing*. The remaining maximum Euro 500 thousand is subject to an incentive mechanism, calculated on the income component of the company, 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, €187 thousand has been paid, and therefore the residual amount cannot exceed €313 thousand.

The acquisition of 51.00% of Scent Company took place in June 2020 with an investment of €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 €1.6 million and €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 sales of Euro 21.0 million (Euro 13.5 million in 2020), registering an increase of 55% compared to the previous period. The increase in sales recorded by the parent company Culti Milano as well as by Bakel also benefited from the full contribution of Scent Company within the scope of consolidation only as of the second half of 2020 and the contribution for Euro 3.7 million from the Chinese subsidiaries, which began operating in February 2021;
- EBITDA of Euro 5.0 million (Euro 3.2 million in 2020), with an increase equal to 54.3% compared to the previous year;
- EBIT of Euro 4.5 million (Euro 2.5 million in 2020), with an increase equal to 79% compared to the previous year;
- net profit of Euro 2.7 million (Euro 1.5 million in 2020), with an increase equal to 89% compared to the previous year;
- net financial position: positive at Euro 5.1 million (Euro 2.3 million as at 31 December 2020, +122%). Moreover, during the 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 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 reference to *wholesale* activities, on the domestic territory, thanks to the activities undertaken on the omnichannel system, there was double-digit growth compared to pre-COVID levels. At international *wholesale* level, the presence in certain territories has been reinforced, in particular it opened up in the Far East, with distribution agreements entered into with SGPL (India) and King Power Group (Thailand). There is also a growth in the multi-channel system (for example with the *store* on TMALL which, since its opening at the end of 2020, has had more than 35 thousand purchases).

In the second half of the year, the *performance* at the Le Bon Marchè *department store* should be highlighted thanks to an activity shared with the subsidiary Scent Company. The capsule project has stepped up the release of some limited series of new fragrances. Olfactory *branding* projects were also launched with the Getty Museum and Lamborghini, which generated excellent *feedback* from the market resulting in *sold out* products. On the collections front, positive results have been achieved since the introduction of the "persona" line, which was the subject of an expansion of the soap and cream range.

Bakel has intensified the path towards multi-channelling, strengthening the commercial networks of outlet channels (perfumery and pharmacy). The expansion proceeded by balancing *brick & mortar* development (consultancy vehicle) with digital (contact and information vehicle). The pharmacy channel on the Italian market has doubled in terms of number of doors and value. On the collections front, the company consolidated the segment that distinguishes it on the market, that of *anti-aging* serums, launching two formulations capable of attracting the attention of the most demanding consumers in terms of *cosmetic performance*. The new products reached 20% of the value of the reference category.

For Scent Company, distribution synergies have been undertaken with Culti Milano, especially on the Japanese market with the *partner* ACTUS. With reference to the business with existing customers, the contract with SKP Beijing was renewed in addition to that of Gallerie Lafayette in Doha, Qatar. In addition, new supplies were started for the Giorgio Armani stores in Paris and Dusseldorf. In the field of commercial development, John Lewis has chosen SCENT Company as a partner for multiple *shopping centres*, as well as the PVH group for its *brands* Calvin Klein and Tommy Hilfigher. Bally was also acquired as a new customer for a number of outlets in Asia and America. It is also worth noting the start of a project for the technological update of the *scenting machines*; this development will make it possible to take full advantage of the new 5G technology.

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Intek Investimenti SpA

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*
Intek Investimenti investment	11,200	9,704
Financial receivables/payables from/to Intek Investimenti	784	537
Total Intek Investimenti	**11,984**	**10,241**

Intek Investimenti S.p.A. is a *sub-holding* company into which, by means of transfers and contributions of shareholdings the previous *private equity* investments of Intek Group were transferred, which makes primarily non-controlling investments.

The financial statements of Intek Investimenti are drawn up in accordance with Italian accounting principles and the equity investments are recognised at cost, thus not reflecting any unexpressed capital gains.

Intek Investimenti holds an investment worth Euro 2.1 million, equal to 8.81% of the share capital, of **Natural Capital Italia S.p.A. Benefit Company** (formerly Immobiliare Agricola Limestre S.r.l.), which was received by Intek Investimenti following the contribution in the same shareholding in Oasi Dynamo Agricola S.r.l., of which Intek Investimenti held 42.86% (the remaining stake was already held by Natural Capital Italia S.p.A.). The acquisition of total control of Oasi Dynamo Agricola S.r.l. will allow Natural Capital Italia S.p.A. to better pursue its development activity in the *hospitality* sector, for the management of prestigious hotels surrounded by nature, and agriculture and conservation, concentrated on the carrying out of agricultural activities with the traditional method and on the conservation of the naturalistic heritage.

Another investment of Intek Investimenti is represented by the 60.72% stake in **Isno 3 S.r.l.** in liquidation (with a book value of Euro 1.5 million), a company in which the residual *assets* of the I2 Capital Partners fund have been concentrated and which they include:

- *Festival Crociere Procedure*

The Court of Cassation ruling 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 S.r.l. in liquidation; however, there were no negative impacts for Isno3 as the provisions recognised in the financial statements more than covered the relative liabilities.

- *Nuovi Investimenti SIM SpA*

  For this investment, there is still a residual receivable for a nominal amount of €1.2 million (the carrying amount of which was adjusted to €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 2021, the assets of Benten S.r.l. (30% held) still to be realised consist only of tax credits subject to disputes with the Italian Revenue Agency for a total of €13.7 million.

Intek Investimenti is also the owner, for a value of Euro 0.3 million, of a 31.13% stake in the capital of **Il Post Srl**, the Italian *online* newspaper.

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The financial receivable from Quattroduedue S.p.A. of Euro 3.9 million, resulting from the completion of the liquidation of Breda Energia, was transferred to the subsidiary company Intek Investimenti.

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The valuation of Intek Investimenti was carried out as the sum of the parts, valuing the individual assets and liabilities.

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Ducati Energia SpA

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*
Ducati Energia investment	16,700	15,931
Total Ducati Energia	**16,700**	**15,931**

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 approves its financial statements by 30 June; the data below therefore refer to 2020. From the initial indications received, although performance in 2021 was positive, as are expectations for the current year.

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.

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

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

Net consolidated profit was €12.7 million in 2020, higher than 2019, when the figure was €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 €125 million with options and deliveries for the subsequent two-year period for a further roughly €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 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, have ensured 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, the progress of an important order in North Africa continued.

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 gain prospects 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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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.

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Other investments

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*
Fime assets/liabilities	1,386	2,093
Former ErgyCapital assets/liabilities	82	82
Former FEB assets/liabilities	-	(327)
Other	524	317
Total other investments	**1,992**	**2,165**

The item includes assets and liabilities linked primarily to previous investments.

The previous real estate assets have been completely built on the former Fime activities. During the year, a total of Euro 1.2 million was collected.

The only remaining ex-ErgyCapital asset is the equity investment in Ergyca Tracker 2.

The former FEB assets/liabilities refer to payables to unlocatable creditors of the Bredafin Innovazione procedure, for which the relevant limitation period expired in 2021.

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Extraordinary finance transactions

In the course of 2021, Intek carried out the two following extraordinary finance transactions:

- issue and assignment of *warrants*;
- voluntary total public exchange offer on Intek Group S.p.A. savings shares

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

On 28 June 2021, 172.9 million "*Intek Group S.p.A. 2021-2024 Warrants*" were issued and assigned free of charge to all ordinary and savings shareholders (the "Warrants"), the possible full exercise of which will entail a share capital increase of Euro 69.2 million.

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 defined on 7 May 2021 by the Board of Directors, delegated by the Extraordinary Shareholders' Meeting of 30 November 2020, which approved their issue, was 0.4 *warrants* for each share held.

Lastly, 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 Executive Director 2021-2024 Incentive Plan*", 25 million warrants were issued and assigned free of charge to the Executive Directors, also at the exercise price of Euro 0.40 and exercisable by 28 June 2024, which if exercised will give rise to a share capital increase for up to Euro 10 million. The Extraordinary Shareholders' Meeting of 8 June 2021 also approved a share capital increase of €5 million in connection with an additional 12.5 million *warrants*, which may possibly be assigned to the Executive Directors, also partially, by the Board of Directors on bases and conditions that it has defined. These *warrants* will have the same exercise price of Euro 0.40 and 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 total voluntary public exchange offer on savings shares (the "**Offer**"), which was for a maximum of 50,098,017 savings shares, i.e., all savings shares less 11,801 treasury savings shares, took place from 30 June to 23 July 2021 and 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 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 €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 this issue, the total number of "2020-2025 Intek Group S.p.A." 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 31 December 2021 include the same values as there are no consolidated subsidiaries. The liquidation of the subsidiary I2 Capital Partners SGR SpA, consolidated line-by-line until 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.

Even in the absence of subsidiaries included in the consolidation area, the consolidated financial statements as at 31 December 2021 have in any case been prepared, on the basis of the indications of the accounting standard IAS 27, as the comparative data relating to 2020 are presented; in fact, IAS 27 at paragraph 8A establishes that an investment entity is required for the entire current year and for all the comparative years presented, to apply the exception to consolidation for all its subsidiaries in accordance with paragraph 31 of IFRS 10 presents its separate financial statements as the only financial statements.

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

Additional information

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 31 December 2021, Intek had trade receivables from KME SE and its subsidiaries totalling Euro 2.8 million. These were mainly fees and commissions for guarantees and the provision of services as well as for tax consolidation positions.

With respect to financial relationships, please note the corresponding current accounts with a credit balance of Euro 0.8 million with Intek Investimenti and with a credit balance of Euro 0.1 million with respect to Immobiliare Pictea.

Lastly, due to the application of IFRS 16, financial liabilities with regard to Immobiliare Pictea, the company contributed to KME SE at the end of 2020, are recognised in the financial statements for the lease of the Foro Buonaparte properties, for a total of Euro 2.9 million, of which Euro 0.5 million are in the short-term.

The breakdown of transactions with subsidiaries and parent companies, and with related parties in general, is included in the Notes to the separate and consolidated financial statements.

Disputes

Below is an update on the most significant 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 4 May 2022 (previously scheduled for 16

June 2021 and subsequently 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.

Finally, a civil suit is pending at the Court of Messina RG 4419/2016, currently in the preliminary phase, introduced by the Bazia Gardens bankruptcy against Futura Funds Sicav PLC, Demetrio Porcino and Fabio Porcino, where the integration of the adversarial process was requested and obtained in respect of the Intek Group and Immobiliare Pictea as parties to a credit transfer that would have been the basis of the sale of the property (of which it is judge) located in Taormina between the defendants Porcino and Futura Funds and of which the Bankruptcy plaintiff asks for annulment by simulation/declaration of ineffectiveness by revocation. In the judgement no direct questions are formulated against Intek and/or Immobiliare Pictea.

* * *

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.

At 31 December 2021, Quattroduedue Holding BV indirectly held 182,778,198 Intek Group ordinary shares (46.97% of the company’s ordinary share capital) and 1,424,032 savings shares (8.72% of the shares in this category). There were no changes during the year 2021.

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 552,815,072 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 December 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 S.p.A., these are three convertible bond loans and one convertible bond loan issued by Quattroduedue S.p.A. and subscribed by Intesa Sanpaolo, now set to expire on 30 April 2022.

For any other information regarding the ownership structures, the Company’s *governance* and the fulfilment of any other obligations, including compliance with title VI of the market regulations, refer to the specific report prepared pursuant to article 123 bis of Legislative Decree 58/98, which is an integral part of this Annual Financial Report.

* * *

Treasury shares

As at 31 December 2020, the Company held 6,555,260 ordinary treasury shares (equal to 1.68% of shares in this category) and 11,801 savings treasury shares (equal to 0.024% of the capital for this category). In March 2021, 382,051 ordinary treasury shares with a financial outlay of Euro 128 thousand and in July 2021 the treasury savings shares were cancelled as part of the public exchange offer. Therefore, at 31 December 2021 and at the date of this Report, Intek holds 6,937,311 own ordinary shares (1.783% of the category capital).

* * *

Governance Updates

As in previous years, we believe it is advisable to update the *corporate governance* information provided with the financial statements as at 31 December 2020 and the half-year financial statements as at 30 June 2021 with additional and specific details in the Report on corporate governance and the ownership structure.

* * *

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 €6,539,266 for 5%, equal to €326,964, to the legal reserve, and for the remainder of €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 (whose chairman and one alternate auditor were taken from the minority 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 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.

* * *

As regards the share capital, in the course of 2021:

- 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;
- 20,110 ordinary shares were issued as a result of the exercise, of the same number of Intek Group 2021-2024 *Warrants*, thus bringing the total ordinary shares issued to 389,151,588. The share capital therefore increased by €201,10.

As a result of these transactions, at the date of 31 December 2021, the share capital therefore amounted to Euro 335,069,210.90, represented by 405,476,651 shares, with 389,151,588 ordinary shares and 16,325,063 savings shares.

After 31 December 2021 and up to the date of this Report, further 17,625 *warrants* with the issue of the same number of ordinary shares, which resulted in a share capital increase of a further Euro 176.25. At the date on which this Report, the share capital therefore amounted to Euro 335,069,387.15, represented by 405,494,276 shares, with 389,169,213 ordinary shares and 16,325,063 savings shares.

* * *

We would remind you that the *Transparency* Directive (Legislative Decree 25/2016) came into effect on 18 March 2016 (Legislative Decree 25/2016). Among other things, it amended paragraph 5 of article 154-ter of the TUF, eliminating the obligation to publish interim reports, thereby granting a longer period of time for approval of the consolidated half-year report. Since 2016, and in consideration of its specific businesses, the Company has opted not to publish interim financial statements on 31 March and 30 September.

The Company’s Board of Directors, at its meeting on 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 contributions of assets in kind, acquisitions and sales.

The Company has adopted the Organisational Model required by Legislative Decree 231/01 and the related Code of Ethics, most recently updated in March 2021.

* * *

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 BV, 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, 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 limits.

* * *

Non-financial information (pursuant to Legislative Decree 254/2016)

This information is not provided as the size of the Company does not exceed the dimensions set by the law in question, including on a consolidated basis, and the number of its employees and revenue volumes also fall short of the threshold beyond which this type of report is required.

* * *

Research and development activities

Given the type of activity carried out by the Company, no research and development activities were carried out during 2021.

* * *

Personnel

As at 31 December 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.

On a consolidated level, the average number of group employees of the subsidiary (13, of whom 3 executives and 10 clerical workers) remained unchanged compared to the previous year.

* * *

As for the economic treatment and all other aspects of the remuneration of Key management personnel, reference should be made to the specific Report on the remuneration policy and on payments made, prepared in compliance with the specific provisions issued by Consob and which will be published within the legal and regulatory terms.

* * *

Main risks and uncertainties to which Intek Group S.p.A. is exposed and financial risk management

In its position as an investment holding company, Intek Group is directly exposed to risks connected with investments and disinvestments. The Company's financial results mainly depend on these transactions and on the 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 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, also due to contingent market situations. 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.

This Report contains some data and forecasts regarding the objectives set by the Intek Group and some assumptions regarding the financial, equity and economic development of the Parent company and of the subsidiaries.

The data and the forecasts on the activities and expected results of the Company and of the subsidiaries are based on the Company's estimates and assumptions regarding future and uncertain events, including the economic trend in the main European countries where the Group operates, the occurrence of which could lead, also with reference to the particular situation of economic activity caused by the spread of COVID-19 and the restrictive measures adopted to contain it, and developments related to the situation in Ukraine, to potentially significant discrepancies with the forecasts made. It is not possible to guarantee that what has been forecast and is expected to happen will in fact happen. Intek Group is furthermore exposed to market fluctuations insofar as the shares held in its portfolio. The final results of the Intek Group could be different from those forecasts owing to known and unknown risks, uncertainty and other factors.

Types of risk:

a) credit risk: there are no significant geographical concentrations of credit. Existing guidelines guarantee adequate assessment of customers' creditworthiness. This is achieved by selecting customers on the basis of historical experience and equity and/or financial position.

b) liquidity risk: it can arise from difficulties in raising finance for operating activities as and when required. 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;

c) currency risk: the Group is exposed to the risk that the fair value of the investments outside the Euro area will fluctuate with changes in the 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.

* * *

Significant events after 31 December 2021

Please refer to what has already been described in the report.

Proposal to approve the 2021 financial statements

"The Ordinary Shareholders' Meeting of INTEK Group S.p.A., in its ordinary meeting held in Milan, having acknowledged the Reports of the Board of Statutory Auditors and the Independent Auditor, and after having heard and approved the report of the Board of Directors

resolves

- to approve the Board of Directors' Report on operations for the year ended at 31 December 2021 and the financial statements as a whole, and their individual entries and records with the provisions and uses proposed, which show a net income for the year of Euro 65,306,021;
- to allocate profit for the year of Euro 65,306,021 as follows:
  - 5% to the legal reserve, up to Euro 3,265,301;
  - through allocation to a special, non-distributable reserve, pursuant to article 6 of Legislative Decree 38/2005, of the profits from application of the *fair value* criterion, totalling Euro 62,040,720.

Milan, 31 March 2022

The Board of Directors
The Chairman
(Vincenzo Manes)

INTEK GROUP

YEAR 2021

REPORT ON CORPORATE GOVERNANCE

AND

OWNERSHIP STRUCTURE

PURSUANT TO ARTICLE 123-BIS OF LEGISLATIVE DECREE NO. 58 DATED 24 FEBRUARY 1998

OF

INTEK GROUP S.P.A.

WWW.ITKGROUP.IT

APPROVED BY THE BOARD OF DIRECTORS ON 31 MARCH 2022

INTEK Group S.p.A.
Registered and Administrative Office:
Foro Buonaparte, 44 - 20121 Milan - Italy
Share capital €335.069.387,15, fully paid-up
Tax Code and Milan Business
Register No. 00931330583
www.itkgroup.it

Tables:

Glossary

Corporate Governance Code/Code:	The new Corporate Governance Code approved on a definitive basis by the Committee and published on its website (*https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf*) on 31 January 2020 and in force as of the first financial year after 31 December 2020.
Civil Code/C.C.:	the Italian Civil Code approved by Royal Decree no. 262 of 16 March 1942 - XX as amended.
Committee:	the Corporate Governance Committee, the composition of which was defined in June 2011 by the Business associations (ABI, ANIA, Assonime, Confindustria) and the association of professional investors (Assogestioni), as well as Borsa Italiana S.p.A.
Issuer/Company/Intek Group:	Intek Group S.p.A.
Financial year:	the financial year ended as at 31 December 2021, to which this Report refers.
Model:	the organisation and management model adopted by the Company pursuant to Italian Legislative Decree no. 231 of 2001.
Issuers' Regulation:	the Regulation issued by Consob with its resolution no. 11971 of 1999 (as subsequently amended) regarding issuers.
Market Regulation:	the Regulation issued by Consob with its resolution no. 16191 of 2007 (as subsequently amended) regarding markets.
Related Parties Regulation:	the Regulation issued by Consob with its resolution no. 17221 of 2010 (as subsequently

	amended) regarding transactions with related parties.
Report:	the Report on corporate governance and ownership structure that the companies are required to prepare pursuant to article 123-*bis* of the TUF.
Report on Remuneration:	the Report on the remuneration policy and on compensation paid that companies are required to prepare pursuant to article 123-*ter* of the Consolidated Financial Act.
Consolidated Law on finance/TUF:	Italian Legislative Decree no. 58 dated 24 February 1998 as amended.

Foreword

The Board of Directors of Intek Group S.p.A., in its meeting held on 31 March 2022, approved the Report on corporate governance and ownership structure for the 2021 reporting year, together with the draft financial statements for said financial year.

This Report has been drafted in compliance with the provisions of article 123-bis of Italian Legislative Decree no. 58 of 24 February 1998 (hereinafter the "**TUF**") as amended by Italian Legislative Decree no. 254 of 30 December 2016 and the other criteria set forth in article 89-*bis* of the Issuers' Regulation, as well as the instructions in the Market Regulation issued by Borsa Italiana S.p.A.

The Report shall be understood as referring to the requirements of the *Corporate Governance* Code the new Corporate Governance Code approved on a definitive basis and published on the website (https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf)of the Committee on 31 January 2020 and in force as of the first financial year beginning subsequent to 31 December 2020.

The structure of this Report complies with the Format (ninth edition of January 2022, which may be consulted on the website of Borsa Italiana at https://www.borsaitaliana.it/comitato-corporate-governance/documenti/format2022.pdf), prepared by Borsa Italiana to verify the nature and content of the information to be included in the Report on corporate governance and ownership structures and/or for the controls under the responsibility of the board of statutory auditors (article 149, paragraph 1, letter c-bis of the TUF).

In any event, please recall that the use of the Format (the first edition of which dates back to 2008) is in no manner compulsory for the purpose of meeting the above-mentioned obligations.

To this end, it is specified that pursuant to the second paragraph of article 123-*bis* of the TUF, the requested information which is contained in this Report is disclosed to the public both by attaching this Report to the financial statements for the Year and through publication on the Company's website www.itkgroup.it.

In compliance with the provisions set forth in article 89-*bis* of the Issuers' Regulation, the Report provides specific information regarding the criteria of "*comply or explain*":

i. compliance with each Code provision;

ii. the reasons for any failure to comply with the Code's provisions;

iii. any conduct adopted other than as provided in the Code.

In regard to the latter, considering that the companies with shares listed on regulated markets are required to present to the shareholders' meeting called for the approval of the financial statements a Report on Remuneration containing the items required by the Consob Issuers' Regulation, and in order to avoid providing redundant information, the pertinent information (see paragraph 8) will be provided by referring to the relevant parts of the Report on Remuneration, as it was done for the Report presented for past financial years.

This Report aims to illustrate the corporate governance model that Intek adopted in 2021, taking into account the specificities of the company, which aims to obtain its essential alignment with the principles contained in the Code which, since its introduction, the Company has declared it will comply with introduction of the previous Corporate Governance Code, as well as the Control Authority's relative recommendations, in relation to the small dimension and corporate structure of Intek Group.

The Company has continually improved the quality and quantity of the information it has been providing on *corporate governance* every year ever since the presentation of the financial statements at 30 June 2000.

The individual Reports within the financial statements of the respective financial years are available on the website www.itkgroup.it, beginning from the financial year ended 31 December 2006.

This Report finally takes into account the content of the letter dated 3 December 2021 addressed by the Chairman of the *Corporate Governance* Committee ("**CG Committee**") to the Chairmen of the Boards of Directors (and also carbon copied to the CEOs and Chairmen of the Boards of Statutory Auditors) of Italian listed companies and to which are attached the recommendations of the CG Committee for 2022 (the "**Recommendations**") in one of the nine annual Reports on the application of the Code (the "**Report**") concerning 2021, for consideration by the board, the relevant committees, and the supervisory board.

The Recommendations, drawn up taking into account that 2022 will represent the first year in which companies will have to communicate the methods of adhering to the new Code, are aimed at supporting issuers in the process of adhering to the new Code and at the same time highlighting the opportunity for a correct adjustment process, giving evidence in any case of the criticalities that emerged from previous monitoring.

The Recommendations concern:

(i) the integration of sustainability into strategies, the control system and remuneration, recommending that adequate and concise information be provided in the Report on the methods adopted for its pursuit and on the approach adopted in promoting dialogue with relevant *stakeholders* by providing summary information on the content of the dialogue policy with the generality of shareholders, without prejudice to the opportunity to publish it in full, or at least in its essential elements, on the company's website;

(ii) the new approach to proportionality, recommending that you want to evaluate the classification of the company with respect to the categories of the Code and the simplification options that can be practised for "non-large" and/or "concentrated" companies, as well as to adequately indicate the choices made.

(iii) the composition of the board of directors, recommending that the criteria used to evaluate the significance of professional, commercial or financial relationships and additional remuneration be provided in the Corporate Governance Report, also with reference to the Chairman of the Board of Directors, if the latter was assessed as independent pursuant to the Code.

(iv) the pre-meeting information, inviting the boards of directors to take care of the preparation of the board regulations and the committees, paying particular attention to the explicit determination of the terms deemed appropriate for sending the documentation and the exclusion of general confidentiality requirements as possible exemptions compliance with these terms and recommending that the Report adequately illustrates the effective compliance with the notice term previously defined and, where in exceptional cases it has not been possible to meet said deadline, explain the reasons and illustrate how adequate in-depth information has been provided in the council.

(v) the appointment and succession of directors, with an invitation addressed to non-concentrated ownership companies to adequately examine the recommendations addressed to them with respect to the renewal of the board of directors and to request those who present a list containing a number of candidates greater than half of the members to be elected to provide adequate information (in the documentation presented for filing the list) about the compliance of the list with the orientation expressed by the outgoing board and to indicate their candidate for the office of Chairman.

(vi) gender equality, inviting companies to provide adequate information in the Report on the concrete identification and application of measures to promote equal treatment and opportunities between genders within the entire company organisation, monitoring their actual implementation.

(vii) the remuneration policies, recommending to adequately consider the consistency of the predetermined and measurable parameters for the variable remuneration with the strategic objectives of the business activity and the pursuit of sustainable success, evaluating, if necessary, the provision of non-financial parameters. With particular reference to the remuneration parameters linked to the achievement of environmental and social objectives, the Committee recommends that companies ensure that these parameters are predetermined and measurable.

1. ISSUER PROFILE

As an investment entity, the Company's operations are those of 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.

The Intek Group makes investments with medium-long term time-frames combining its entrepreneurial perspective with a solid financial structure and seeks to redefine a flexible portfolio with smaller investment cycles and more rapid cash generation.

To maximise the value of the assets managed, the Company defines business strategies and controls their implementation by subsidiaries, looks for agreements and/or partnership opportunities, enhances the value of specific assets, and manages extraordinary operations involving the subsidiaries.

Governance Model adopted by the Issuer

The Company has maintained its corporate governance structure over time, based on the traditional model pursuant to articles 2380-bis et seq. of the Italian Civil Code, composed of the Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.

Legally-required audit activities are performed by the independent auditors.

The attributions and rules of functioning of the corporate bodies are governed by provisions of law and regulations in force over time as well as the Articles of Association and a series of principles and procedures, which are periodically updated as regulations, case law and legal theory and the orientations and guidelines of the Board evolve.

In its meeting of 8 June 2021, the Board of Directors which was held immediately after the Shareholders' Meeting that determined its duration for the 2021-2023 period, resolved to establish only the Control and Risk Committee, the members of which are three Directors, two of whom are Independent Directors.

Indeed, as has already taken place in previous years, the Company decided not to establish the Appointments Committee or the Remuneration Committee.

For the reasons that led to this decision and for the remedies that are provided, please see chapter 8 of this Report and the Report on Remuneration.

With regard to the subsidiaries, it is hereby specified that the *governance* of the German company KME SE, the main Intek Group subsidiary, until 15 September 2021 was organised according to the German model, in line with the normal operations for German companies, through a Supervisory Board (*Aufsichtsrat*) and a Management Committee (*Vorstand*); on that date, the shareholders' meeting of KME SE resolved to change from a two-tier system to a one-tier system, and therefore the company is now governed by a *Board of Directors*.

In order to guarantee an effective and transparent breakdown of the roles and responsibilities of its corporate bodies and, in particular, the proper balance between the management and control functions, the Issuer has adopted a corporate governance system which, aside from being constantly aligned with the continuous evolution of regulations and national and international best practices, is inspired by the principles and application criteria recommended by the Code.

Statement on the Issuer's classification as an SME

At the date of this Report, the Issuer is qualified as an SME pursuant to article 1, paragraph 1, letter w-quater.1) of the TUF and article 2-ter of the Consob Issuers' Regulation, considering the values of turnover[1] set forth in the draft consolidated financial statements, equal to Euro 75.3 million, and its average market capitalisation in the course of 2021, of Euro 151.6 million.

In particular, the above-mentioned TUF rule establishes that an issuer is an SME when at least one of the following requirements is met, to be calculated on the basis of the instructions provided by article 2-ter of the Issuers' Regulation: (i) turnover, even prior to the admission to listing of shares, lower than Euro 300 million; (ii) market capitalisation below Euro 500 million. Moreover, the Company would no longer be categorised as an SME, for the purposes of the provisions referred to above, if both of the above-mentioned limits (regarding turnover and average market cap) are surpassed for three consecutive financial or calendar years.

Indeed, the Company is included on the list (January 2022) published by Consob (http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi) amongst those businesses which are SMEs, on the basis of the capitalisation and turnover data in Consob's possession, pursuant to article 2-ter of Consob Regulation no. 11971/1999, as amended by Consob Resolution no. 20621 of 10 October 2018.

In light of the foregoing, the relevant threshold for the communication obligations pursuant to article 120 of the TUF is 5% of the share capital.

Declaration on the nature of a non-large company and with concentrated ownership of the Issuer

It should also be noted that the Issuer falls within the definitions of the Code as a "non-large company", with a capitalisation of less than Euro 1 billion on the last trading day of each of the three previous calendar years and as a "company with concentrated ownership" and, as such, the proportionality measures provided for by the Code are applicable to it.

2. INFORMATION ON OWNERSHIP STRUCTURE AS AT THE DATE OF 31 MARCH 2022

a) Share capital structure (pursuant to article 123-bis, paragraph 1, letter a), TUF)

At the date of approval of this Report, the share capital of Intek Group was Euro 335,069,387.15, and consisted of 405,494,276 shares, of which 389,169,213 were ordinary shares, equal to 95.97% of the share capital, and 16,325,063 were savings shares, equal to 4.03% of the share capital, all of which with no par value. It should be noted that, with respect to 31 December 2020, the following changes have occurred:

- cancellation, following acceptance of the public exchange offer on savings shares, of 33,784,755 savings shares (including 11,801 savings shares already in the Company's portfolio);

- issue of 37,735 ordinary shares following the exercise, in the period July 2021 - February 2022, of a total of 37,735 Intek Group 2021-2024 Warrants.

Again at the date of approval of this Report, the Issuer has 6,937,311 ordinary treasury shares in its portfolio.

The total 389,169,213 existing ordinary shares do not attribute rights different or additional to those envisaged by the legislation and the Articles of Association.

Each share carries unrestricted voting rights (1 vote per share) unless otherwise provided by law.

[1] Represented by Net income from investment management, Guarantee fees and Other operating income.

Votes may also be cast by mail in accordance with the dedicated procedure set forth in article 11 of the Articles of Association.

In 2015, as mentioned in another part of this Report, the Company amended the Articles of Association to include the increase of the voting right for shareholders who possess the requirements set by the law and so expressly request by registration in the appropriate special register.

Similarly, the overall 16.325.063 existing savings shares do not entail rights different or additional to those envisaged by legislation and the Articles of Association.

The rights of the Holders of Savings Shares are listed in articles 145 et seq. of the TUF and articles 5, 8 and 28 of the Articles of Association.

The Common Representative of the savings shareholders, who can participate with the right to participate in the Shareholders' Meetings holding ordinary shares and whose rights are indicated in article 26 of the Statute, is Dr Andrea Santarelli, appointed for the 2021/2023 financial years by the Special Meeting of Savings Shareholders held on 8 June 2021.

The savings shares confer the following privileges:

- the right to a preferential dividend up to a maximum of Euro 0.07241 per share per annum subject to the right to other dividends increased by Euro 0.020722 per share compared to ordinary shares. This, however, is without prejudice to the prorated increase in the preferential dividend in each of the two years following the payment of a preferential dividend of less than Euro 0.07241 per share per annum;
- in the event the Company is wound up, a preferred right to the liquidation proceeds of Euro 1.001 per share.

* * * * * *

The Issuer has approved, as part of a more detailed rationalization of its financial instruments, the issue of a bond loan subscribed for a total of Euro 75.9 million, represented by 3,511,741 bonds with a unit par value of Euro 21.60 admitted to listing on the MOT starting from 18 February 2020.

As already set forth in previous reports for financial years 2019 and 2020, the main characteristics of the bond loan in question are as follows:

- minimum trading quantity/minimum lot on the MOT: 5 bonds with a nominal unit value of Euro 21.60 were issued against a total par value of Euro 108.00;
- nominal annual fixed rate of 4.5%;
- frequency of the coupon: annual;
- dividend payment date: 18 February 2020;
- maturity date: 18 February 2025;
- repayment type: bullet repayment on the expiry date at a price equal to 100% of the par value;
- voluntary early redemption: pursuant to article 6 of the bond loan regulation, Intek Group is entitled to redeem early, including partially, the bonds beginning from the second year from the dividend entitlement date of the loan. The redemption price (expressed as a percentage of the portion of the nominal value constituting the object of the redemption) is thus defined, increased by the interest accrued but not yet paid on the bonds to be redeemed:
  - from the end of the second year and up to the end of the third year: 102%
  - from the end of the third year and up to the end of the fourth year: 101%

- from the end of the fourth year and up to the maturity date: 100%

For additional information on the "Intek Group S.p.A. 2020 – 2025" bond loan (ISIN IT0005394884), please see the information provided on the website of the Company at https://www.itkgroup.it/it/prestobbligaz2020_2025.

* * * * *

The shareholders' meeting of 30 November 2020 adopted the resolutions functional to the execution of an exchange offer concerning 50,098,017 Intek Group S.p.A. savings shares, ie all savings shares less the 11,801 treasury savings shares, with:

(i) the authorisation, for a period of 6 (six) months, starting from that date, to purchase all of the Company's Savings Shares, for consideration equal to 1 (one) "Intek Group S.p.A. 2020 – 2025" Bond, with a par value of Euro 21.60, for every 43 Savings Shares and thus for a total maximum value of Euro 25.2 million, to be carried out through a voluntary total public exchange offer of Intek Group S.p.A. Savings Shares with 2020-2025 Bonds;

(ii) the cancellation, effective as of the closing date of the above-mentioned public exchange offer, of all Intek Group S.p.A. Savings Shares which will be treasury shares of the Company, and thus up to 50,109,818 Intek Group S.p.A. Savings Shares, with no share capital reduction;

(iii) the resulting amendments of the articles of association, again effective as of the closing date of the public exchange offer and subject to the condition that after such offer, the Company has acquired all 50,109,818 Savings Shares outstanding.

The same shareholders' meeting also then approved:

(i) an increase in the Intek share capital for up to Euro 105.4 million, with the issue of up to 263,544,777 ordinary shares with no par value (the "**Conversion Shares**");

(ii) the issue of up to 263,544,777 warrants, named "Intek Group S.p.A. 2021-2024 Warrants" (the "**Warrants**"), to be assigned free of charge to all shareholders of the Issuer, both ordinary and savings, other than the Company, in proportion with the number of shares held, with an assignment ratio to be determined by the Board of Directors prior to the assignment of the Warrants, between a minimum of 0.4 and a maximum of 0.6 Warrants per share held, establishing an exercise ratio based on 1 Conversion Share for every 1 Warrant exercised (the "**Exercise Ratio**") at the fixed exercise price of Euro 0.40, inclusive of the share premium (of which Euro 0.01 to be attributed to share capital). The Board of Directors was also provided with the right to indicate, prior to the assignment of the Warrants, their expiry on a date between 30 March 2023 and 28 June 2024;

(iii) the Intek Group S.p.A. 2021-2024 Warrant Regulation;

(iv) the paid, divisible share capital increase, for up to Euro 105.4 million, inclusive of the share premium, for the exercise of the Warrants, through the issue of up to 263,544,777 ordinary shares without par value, with regular entitlement, reserved for the exercise of the Warrants. Please note that the share capital increase will be up to Euro 70.2 million considering that the assignment ratio was subsequently established at 0.4 Warrant per share;

(v) the issue of up to 25,000,000 "Intek Group S.p.A. 2021-2024 Warrants" to be assigned to the *management* of the Company, subject to approval by the Shareholders' Meeting of the incentive plan prepared for this purpose by the Board of Directors. Every Warrant has the right to subscribe, within the exercise periods specified in the Regulation and, in any event, by the date of 28 June 2024, newly issued ordinary shares of the Company, according to the ratio of 1 Conversion Share for every 1 Warrant exercised, at the exercise price of Euro 0.40, inclusive of the share premium (of which Euro 0.01 to be attributed to share capital);

(vi) the paid, divisible share capital increase of the Company, with the exclusion of the option right pursuant to art. 2441, paragraph 5, reserved irrevocably for the exercise of the Warrants, for a total maximum of Euro 10 million, inclusive of the share premium, by issuing up to 25,000,000 ordinary shares with no par value, with the same characteristics as those outstanding at the issue date.

* * * * *

By resolution of 30 November 2020, the Intek Board of Directors had decided to postpone from 31 December 2020 to 30 June 2021 the final deadline by which to proceed with the issue of additional tranches of the Bond Loan named “Intek Group S.p.A. 2020-2025” (deadline which had already been postponed from 30 June 2020 to 31 December 2020).

On 14 January 2021, the Company had announced, pursuant to article 102 of the TUF, the promotion of the voluntary total public exchange offer (hereinafter, the “**Exchange offer**”), concerning 50,098,017 Intek Group S.p.A. savings shares, or all savings shares less the 11,801 treasury savings shares, with no indication of the par value, issued by Intek and traded on the MTA market and, as consideration, “Intek Group S.p.A. 2020-2025” bonds and the issue of up to 263,544,777 “Intek Group S.p.A. 2021-2024 Warrants” of the Company to be assigned free of charge to all Company shareholders, ordinary and savings, other than the Company itself for the shares it holds, in proportion with the number of shares owned, proceeding, on 2 February 2021, pursuant to art. 102, paragraph 3, of the TUF and article 37-ter of the Issuers’ Regulation, with filing the offer document with Consob for the performance of the relative screening process, which was later suspended as a result of the request from Consob for additional information, which suspended the terms until all information had been received and, in any event, for a period not to exceed 15 days.

Subsequently, by press release dated 16 March 2021, the Intek Board of Directors has decided to postpone the approval of the financial statements as at 31 December 2020 to the second half of April 2021 as, at that moment, the preliminary data for 2020 were unavailable to the extent deemed sufficient to provide the market and savings shareholders with a full and updated disclosure on the impacts of the ongoing pandemic on the activities and results of Intek and its investees for the year 2020.

In this context, taking into account the deadline for the screening process on the offer document filed on 2 February 2021, Consob announced that the screening relating to the Offer could not proceed without a prospectus relating to the Bonds, an essential objective prerequisite of the Offer.

Taking into account this result, the Company had therefore announced its intention to re-propose the Offer subsequent to the publication of the financial statements as at 31 December 2020, deeming that, after obtaining the authorisations from the competent authorities, the assignment of the Warrants, which as already announced to the market on 9 October and 30 November 2020 had to take place prior to the execution of the Offer, and the Offer itself, could be carried out by the end of July 2021.

In a press release issued on 19 March 2021, the Company noted that the Consob measure relating to the closure of the screening entailed only a deferment of the transaction, including the issue and assignment of Warrants, made necessary only to allow for the prospectus relating to the Intek 2020-2025 Bonds and the Offer Document to include the final and not preliminary data and information relating to the year 2020 and any impacts, if applicable, of the pandemic, as required by Consob warning notice no. 1/2021 issued on 16 February 2021, confirming the intention to present the transaction in its entirety once again immediately after the publication of the 2020 financial statement data in the second half of April.

In fact, the Company promoted the Exchange Offer with the filing with CONSOB, on 27 May 2021, of the relative offer document (the "**Offer Document**") and with the shareholders' resolution of 8 June 2021 renewed the decisions taken with the extraordinary meeting of 30 November 2020.

Consob, on 26 June 2021, approved the Offer Document relating to the Exchange Offer and the registration document referring to the free issue and assignment of a maximum 172,916,873 Warrants approved by the Extraordinary Shareholders' Meeting of Intek Group S.p.A. on 30 November 2020 (as renewed on 8 June 2021), with admission to listing of the Warrants on the Mercato Telematico Azionario (now Euronext Milan).

In implementation of the resolutions of the Extraordinary Shareholders' Meeting of 30 November 2020 and of the Board of Directors of 7 May 2021, 172,916,873 warrants called "Warrant Intek Group S.p.A. 2021 - 2024" valid for the subscription of newly issued ordinary shares of Intek, at the rate of 0.4 Warrants for each 1 ordinary and/or savings share held.

The Warrants, which have the ISIN code IT0005432668, were assigned and made available to the shareholders through the intermediaries participating in the centralised management system at Monte Titoli S.p.A., subject to detachment of coupon no. 4 for ordinary shares and coupon no. 5 for savings shares on 28 June 2021, the start date for trading.

With reference to the Exchange Offer, at the end of the offer period, 33,772,954 Savings Shares, representing 67.41% of the Savings Shares object of the Offer, 67.40% of the category capital and 7.69% of the Offeror's share capital.

On the basis of the final results, and taking into account the 11,801 own Savings Shares already held by Intek, the latter (as a result of the Offer) found itself to hold a total of 33,784,755 own savings shares, representing 67.42% of the category capital and 7.69% of the share capital.

The 33,784,755 own Savings Shares were cancelled in execution of the resolution of the Extraordinary Shareholders' Meeting of Intek of 30 November 2020 (as renewed on 8 June 2021) without proceeding with any reduction in capital, with consequent automatic increase of the "implicit accounting parity" of the remaining shares. As a result of the cancellation, the remaining outstanding Savings Shares will be equal to 16.325.063.

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An annex to the Report includes two tables (Table 2.a and Table 2.b), the first showing details of the financial instruments issued by the Company and the second showing their performance on the Stock Exchange during the period, highlighting their market capitalisation.

In this regard, it should be noted that a specific section of the website www.itkgroup.it is available dedicated to financial instruments and their listing and is continually updated, thus showing the real-time trend in trading.

b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1, letter b), TUF)

The Articles of Association do not provide for restrictions on the transfer of either shares or other financial instruments issued by Intek currently in circulation.

c) Significant equity investments (pursuant to article 123-bis, paragraph 1, letter c), TUF)

The significant reporting threshold as provided by article 120, paragraph 2 is equal to 5% of the share capital with voting right.

At the date of this Report, the Shareholders that directly or indirectly hold equity investments of more than 5% of the Issuer's share capital, through pyramid structures or cross-investments, according to what is set forth in the communications made pursuant to article 120 of the Consolidated Law on Finance, are those specified in Table 2.c attached to this Report.

The Company has about 18,950 Shareholders, according to the Shareholders' Register.

On 31 December 2021, the investment of Quattroduedue Holding B.V. in the Company amounted to 182,778,198 ordinary shares, corresponding to 46.966% of the share capital for this category.

This shareholding is held through the wholly-owned subsidiary Quattroduedue S.p.A. insofar as 182,778,192 ordinary shares while the remaining six ordinary shares, which do not affect the percentage above, are directly owned by Quattroduedue Holding B.V.

With respect to the entire share capital, the ordinary shares thus held by Quattroduedue Holding B.V. are equal to 45.076%.

Quattroduedue Holding B.V. also holds, through Quattroduedue S.p.A., 1,424,032 savings shares corresponding to 8.723% of the share capital in that category and 0.351% of the entire share capital.

As per the memorandum issued on 2 July 2019, the content of which was published in the press on that same date and submitted to the Milan Company Register, the shareholders of Quattroduedue Holding B.V. - Vincenzo Manes, through Mapa S.r.l. (Milan), with an equity investment of 35.12%, Ruggero Magnoni, through Likipi Holding S.A. (Luxembourg), with an equity investment of 32.44% and Hanseatic Europe S.a.r.l. (Luxembourg), with an equity investment of 32.44% are signatories to a shareholders' agreement relative to their equity investments in the aforementioned Quattroduedue Holding B.V, which will expire on 30 June 2022.

Neither of the shareholders hold the control of this company or of Intek Group pursuant to article 93 of the TUF.

The Company, as of 31 December 2021, directly held 6,937,311 own ordinary shares, equal to 1.78% of the share capital of this category and 1.71% of the total share capital.

In the course of 2022 no ordinary shares were purchased, therefore at the date of this Report, the number of ordinary treasury shares held is unchanged.

d) Securities with special control rights (pursuant to article 123-bis, paragraph 1, letter d), TUF)

No securities have been issued conferring special control rights, except as already indicated in another section of this Report, regarding the statutory rules governing the multiple voting rights.

e) Employee share scheme, mechanism for the exercise of voting rights (pursuant to article 123-bis, paragraph 1, letter e), TUF)

There is no employee share-option scheme.

f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1, letter f), TUF)

Without prejudice to applicable regulations and the provisions of the Articles of Association, there are no restrictions to voting rights.

In that connection, the Shareholders’ Meeting of 19 May 2006 resolved to amend article 4 of the Company Articles of Association in order to allow the Shareholders' Meeting to authorise a share capital increase of up to 10% of the existing share capital without option rights pursuant to article 2441, paragraph 4, second sentence, of the Italian Civil Code.

Furthermore, article 27 of the Articles of Association provides that a resolution to extend the duration of the Company (currently 31 December 2050) gives no withdrawal right pursuant to article 2437 of the Italian Civil Code.

g) Shareholders’ agreements (pursuant to article 123-bis, paragraph 1, letter g), TUF)

The Company did not receive any communication regarding the existence of shareholders' agreements pursuant to article 122 of the TUF, except as indicated above regarding the agreement existing between the shareholders of Quattroduedue Holding B.V., which expires 30 June 2022 and is published on the Company's website www.itkgroup.it.

h) *Change of control* clauses (pursuant to article 123-bis, paragraph 1, letter h), TUF) and provisions of the Articles of Association regarding takeover bids (pursuant to articles 104, paragraph 1-ter, and 104-bis, paragraph 1, TUF)

Neither the Company nor its subsidiaries have entered into arrangements on the effectiveness, amendment or termination of which are conditional to a change in the control of the Company.

The Company did not adopt any provisions in its Articles of Association that depart from the provisions of the passivity rule pursuant to article 104, paragraph I and II of the TUF, or provide for application of the neutralisation rules pursuant to the following article 104-*bis*, paragraph II and III of the TUF in regard to takeover bids or exchanges.

i) Delegated powers regarding share capital increases and the purchase of treasury shares (pursuant to article 123-bis, paragraph 1, letter m), TUF)

The Board of Directors was not assigned any powers pursuant to article 2443 of the Italian Civil Code.

The Shareholders’ Meeting held on 8 June 2021 authorised the Board of Directors pursuant to the combined provision of articles 2357 and 2357-ter of the Italian Civil Code and article 132 of Legislative Decree 58/98 to purchase and dispose for a period of 18 months from the date of the resolution, ordinary shares and saving shares pursuant to the law and the regulation, with a maximum financial commitment of Euro 5,000,000.

As at the date of this Report, the Company holds 6,937,311 ordinary shares equal to 1.78% of the voting capital and 1.71% of the total share capital.

None of the subsidiaries holds Intek Group shares.

It should be noted that the Articles of Association do not derogate from the provisions on the *passivity rule* provided for by article 104, paragraphs 1 and 1-bis, of the Consolidated Law on

Finance and does not provide for the application of the neutralisation rules contemplated by article 104-bis, paragraphs 2 and 3 of the Consolidated Law on Finance.

j) Management and coordination activity (pursuant to article 2497 et seq. of the Italian Civil Code)

Although a subsidiary of Quattroduedue Holding B.V., through Quattroduedue S.p.A., as indicated above, the Company is not subject to management and coordination pursuant to 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 with respect to contractual arrangements with customers and suppliers;

b) it does not participate in any centralised treasury arrangements operated by Quattroduedue Holding B.V. or other companies controlling Quattroduedue Holding B.V. or Intek Group;

c) the Control and Risk Committee consists of 3 Directors, 2 of whom are Independent Directors also pursuant to article 37, paragraph 1-bis of the Market Regulation.

* * * * *

With reference to the additional information pursuant to article 123-bis of the Consolidated Law on Finance, please refer to the following paragraphs of this Report, as specified below:

- the information required by article 123-bis, paragraph 1, letter i) of the Consolidated Law on Finance, relating to agreements between companies and directors, which envisage indemnities in the event of resignation or dismissal without just cause, or if their employment contract should terminate as the result of a takeover bid, is contained in the Report on Remuneration relating to the year 2021;

- the information required by article 123-bis, paragraph 1, letter l) of the Consolidated Law on Finance relating to the appointment and replacement of directors, as well as amendments to the Articles of Association, is illustrated in paragraph 4 of this Report, dedicated to the Board of Directors;

- the information required by article 123-bis, paragraph 2, letter b) of the Consolidated Law on Finance relating to the main characteristics of the risk management and internal control systems, is illustrated in paragraph 9 of this Report;

- the information required by article 123-bis, paragraph 2, letter c) of the Consolidated Law on Finance relating to information on the mechanisms for the functioning of the Shareholders' Meeting, its main powers, Shareholder rights and procedures for exercising them, is illustrated in paragraph 13 of this Report dedicated to the Shareholders' Meeting;

- the information required by article 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance relating to the composition and functioning of the administration and control bodies and their committees, is illustrated in paragraphs 4, 6, 7, 8, 9, and 11 of this Report;

- the information required by article 123-bis, paragraph 2, letter d-bis) of the Consolidated Law on Finance is contained in paragraphs 4 and 11, relating to the description of policies on diversity applied in relation to the composition of the administration, management and control bodies relating to aspects such as the age, gender composition and training and professional background, along with a description of the objectives, implementation methods and results of such policies.

During the self-assessment, the board deemed that the professional skills present on the Board of its components and as a whole, which are evaluated periodically, are adequate.

3. *COMPLIANCE* (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), TUF)

Intek Group complies with the Code by promoting the introduction of the relative principles in its own governance system, taking into account the peculiarities of its own structure.

If the standards and application criteria of the Code have not been completely adopted, proper information will be provided on the reasons for the failure to apply it or their partial application.

The text of the Corporate Governance Code is available at Borsa Italiana S.p.A. and can also be viewed on the Corporate Governance Committee website at http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm.

As required by article 149, paragraph 1, letter c.-bis of the TUF, the Board of Statutory Auditors monitors the actual implementation of the rules on corporate governance contained in the Code.

Each year, the Company provides information on its *governance* system and its adherence to the Code through this Report, drafted also pursuant to article 123-bis of the Consolidated Law on Finance, which shows the degree of compliance with the principles and the application criteria required by the Code and international *best practice*.

The Report is made available to the Shareholders with the documentation provided to the Shareholders' Meeting regarding the financial statements and it is also immediately published on the Company's website (www.itkgroup.it) under the section "*Governance*".

The Committees established within the Board of Directors (see paragraphs 6, 7, 8, and 10 of this Report) pursuant to the Code, meet and perform the functions according to the provisions of this Code.

Examination of the Company's *governance* structure, as outlined by the Articles of Association, by the procedures adopted and as illustrated in this Report, shows the commitment of the Intek Group to comply with commonly shared *best practices*.

Neither the Company nor its strategically relevant subsidiaries are subject to provisions of laws which are not Italian which influence the structure of Intek Group's *corporate governance*.

4. BOARD OF DIRECTORS

4.1. Role of the Board of Directors (pursuant to article 123-bis, paragraph 1, letter l), Consolidated Law on Finance)

The Board of Directors has the widest powers for the organisation and management as well as the ordinary and extraordinary Company operations for the achievement of its corporate purpose (article 14 of the Company Articles of Association), it determines the strategic lines and pursues their achievement, guarantees the continuity of operations and provides for the attribution of powers to the Executive Directors (articles 15 and 16 of the Articles of Association).

The Board of Directors is also vested with the powers set forth under article 2365, paragraph II of the Italian Civil Code, as provided by article 14 of the Articles of Association, in relation to the resolutions concerning mergers and demergers.

According to the Code, one of the main objectives of the Board of Directors is to create value over the medium-long term, and places emphasis on its duty to establish the nature and level of risk that is consistent with the Company's strategic objectives.

During the Board meetings, detailed information is traditionally provided on the operations and transactions considered to be the most significant in order to disseminate knowledge to the Directors and Statutory Auditors.

During the meeting of the Board of Directors examining this Report, information is also provided on legislative and regulatory amendments that took place during the period which involved the Company's *governance*.

The Board of Directors financial reporting responsibilities are to present:

- the separate and consolidated financial statements at 31 December;
- the half-year report at 30 June.

4.2. Appointment and replacement of Directors (pursuant to article 123-bis, paragraph 1, letter l), TUF)

The requirements for the appointment and replacement of members of the Board of Directors are those pursuant to applicable laws as supplemented by the Company Articles of Association (article 17). It is hereby noted that the extraordinary Shareholders' Meeting held on 11 June 2014, which resulted in amendments to the Articles of Association, adjusted articles 17 and 22 to the discipline regarding balance between genders in the composition of the administration and control bodies as introduced by Law no. 120 of 12 July 2011 and the relative implementing provisions. Additional amendments to the above-mentioned articles were approved by the Extraordinary Shareholders' Meeting on 30 November 2020 to adapt to new regulatory provisions on gender quotas.

Directors' terms may not be longer than three years and they may be re-elected (article 17 of the Articles of Association).

Upon presentation of a candidate for the position of Director, the candidate's curriculum vitae and a list of the positions held by the candidate at other Companies as director or statutory auditor are provided to the Shareholders' Meeting.

The number of Directors may vary between a minimum of seven and a maximum of eleven.

The appointment procedure pursuant to article 17 of the Articles of Association requires that:

- the submission of lists of candidates shall take place at least 25 days prior to the first call of the Shareholders' Meeting and they shall be made available at least 21 days beforehand at the registered office, on the Company's website and through Borsa Italiana S.p.A.;

- the shareholding for presentation of the list is equal to the higher of the percentage identified by Consob pursuant to article 144-quater of the Issuers' Regulation and the one defined by Consob itself pursuant to determination no. 60 of 28 January 2022. To this end, based on the abovementioned Consob regulations, the percentage that is applicable is 2.5% of the ordinary share capital.

- when counting votes for Directors' election, the lists which have not obtained a percentage of votes equal at least to one half of the percentage required to submit a list, shall be ignored;

- one Director shall be appointed from the non-controlling Shareholder list that received the highest number of votes;

- the list shall indicate the candidates to the office as "Independent Directors" and article 17 of the Articles of Association provides that they are at least equal to the "minimum number and meet the conditions required by law";

- the prerequisite for Directors to be considered independent shall be assessed pursuant to article 147-ter, paragraph 4 of the Consolidated Law on Finance as well as article 148 paragraph 3 of the Consolidated Law on Finance, on the basis of the provisions on this prerequisite and also with reference to integrity and professionalism pursuant to the other applicable provisions and the Code;

- the selection of the Directors to be elected be based on criteria that ensure balance between genders. The least represented gender must obtain a number of candidates at least equal to what is set forth in laws and regulations applicable over time, in any event always rounding up.

If during the year one or more Directors are no longer in office, provided the majority of the Directors is still composed of Directors appointed by the Shareholders' Meeting, pursuant to article 2386 of the Italian Civil Code, the procedures to be followed will be the following:

a) the Board of Directors will replace the departing Director from the same list the latter Director belonged to, without restrictions in regard to the listing position and the subsequent Shareholders' Meeting will make a resolution, with the majority set by the law, in compliance with this criterion as well;

b) if no other candidate is listed in the above list, or no other candidates with the required requisites are available, or in any case when, for any reason whatsoever, it is not possible to comply with the provisions set out in item a), the Board of Directors shall replace the vacancy, and the Shareholders' Meeting shall decide with the majority of votes set forth by law, without a list vote.

In any case, both the Board and the Shareholders' Meeting will make the appointments so as to ensure that the number of Independent Directors is at least at the minimum level required by the laws which are from time to time applicable and in compliance with the gender balance laws applicable from time to time.

The entire procedure for the appointment of Directors is set forth in article 17 of the Articles of Association and is also available in a dedicated section of the website www.itkgroup.it.

4.3. Composition of the Board of Directors (pursuant to article 123-bis, paragraph 2, letter d), TUF)

The current Board of Directors was appointed by the Shareholders' Meeting on 8 June 2021 which decided on ten (10) members of the administrative body (as indicated previously, the Articles of Association provide for a variable number of Directors, the minimum being 7 and the maximum 11).

The term of office is three financial years and therefore up to the date of the Shareholders' Meeting called for the approval of the financial statements at 31 December 2023.

In compliance with the procedure referred to in article 17 of the Articles of Association, the following lists were presented:

- Majority List presented by the majority shareholder Quattroduedue S.p.A. (holding 46.97% of the ordinary share capital);

- Minority list presented by the shareholders Alberto Previtali and Daniela Guatterini (owners overall of 4.53% of the ordinary capital).

The Shareholders' Meeting approved the Quattroduedue S.p.A. proposal by majority vote, with 340,914,306 votes in favour equal to 89.542% of the shares represented at the meeting and 61.673% of the shares with voting rights; the minority list obtained 39,817,371 equal to 10.458% of the shares represented at the meeting and 7.203% of the shares with voting rights.

At the date of this Report, 10 Directors, of which 9 were taken from the list presented by Quattroduedue S.p.A. and 1 was taken from the minority list.

With reference to the requirements of professionalism of the members of the Board of Directors: (i) on acceptance of their candidacy, each of the directors declared that they meet the requirements of integrity and professionalism set forth by regulations for the office; and (ii) during the annual self-assessment carried out, the directors also deemed adequate in light of the core *business* of the Company both the skills, experience and professional characteristics of the individual members of the Board, and the size, composition and functioning of the Board itself and its committees, also with reference to the application of diversity criteria.

In 2021 (meeting on 8 June 2021), the Company's Board of Directors also verified that all Directors met regulatory requirements and confirmed that Directors Francesca Marchetti and Luca Ricciardi continued to meet the independence requirements.

Directors are required to provide prompt notice in the event that they no longer meet the integrity requirements pursuant to article 147-*quinquies* of the TUF.

During 2021 compliance with this requirement was assessed, also pursuant to the Bank of Italy regulation (Italian Legislative Decree no. 469 of 11 November 1998).

As far as the Company is aware, none of the members of the Board of Directors and/or Group Key management personnel have, in the past five years, been found guilty of fraud nor, in the performance of their duties, been associated with bankruptcy proceedings, extraordinary administration or compulsory administrative liquidation, nor, finally, have been formally indicted or sanctioned by public or regulatory authorities (including professional associations) nor prohibited by a court from membership of a Board of Directors, management board or supervisory board of the Company or engaging in the management or administration of any issuer.

The personal and professional characteristics of each Director are presented in their *CVs* filed at the Company's registered office and available on the Issuer's institutional website in the *Governance*/Corporate Bodies section (https://www.itkgroup.it/it/organisociali).

For further details, please see Table 4.a attached to this Report, which includes the names of each member of the Board in office, with a specification of the office held, the year of birth, the length of time in office, the list from which they were taken, whether they are Executive, Non-Executive or Independent Directors, their attendance at Board and Committee meetings during the year, as well as the number of administration and control offices currently held in other companies listed in regulated markets, in financial companies, banking or insurance companies or companies of significant size.

As of the closing date, there have been no changes in the composition of the Board.

The names of Directors usually appear at the beginning of the documents prepared for Shareholders' Meetings and in the annual and half-year financial statements.

Diversity criteria and policies

At the date of this Report, the Company has not applied any specific diversity or gender criteria, nor has it adopted a diversity policy for the Board of Directors, as it deems respect for the requirements laid out by legislation and regulations in force over time as well as the Articles of Association to be sufficient to ensure the adequate composition of the administrative body. Specifically, with reference to the provisions on the "pink quotas", as last amended by Law no. 160 of 27 December 2019, and applicable as of the first re-election of the Issuer's administrative and control bodies subsequent to 1 January 2020, the date of entry into force of the above-mentioned law, please note that:

- pursuant to article 147-ter, paragraph 1-*ter* of the TUF, directors must be allocated on the basis of a criterion ensuring gender balance; at least two-fifths of the directors elected must belong to the least represented gender;

- pursuant to article 17 of the Articles of Association, in the composition of the Board of Directors balance between the male and female gender must be ensured in compliance with applicable provisions of law and regulations in force over time.

The Board of Directors in office apply article 147-*ter*, paragraph 1-*ter* of the Consolidated Law on Finance, previously in force, according to which at least two-fifths of the elected directors must belong to the least represented gender.

In this regard, please recall that, at the date of this Report and in compliance with the above-mentioned provisions, four of the directors on the Company's Board of Directors out of ten are women, in line with the regulation in force.

This representation is furthermore ensured on the Board of Statutory Auditors by a Standing Auditor and two Alternate Auditors appointed at the time that the offices were renewed in 2021.

The Issuer did not adopt specific measures during the year to promote equal treatment and opportunities between the genders within the Company. This being said, the Issuer believes that the current Company's organisation, which is constantly monitored by the Issuer itself, makes it possible to achieve the above-mentioned objectives.

Maximum offices covered in other companies

The Board of Directors considers that it shall not discretionally limit the number of offices that each Director may occupy, without prejudice to the duty of each Director to evaluate the compatibility of the offices of Director and Statutory Auditor held in other companies listed in regulated markets and subject to the rights afforded by the law and regulations, with respect to:

- the personal and professional qualifications of its members;
- the number and significance of the offices listed above;
- the high participation of their own members in the meetings of the Board of Directors.

In the course of the year, at its meeting held on 26 April 2021, the Board, on the basis of the information received, after the verification of the offices currently held by its Directors in other companies, decided that the number and type of offices held does not interfere and therefore is compatible with an effective performance of the role of Director in the Issuer.

On the basis of the information received from the Directors and in line with the provisions of the Code, please refer to Table 4.b attached to this Report for the list of administration and control offices held by the Directors in office in joint-stock companies (including those listed in regulated markets, also abroad), partnerships limited by shares and limited liability companies.

Induction Programme

The Company, while considering

a) the high level of professionalism of the Directors,

b) the long-term experience gained by nearly all Directors in the sector of activity in which the Issuer operates, as well as

c) the extensive disclosure provided by the Chairman and the Deputy Chairmen during the Board meetings in relation to any regulatory updates of interest to the Company and based on

d) updates, data and documents periodically provided to the directors themselves in the various Board meetings, where information regarding the performance of the Group's *businesses* is provided or resolutions of a strategic nature are made,

promoted further *ad hoc* initiatives in the course of the year to increase the knowledge of the Directors of the Company's business segment, company trends and their evolution as well as the reference regulatory framework ("*induction programme*").

4.4. Functioning of the Board of Directors (pursuant to article 123-bis, paragraph 2, letter d), Consolidated Law on Finance)

During 2021, the Board of Directors met 8 times.

The average duration of the meetings of the Board of Directors was approximately 1.5 hours.

During the year under way, the Board of Directors met twice and a further meeting has been scheduled.

It is normal practice that the documentation relative to the agenda items is provided to the Directors and the Statutory Auditors prior to each meeting, using e-mail and ensuring that the rules and procedures applicable to confidential documents and information are adhered to.

With reference to **Recommendation 12. c)**, it should be noted that the Secretary and Manager in charge, Giuseppe Mazza, who is also the Company's Administrative Director, constantly attends the Board meetings. Other Company or Group managers or professionals, who have been employed to assist the Company in specific matters or transactions, may participate in certain meetings of the Board, upon invitation of the Chairman.

The schedule of the Board meetings is announced to Borsa Italiana as soon as it becomes available, in any case no later than 30 January, and it is also available on the Company's website www.itkgroup.it.

Pursuant to the Articles of Association (article 20), the Chairman is the legal representative of the Company, including insofar as representation in the courts, and also has corporate signing powers.

The other Directors shall represent the Company to the extent permitted by the powers conferred on them.

With regard to **Recommendation 1.a)** of the Code, the Board is exclusively responsible for examining and approving strategic, business, and financial plans and for the corporate governance system.

Intek Group exercises the management and coordination activities over certain of its subsidiaries and in particular over Immobiliare Pictea S.r.l. and Intek Investimenti S.p.A., as announced, pursuant to article 2497-bis of the Italian Civil Code, by the directors of those companies.

Moreover, the Board of Directors determines the appointment and the withdrawal of powers delegated to the executive directors.

The Board assesses the general results of operations when it examines the periodic reports, taking into consideration in particular the information received from the authorised bodies.

It is specified that the Board is reserved:

- the examination and approval of the Company's transactions prior to implementation, when these transactions referred to equity investments, companies or business units with a value in excess of Euro 20 million;
- the subscription of bonds, including convertible bonds, issued by companies and/or national or foreign entities of for amount in excess of Euro 20 million;
- the examination and approval of the Company transactions prior to implementation, when these are carried out with related parties: (i) which do not fall under transactions which are exempt from application of the specific procedure relative to transactions with related parties and (ii) of an amount in excess of Euro 5 million;
- the signing of contracts involving the exchange, purchase or sale, including through a contribution, of an amount in excess of Euro 30 million, for each individual transaction,

involving securities and financial instruments of any type, which are listed and constitute financial assets, contracts for the sale or purchase of options relative to these securities of an amount in excess of Euro 30 million per individual transaction calculated on the principal of said transaction;

- the purchase, sale, exchange or contribution to companies or entities which are established or under establishment, of real estate of any type or nature, wherever located, the value of which exceeds Euro 20 million per each deed.

The powers for amounts that are less than required for exclusive competence of the Board to enter into effect are conferred upon the Chairman and the Deputy Chairmen.

At the end of each six-month period, the Board of Directors examines the report produced by the Control and Risk Committee containing the outcomes of the verifications produced by this committee and its opinion in regard to the adequacy of the Company's internal control system.

On the occasion of its meeting of 26 April 2021, the Board of Directors examined the positive opinion expressed by the aforementioned Committee.

The Board also completed its own self-evaluation, by asking all Directors to complete a questionnaire, which brought to light no findings.

In the meeting of 26 April 2021, the Board evaluated positively the size, composition and operation of the Board itself and of its committees.

This determination took under consideration the number of members of the Board and the Executive Directors, including with reference to the incidence in number of Independent Directors, for whom fulfilment of the independence requirement was rechecked, taking also into account their highly professional profile.

For information on the remuneration policy adopted by the Company and the remuneration received by the Directors and the strategic executives, please see the Report on Remuneration available on the Company's website (www.itkgroup.it) pursuant to the terms and conditions required by the law and the regulation.

With regard to conflicts of interests and related party transactions of the Company and the Group it heads, please see what is described in paragraph 10 below.

It is hereby noted that there are no resolutions of Shareholders' Meetings which provide for derogations to the non-competition restriction applicable to Directors pursuant to article 2390 of the Italian Civil Code.

4.5. Role of the President

Pursuant to article 20 of the Articles of Association, to which reference should be made for further details, the Chairman is the legal representative of the Company and has full powers to represent the Company in dealings with third parties and in legal proceedings.

Vincenzo Manes was appointed as Chairman of the Board of Directors by the Shareholders' Meeting of 8 June 2021 and the Board of Directors subsequently confirmed the following powers and capacities:

- coordination and guidance of the activities of other Executive Directors in regard of the assigned powers;

- guidance, coordination and control of external communications including communications with Shareholders;

- in particular, including, but not limited to, and consistently with instructions and guidelines decided by the Board of Directors, the Chairman has powers relating to the management of the Company's administrative, financial, control, legal, tax, insurance, human resources and information technology affairs in addition to industrial and commercial matters and services. He has the powers to guide and coordinate all such activities for all Group companies through the relevant operational designees and always within the limits of the strategic policies decided by the Board of Directors.

In exercising such powers, the Chairman may determine rules for the various internal departments, assign responsibilities, appoint attorneys-in-fact as sole or joint signatories in addition to the issue of orders and requirements for the Company organisation and operation. Such powers may be delegated with respect to amounts between Euro 5 million and Euro 30 million.

4.6. Executive Directors

As already mentioned, the Chairman has been granted executive powers to carry out transactions within limits of between Euro 5 million and Euro 30 million.

The Board of Directors on 8 June 2021 nominated two Deputy Chairpersons (Diva Moriani and Marcello Gallo), both currently in office.

Pursuant to Art. 16 of the Articles of Association, each Deputy Chairperson may replace the Chairman in his temporary absence and/or impediment.

The Board of Directors assigned to the Deputy Chairwoman Diva Moriani and the Deputy Chairman Marcello Gallo the powers for the management of the Company’s administrative, financial, control, legal, tax, insurance and *information technology* affairs in addition to industrial and commercial matters and services and also human resources and internal communication; the Deputy Chairmen have the powers to guide and coordinate all such activities for Group companies through the relevant operational designees and always within the limits of the strategic policies decided by the Board of Directors and by the Chairman Vincenzo Manes.

In exercising such powers, the Deputy Chairmen can determine rules for the various internal departments, assign responsibilities, appoint attorneys-in-fact as sole or joint signatories in addition to the issue of orders and requirements for the Company organisation and operation.

Such powers may be delegated with respect to amounts between Euro 2 million and Euro 15 million.

The Board of Directors did not consider it necessary to establish an Executive Committee, conferring upon the Chairman Vincenzo Manes, the Deputy Chairwoman Diva Moriani and the Deputy Chairman Marcello Gallo the necessary powers.

There are no other directors holding delegated management powers or otherwise were considered executives pursuant to the provisions of the Code.

It is however noted that based on a special power of attorney dated 19 December 2012, which was subsequently supplemented on 29 July 2014, the Chairman attributed to the Administrative Director, Giuseppe Mazza, powers of ordinary administration to be exercised by sole signature for transactions between Euro 100 thousand and Euro 500 thousand.

Please note that identical powers have also been attributed, with a suitable power of attorney issued by the Chairman, Roberto De Vitis, the Company’s external consultant who, until 31 March 2017, was also Director of Legal and Corporate Affairs of the company.

As specified in further detail in paragraph 10 on the section referring to transactions with related parties, the Board of Directors attributed to the Chairman and the Deputy Chairmen specific powers in this regard.

The Executive Directors inform periodically the Board of Directors and the Board of Statutory Auditors on the general results of operations and the business outlook as well as regarding the significant transactions carried out by the Company and its subsidiaries.

As noted, these reports will help raise the level of awareness of the Directors and the Statutory Auditors of the situation of the Company and its dynamics.

4.7. Independent Directors and *Lead Independent Director*

Independent Directors

The current Intek Group Board of Directors is made up of 2 (two) Independent Directors.

Pursuant to the provisions of **Recommendation 5** of the Code and in compliance with articles 147-ter, paragraph 4, and 148, paragraph 3 of the Consolidated Law on Finance and Consob communication DEM/9017893 of 26 February 2009, the Directors Francesca Marchetti and Luca Ricciardi confirmed that they continue to qualify as Independent Directors pursuant to the aforementioned provisions and both the Board of Directors and Statutory Auditors agreed also for 2021.

It is hereby noted that the assessment is made on the date of the respective appointments made by the Shareholders' Meetings and therefore repeated as part of the procedures for approval of the financial statements at 31 December.

It should also be noted that the Company deemed the number of two independent directors sufficient, in consideration of their professionalism, autonomy and the high contribution to the discussion within the Board of Directors.

It is hereby noted that the Independent Directors meet at least once per year to discuss transactions of particular significance whenever necessary, as part of the activities of the Control and Risk Committee, of which all independent directors of Intek Group are members.

Lead Independent Director

Recommendation 13 of the Code underlined the importance of appointing a *Lead Independent Director* by the Board of Directors given the presence of particular situations relating to the control of the Company and the powers attributed to the Chairman of the Board of Directors.

As for Intek Group, pursuant to the agreements within the shareholders of Quattroduedue Holding B.V., which were mentioned previously, Vincenzo Manes is not a controlling shareholder of this company or, therefore, of Intek Group.

Furthermore, the following elements were appropriately assessed:

- the distribution of powers between a Chairman and two Executive Deputy Chairmen, separately between them;
- the composition of the Control and Risk Committee, which is composed of Directors, non-executive and in the majority Independent, who can be convened and meet independently including outside the meetings of the Board of Directors.

Due to the above considerations, the Board of Directors did not consider it necessary to appoint a "*Lead Independent Director*" to coordinate any requests and contributions from Non-Executive Directors.

5. MANAGEMENT OF COMPANY INFORMATION

Procedure for handling Privileged Information

In order to demonstrate that markets must be promptly, fully, adequately and not selectively notified of corporate actions, the Company adopted the "Code of Conduct regarding Information on Important Corporate Actions" in 2002 as recommended by the "Code" and in compliance with the principles of Borsa Italiana's guidelines for market information.

With this measure, subject to subsequent interventions, the Board decided to develop a procedure for handling privileged information in order to monitor access to and the circulation of privileged information before it is disseminated to the public, ensure respect for the confidentiality requirements set forth by provisions of law and regulations, as well as in order to govern the internal management and external communication of such information.

The subsequent innovations introduced into the section on corporate disclosures of the TUF, as well as by Consob at the regulatory level and therefore by Borsa Italiana S.p.A., required a review to be carried out in March and November of 2006 and again in November 2007.

In particular, we reiterate the new formulation of article 114 of the TUF and, pursuant to the subsequent article 115-bis, the consequent identification of the "relevant parties," who have access to "privileged information" and the establishment of the relative Register beginning from 1 April 2006, in electronic form.

The procedure requires first and foremost that Directors and Statutory Auditors observe the confidentiality of privileged information which is also required of other persons with access to such information due to their functions and ensuring that such information is only processed by persons aware of the nature and need for compliance and who have knowledge of the procedures required by Consob and Borsa Italiana S.p.A.

As noted in article 115–bis of the TUF, its application refers to the entities controlled by the listed issuer, and therefore excludes controlling entities.

The procedure in question is constantly updated based on regulatory and/or legislative amendments introduced over time, in order to make it even more suited to the group's various *businesses*. The last update was made in January 2022.

Privileged information is disclosed externally through press releases - or other suitable means pursuant to the law - the content of which is approved by the Chairman.

As a rule, when possible, the text of the releases, approved in draft form, is shared with the Directors and Statutory Auditors during the relative Board meetings.

Once the text of the releases is approved by the competent corporate bodies, it is disclosed without delay by the managers of the administrative functions, in compliance with provisions in force over time, including through timely publication on the Issuer's website, where it remains available at least for the minimum period of time established by the above-mentioned provisions.

For the foregoing purposes, the Company may rely on third parties according to the procedures set forth in provisions in force.

The Directors, Statutory Auditors, associates and all employees of the Issuer and the subsidiaries are required to maintain any privileged information obtained in performing their duties confidential.

Such parties are also required to immediately report all information for which they have reasonable doubts with respect to its nature as privileged information, and to observe the confidentiality requirements set forth above, until the information is no longer privileged or its nature as such has been ruled out.

The Chairman evaluates the relevance of the information received and, if he considers it Privileged Information, or he has doubts in that regard, he shall immediately prepare one or more press releases along with the manager of the administrative function.

The Issuer may delay the communication to the public of Privileged Information, including that regarding subsidiaries, when the following conditions are met:

- immediate communication would likely jeopardise the legitimate interests of the Issuer;
- delayed communication would likely not have the effect of misleading the public;
- the Issuer is capable of guaranteeing the confidentiality of such information.

The assessment of the existence of the above-mentioned circumstances is under the responsibility of the Chairman.

The procedure for the processing of privileged information is brought to the awareness of all Directors, Statutory Auditors, associates and employees of the Issuer and the subsidiaries with suitable means.

Register of people with access to privileged information

Particularly with regard to the obligation for listed issuers to establish and manage a register of people with access to Privileged Information pursuant to the provisions of article 18 of Regulation (EU) no. 596/2014 and the implementing regulations, the procedure for the processing of privileged information adopted by the Issuer calls for the establishment of a register of informed parties (the "**Register**") managed by the Company's Legal and Corporate Affairs Manager or in any event the party covering that function.

For each party with access, on a regular or occasional basis, to privileged information due to their working or professional activities or the functions performed on behalf of the Issuer, the Register contains identifying data and the additional information required by regulations in force over time referring to the Informed Parties listed in the Register.

The Register must be updated if the reason for registration of an informed party changes, or when a new informed party should be registered, or when it is necessary to specify that an informed party no longer has access to privileged information.

The information contained in the Register must be stored for at least 5 (five) years subsequent to the elimination of the circumstances resulting in registration or updating.

The party responsible for managing the Register shall promptly notify the Informed Parties of their inclusion in the Register and all updates of information regarding them, as well as the obligations deriving from having access to privileged information and sanctions relating to (i) the offences of the abuse of privileged information and market manipulation and, more generally, (ii) the unauthorised dissemination of privileged information.

Internal Dealing

As of 1 April 2006 and following the entry into force of the provisions on *internal dealing* introduced into the legal system by Law no. 62 of 18 April 2005 and the ensuing amendments set forth in the Issuers' Regulation, the Issuer has a specific "Code of Conduct on *Internal Dealing*" (hereinafter, the "**Internal Dealing *Code***"), governing information obligations concerning transactions on financial instruments issued by the Issuer or other financial instruments linked to them carried out by "relevant parties" and/or people with close ties to them, in order to ensure the necessary transparency and uniform disclosure to the market.

The *Internal Dealing* Code, which has been constantly updated over the years based on subsequent regulations on the matter, also in implementation of the regulations set forth in article 114, paragraph

7 of the Consolidated Law on Finance, as well as article 19 of Regulation (EU) no. 596/2014 and the relative implementing regulations, was most recently amended on 10 January 2022.

The aforementioned *Internal Dealing* Code is available on the Issuer's website in the "*Governance/Internal Dealing*" section.

Aside from identifying "relevant parties", defining their conduct and information obligations and the "party responsible" for the receipt, management and distribution of the information, the Internal Dealing Code establishes the prohibition against carrying out transactions on financial instruments of the Company in the following periods: in the 30 (thirty) days prior to the date scheduled for the approval of the draft financial statements; in the 30 (thirty) days prior to the date scheduled for the approval of the half-yearly financial report ("black out periods"). This prohibition became compulsory for "relevant parties" with the entry into force of European Regulation 596/2014 ("MAR").

Communications relating to the relevant transactions pursuant to the rules on *Internal Dealing* carried out in the course of the year were provided to the market in compliance with the *Internal Dealing* Code and are available on the Issuer's institutional website in the "*Governance/Internal Dealing*" section.

In accordance with the provisions on remuneration, the equity investments held in the Company and its subsidiaries by the Directors, Statutory Auditors and also Group and Company Key management personnel are disclosed in the Report on Remuneration, to which reference should be made.

* * *

The 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.

It is hereby noted that, as from 18 March 2016, the new transparency Directive (Italian Legislative Decree 25/2016) entered into effect. Among other things, it amended paragraph 2 of article 154-ter of the TUF, eliminating the obligation to publish the Interim Report on Operations thereby granting a longer time period for approval of the Consolidated Half-Year Report, which must be provided as soon as possible, and in any case within 3 months from the half-year closing date.

Consob has been granted specific powers to establish, through its own regulation, any obligations to publish additional periodic financial information. Pursuant to the results of a public consultation, Consob resolved not to implement any additional obligations, allowing the individual issuers to select whether to publish these updates or not.

In consideration thereof, starting from the report for the first quarter of 2016, the Company decided not to publish the subsequent interim reports on operations as at 31 March and 30 September. However, *price sensitive* information is immediately disclosed.

6. COMMITTEES WITHIN THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), TUF)

For the reasons set forth above and reiterated again in this Report, the Company has not established Committees with several functions.

The Control and Risk Committee is composed of Directors, Luca Ricciardi (Chairman), Francesca Marchetti, and Alessandra Pizzuti.

The first two members are Independent Directors with professional experience including in accounting, finance, and risk management matters deemed appropriate by the Board of Directors.

The Control and Risk Committee is in charge of assisting, with appropriate investigations, in the assessment and decisions of the Board of Directors with regard to the internal control and risk management system, and also approval of the periodic financial reports.

In addition, it carries out supporting activities relating to compliance of the procedures regarding related party transactions with the applicable legislative and regulatory measures as well as their observance.

Further information regarding the Committee's activities is contained in the section 9.

Beginning from 19 June 2015, the Company has decided not to establish the Remuneration Committee, putting in place appropriate procedures for determination of the remuneration of the Executive Directors, as better specified in paragraph 8 below and the Report on Remuneration, to which reference is made.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE

7.1. Self-assessment and succession of directors

Pursuant to article 147-*ter* paragraph 4 of the Consolidated Law on Finance and with reference to the provisions to **Recommendation 11** of the Code, the Board of Directors believes that its composition, both with respect to the number of its members and their professional skills, and also to the presence of two Independent Directors is appropriate for the size of the Company and the problems to be handled. The same reasoning is also applicable to its internal Committee.

The Board of Directors also believes that the organisational, administrative and accounting structure of the Company and its strategically important subsidiaries are appropriate particularly as far as the internal control system and the management of conflicts of interest are concerned.

The presence of Executive Directors with specific, thorough, multidisciplinary professional experience in financial, industrial and administrative subjects means that all of the most important aspects of the Company's affairs are satisfactorily covered.

Non-Executive Directors, in turn, make an important contribution to the Board of Directors and the Control and Risk Committee to which they belong, in terms of their professionalism and experience.

The Company has not adopted succession plans for its Executive Directors, neither has considered it necessary due to the composition of the shareholder base and the structure of the powers granted.

Insofar as the guidelines to the shareholders regarding the professionals that must be present on the Board, it has been considered that the composition, experience and attention of the controlling shareholders of the Company do not require the formulation of said guidelines on aspects which these shareholders are completely aware of.

7.2. Appointments Committee

The Appointments Committee has not been established since, referring to the provisions of **Recommendation 5**, the Board of Directors has considered that the Independent Directors, equal to one fifth of the members of the Board of Directors, have a significant level of autonomy and independence in decisions and have adequate knowledge of the structures of the Company and the Group.

As a result, the Board of Directors is of the opinion that:

- opinions on the size and composition of the Board of Directors;

- proposals for the appointment of candidates to the position of Director if co-opting is necessary when replacing Independent Directors;
- preparation of a plan for the succession of Executive Directors;

can be discussed and decided within the meetings and responsibilities of the Board of Directors.

8. REMUNERATION OF THE DIRECTORS - REMUNERATION COMMITTEE

8.1. Remuneration of the Directors

For information on the remuneration policy adopted by the issuer and the remuneration received by the Directors, please see the Report on Remuneration available on the Company's website www.itkgroup.it within the time required by law.

8.2. Remuneration Committee

The Board of Directors appointed by the Shareholders' Meeting on 8 June 2021, has decided, like the Board previously in office, not to re-establish the Remuneration Committee.

The Board decided that the redefinition by the Company of its *strategic* mission, its approach to the market and the new *governance* structure made management of the remuneration policy simpler than it had been in the past, since it refers only to Executive Directors of the Company, while the remuneration of the Directors and Managers of subsidiaries/investee companies which are considered to be investments, are handled exclusively by the administrative bodies of the individual subsidiaries/investee companies, notwithstanding the involvement of the parent company in relation to the extraordinary remuneration connected to the disposal of investments.

The incentive criteria for Executive Directors will be more and more connected to reaching specific asset valuation objectives and portfolio of investment results (dividends and capital gains) – and, therefore will be based on creating "value" for the company, rather than on performance and/or profitability of the individual subsidiaries, as it had been in the past.

In this new framework, a Remuneration Committee would have an extremely limited operating area, so that it would no longer be functional.

In fact, it is believed that in its entirety, the Board of Directors is an entity that can adequately and efficiently identify and define the incentive criteria (which are connected to the valuation of the *assets*, as indicated above), based on which to determine the variable component of the remuneration of Executive Directors and Key management personnel and for monitoring that the fixed objectives were indeed reached.

The duties established by the Code insofar as the Remuneration Committee is concerned (see **Recommendation 16** can therefore be carried out by the Board of Directors, in the case of Intek Group.

In order to allow the administrative body to make an assessment that is as informed and cognizant as possible, the Board of Directors can, as necessary, request the expertise of at least two Independent Directors to be contacted from time to time, for more in-depth information regarding the fixed and variable remuneration to be paid to the Executive Directors.

The experience and independence of such Directors will ensure that the Board receives appropriate support, thereby rendering the appointment of a Remuneration Committee redundant.

9. CONTROL AND RISK MANAGEMENT SYSTEM

According to the Code, the Control and Risk Management System (hereinafter the "**CRMS**") is a group of rules, procedures, and organisational structures aimed at identification, measurement, management, and monitoring of the major corporate risks.

An effective CRMS contributes to the company management in compliance with the corporate objectives defined by the Board of Directors, promotes knowledgeable decision-making and helps in safeguarding the company assets, the effectiveness and efficacy of the corporate processes, the reliability of the corporate information and compliance with the laws, regulations and internal procedures.

The Intek Group administrative–accounting internal control system, focused on the management of risks inherent financial disclosures, must not be considered separately from the CRMS of which it is an integral part, though it is able to stand autonomously, due to reasons of operating efficiency, as part of the program for compliance with the requirements under article 154–*bis* of the TUF of the Manager in charge of Financial Reporting.

The purpose of the accounting and administration internal control system is to assure the reliability, accuracy, transparency and timeliness of financial reporting.

The Company's guidelines for the development, implementation, monitoring and updating of the system over time are based on recognised international best practice and in particular the COSO - Internal Control - Integrated Framework, which defines internal control as a process implemented by the Management of the Company and other associates in order to provide reasonable certainty regarding the achievement of objectives included in three categories (operation, reporting and compliance objectives).[2]

The principles followed, pursuant to COSO – Internal Control – Integrated Framework, aim to ensure:

- efficacy and efficiency of operations (operations objective);
- the preparation and publication of financial and other reports, for internal and external distribution, containing information which is reliable, timely and transparent as well as compliant with the requirements of the various regulatory entities and organisations that define recognised standards or policies (reporting objectives);
- compliance with the laws and the regulations (compliance objectives).

The *COSO Report* also sets out the essential components of a system with reference to the following areas:

- *control environment:* the basis of the system characterised by the responsive attitude of the Company's top management to defining procedures and structure (formalisation of roles, tasks, responsibilities, internal communication systems and timeliness of information) consistent with corporate strategies and objectives;
- *risk assessment:* management's identification and analysis of relevant risks involved in the achievement of predefined objectives as well as the determination of risk management methods;
- *control activities:* the methods (processes, procedures and practices) used to define and implement the controls in the organisation for the purposes of mitigating risks and ensuring the achievement of targets set by the management;
- *information and communication:* support for all other aspects of control by communicating control responsibilities to personnel and by providing information in the form and at the time required for individuals to continue their work;

[2] COSO - Committee of Sponsoring Organizations of the Treadway Commission, Internal Control - Integrated Framework, May, 2013.

- *monitoring:* the activity performed by various parties in the company for the ongoing control of the proper functioning of the system in order to overcome critical contingencies and to provide for the maintenance, updating and improvement of the system.

Following are the main steps of a corporate risk management process:

- identification of risks;
- assessment of risks;
- identification of risk management measures;
- assessment of risk management measures.

Description of the main characteristics of the administrative – accounting internal control system

In order to comply with the provisions set forth in article 154-bis of Italian Legislative Decree 58/98 relative to certification of adequacy and the actual application of administrative and accounting procedures for the preparation of the separate and consolidated financial statements of the Company during the financial year, the Manager in charge of Financial Reporting has prepared and carried out a program for compliance with the requirements under article 154-bis of the Consolidated Law on Finance, with the support of the consulting company Operari S.r.l. SB.

The structuring of the compliance programme refers to the COSO - *Internal Control – Integrated Framework* which has been supplemented with guidelines and *best practices* such as:

- Consolidated Law on Finance/TUF – Italian Legislative Decree 58/98;
- Consob regulations;
- ANDAF Guidelines;
- *International Standards of Auditing;*
- *International Professional Practices Framework of the Institute of Internal Auditors.*

The adoption of standards and regulations, domestically and internationally, has made it possible to construct a work program the purposes of which are to ensure reliability[3], accuracy[4], transparency[5] and timeliness[6] of the financial reporting.

This approach can be summarised as being comprised of the following methodological phases:

- definition of the scope of activity in terms of entities and items which are significant for the purposes of the compliance programme under review (*scoping* phase);
- analysis and risk assessment of the financial information concerning the items considered to be significant for the purposes of the certification of the 2021 financial statements (risk assessment phase);
- identification and definition of the set of internal controls between the entities which are included in the compliance programme for the financial year, through integration of the internal control system of each entity to form a single "internal control system" Model which is uniform and applicable to the parent company and the subsidiaries involved in the project, characterised by monitoring practices, principles and methodologies for maintenance and assessment of the internal

[3] Reliability (of the information): information that is characterised by correctness and compliance with the generally accepted accounting principles and fulfils the requirements set by the laws and the applicable regulations

[4] Accuracy (of the information): information that is characterised by neutrality and precision. Information is considered neutral if it is free of preconceived distortions which can influence the decision-making process of its users in order to obtain a predetermined result.

[5] transparency (of the information): information that is characterised by clarity and completeness so as to assist investors in making informed decisions. Information is considered clear if it facilitates comprehension of complex aspects inherent in the entity, without being excessive or superfluous.

[6]Timeliness (of the information): information that complies with the deadlines set for its publication.

control system which are unique and valid for the entities included in the *scoping* phase (*mapping* phase);

- preparation and execution of the compliance test procedures on internal administrative-accounting controls and documentation of the results obtained, as the basis for the opinion regarding their efficacy and actual application by the entities during the reference period and throughout the processes included in the scope of the project (compliance testing phase);

- sharing with the management of any opportunities for improvement as these arise from the tests carried out in order to promote improvements in the internal control system.

Phases of the risk management and internal control systems in relation to the financial reporting process

The compliance programme begins from definition, using quantitative analysis, of the scope of activity and therefore the entities involved and the significant items associated with the *business* cycles, including the process of closing and preparing the separate and consolidated financial statements, as an active part of the control system.

The process of identifying and assessing the main risks connected to the accounting information has been conducted for Intek Group, using a *risk-based* approach.

The accounting-administrative risk assessment activity led to identification of the significant accounting item associated with the relative accounting process/flow, for each entity included in the analysis. Each item was subjected to a qualitative evaluation of inherent risk through association and subsequent assessment of financial statement assertions[7] referring to the significant accounting items.

The risks and control activities identified were integrated into a specific framework which was populated by specific control objectives classified using the standard CAVR ([8]) and directly correlated with the aforementioned financial statement assertions.

The controls used can be classified under two main categories in accordance with international *best practices*:

- *entity level control*, at individual company level (assignment of responsibilities, powers and mandates, separation of duties and assignment of privileges and rights to access IT applications);

- *process level control*, at process level (authorisations, reconciliations, verifications of consistency, etc.) with respect to operational processes, closing the books and so-called "cross-segment" controls relating to IT services.

These controls can be either *preventive* or *detective* in nature, depending on whether they are intended to prevent or detect unintentional or fraudulent irregularities in the financial statements; and either manual or automatic such as the validations run by software supporting the business systems.

In order to express a professional opinion on the actual execution and efficiency of the accounting-administrative internal controls in the financial year and based on the results of the follow-up, the compliance test procedures were updated and implemented, with documentation of the relative results through requests to the company representatives for records relating to the internal controls expected, the data and the transactions carried out and in general their willingness to prove that the controls were actually implemented and/or that no errors occurred with regard to the transactions which were selected. During the compliance tests set forth in the compliance programme described above, the consulting company Operari S.r.l. provided updates on the activity, its progress and the final outcomes

[7] **Existence and occurrence (E/O)**: the assets and liabilities of the company exist as at a certain date and the transactions recorded represent events that actually took place during a specific period of time;
Completeness (C): all the transactions, assets and liabilities to be recognised have actually been included in the financial statements;
Rights and obligations (R/O): the assets and liabilities of the company respectively represent its rights and obligations as at a certain date;
Valuation and accuracy (V/A): the assets, liabilities, equity, revenues and costs are recorded in the balance sheet at their correct amounts, pursuant to the reference accounting standards;
Presentation and disclosure (P/D): the items are correctly named, classified and explained.

[8] Completeness, Accuracy, Validity and Restricted access.

to the Manager in charge of Financial Reporting who in turn informed the top management and the Director in charge, the Control and Risk Committee, which in turn reported to the Company's Board of Directors and Board of Statutory Auditors.

Based on the results of this compliance program, the Chairman and the Manager in charge of Financial Reporting certified the adequacy and efficacy of the internal control system for the financial year by the deadlines and in the form required by the CONSOB Issuers' Regulation.

The Internal Control and Risk Management System was further strengthened starting from 2014 with the development of the *Internal Audit* Plan, which is based on an assessment of the risks relating to Intek Group S.p.A., which was carried out by the *Internal Audit* Function. Indeed, this *risk assessment* was in support of the Control and Risk Committee under the Director in charge and the Board of Directors as a whole, and the internal control supervisors to the extent of their responsibilities within the internal control and risk management system, allowing the major risks to be identified, in addition to those in the administrative-accounting area and regarding compliance with Legislative Decree 231/2001, setting the basis for the risks to be adequately measured, managed and monitored, determining the compatibility of these risks with the risk profile in place.

After the reference area of the *Internal Audit* process was defined, it was possible to carry out the risk assessment which the Plan shall be based on in line with the provisions of the mandate to be issued for the *Internal Auditing* Function and to apply the standards (including ISO 31000 on *Risk Management* specifically for identification and assessment of risks) and the best practices. The area thus outlined consists of business and support processes existing within Intek Group, each of which is characterised by its own specific objectives and the relative uncertainties (risks) that could compromise or, vice versa, facilitate achievement of these objectives.

The risk assessment carried out focused on the objectives (and risks) belonging to the operations and compliance areas, excluding from the latter area the particular portions which are already covered by specific assessment processes and the risk management area in general (e.g. Law 231/2001; 81/08, etc.). Similarly, as indicated above, the administrative-accounting area was excluded from the internal audit process as it is already covered in terms of risk assessment and internal controls through the specific program supporting the statement of the Manager in charge of Financial Reporting pursuant to article 154-bis of the TUF.

In accordance with standard ISO 31000, risk assessment is a process and as such the Company has planned its completion and continued updating, also based on the results of the verifications carried out and depending on of the changes in the reference environment.

Roles and departments involved

Intek Group clearly identifies the roles and departments involved in the design, implementation, monitoring and revision of the CRMS particularly with respect to the officers involved (Manager in charge of Financial Reporting, Head of Internal Control, Process Owner, Control Owner, Tester) who directly report to the Director in charge.

The Manager In Charge of Financial Reporting monitors the risk management and internal control system relating to financial reporting and is responsible for the identification and valuation phases of the financial reporting risks and the identification and valuation of the controls in place for the risks identified.

Each of the phases above corresponds to a specific system *output*: risk details, assessment thereof in terms of the inherent risk, list of controls and mapping of the risk and item controls (control *framework*), valuation of the controls, valuation of the residual risk and identification of any improvement actions.

The risk valuation phase and the adequacy and efficacy of the relative controls is carried out by the Manager in charge of Financial Reporting who is supported by the consulting company Operari S.r.l..

Based on the assessment of the inherent risk and the relative controls, the Manager In Charge of Financial Reporting assesses the residual risk, carries out any further *framework* updating activities and solves and monitors any non-compliance.

9.1. Chief Executive Officer

The Board has entrusted the Chairman Vincenzo Manes, in his capacity as *Chief Executive Officer*, with the task of setting up and maintaining the internal control and risk management system (the "**Director In Charge**") (**Recommendation 32.b)** of the Code).

As part of his duties, the Director in charge supervised the identification of the main corporate risks (strategic, operating, financial and *compliance*) taking into account the characteristics of the activities carried out by the Company and its subsidiaries and periodically submitted them for examination by the Board (**Recommendation 34.a**) of the Code).

He furthermore implemented, together with the internal control supervisors, and based on the guidelines defined by the Board, the internal control and risk management system, following its design, realisation and management and constantly verifying its adequacy and efficiency.

He followed the adaptation of the system to the dynamics of the operating conditions and the legislative and regulatory scenario.

As part of the mandate conferred upon him, the Director in charge is entitled to request the Head of Internal Control to carry out verifications on specific operating areas and on the compliance with the rules and internal procedures in the execution of corporate operations, concurrently reporting to the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors.

Finally, where this became necessary, he immediately reported to the Control and Risk Committee and the Board of Directors regarding any problems or critical areas which arose during the execution of his work or which he became aware of, so that the Committee (or the Board) could take the appropriate actions.

9.2. Control and Risk Committee

The Control and Risk Committee is composed of non-executive Directors, Luca Ricciardi (Chairman), Francesca Marchetti, and Alessandra Pizzuti.

The first two members are Independent Directors with professional experience including in accounting, finance, and risk management matters deemed appropriate by the Board of Directors.

The Control and Risk Committee of Intek Group is responsible for setting the guidelines and verifying the internal control system for the identification and management of the main risks to which the Company is exposed. It consequently:

- supports the Board of Directors in the performance of its duties with respect to internal control and risk management;
- assesses, together with the Manager in charge of Financial Reporting and the Independent Auditors, the correct application of accounting policies and their consistency also for the purposes of preparing the consolidated financial statements;
- expresses its opinion on specific aspects concerning the identification of the main risks to which the Company is exposed in addition to planning, implementing and managing the internal control system;
- examines the work schedule and the periodic reports prepared by the internal audit function;

- monitors the autonomy, adequacy, efficiency and efficacy of the internal audit function;
- may request the internal audit function to carry out periodic verifications on specific operating areas, concurrently informing the Chairman of the Board of Statutory Auditors;
- reports to the Board, at least every six months, when the annual and half-year financial reports are prepared, on the activities carried out and the adequacy of the internal control and risk management system;
- through appropriate investigation activities, it supports the assessment and decisions of the Board of Directors regarding the risk management in the event of adverse events which the Board of Directors became aware of.

The Committee has access to the corporate information required for its work.

The Chairman Vincenzo Manes, also in his capacity as the Director in charge, and the entire Board of Statutory Auditors are invited to its meetings.

The Committee met 4 times in 2021 (as in 5 previous years), and the participation of its members amounted to 100%.

At least one member of the Board of Statutory Auditors always participated in the meetings, at which minutes are taken.

It met twice in 2022; its upcoming meetings are not scheduled.

Specific financial resources were not made available to the Committee to allow it to carry out its duties, and the Committee is entitled to use the structures of the Company or request the support of external consultants that it considers appropriate, to be paid for by the Company, as necessary.

9.3. Head of Internal Control

The Head of Internal Control is responsible for internal audit.

The Head of Internal Control is appointed by the Board of Directors upon proposal of the Chairman, to whom the Head reports on a constant basis without any established schedule. Organisationally, the Head of Internal Control is independent of all operational units and, in turn, has no operational responsibilities. He also reports to the Internal Control Committee and to the Board of Statutory Auditors.

His activity is an *internal audit* activity, thus complying with the relative provision contained in the Code.

The Head of Internal Control has direct access to all information required for the performance of his duties which are the verification and assessment of the adequacy and effectiveness of the Company's internal control system and the compliance of the various company units' operations with procedures, corporate policies, laws and regulations as may be in force from time to time, particularly with respect to the reliability and integrity of information processed, the safeguard of the Company's equity and the adequacy and consistency of accounting standards for the purposes of presenting financial statements, to be carried out together with the Manager in charge of Financial Reporting.

As required under article 6, Recommendation 33, letter a) of the Code, the Board of Directors defines the guidelines for the internal control and risk management system, in such a manner as to ensure that the main risks to which the Company and its subsidiaries are exposed are correctly identified and monitored in accordance with sound management practices.

Due to the size and structure of Intek Group and the emphasis on the *holding* of the equity investments, the internal control function has been outsourced to a third party with adequate professionalism and experience.

On 8 June 2021, the Board of Directors, with the favourable opinion of the Control and Risk Committee and after consulting with the Board of Statutory Auditors, assigned the internal audit engagement for the years 2021-2023 to Operari S.r.l., which already supports the Company in audits of the procedures set forth under Italian Law 262/2005.

The manager of this function is Vittorio Gennaro, *Partner* and Managing Director of Operari S.r.l., who also serves in that capacity as the third member of the Supervisory Board pursuant to Italian Legislative Decree 231/2001 as well.

9.4. Organisational Model pursuant to Italian Legislative Decree 231/2001

The Company has adopted an "Organisation and management model pursuant to Legislative Decree 231/01" (the "**Model**"), which is updated in accordance with the amendments made over time to the reference law, taking into account the prevention of crime risks in the sensitive areas of the Company's operation (referring in particular to corporate crimes and market abuse).

The Model was most recently updated by the Board of Directors on 16 March 2021, so as to take into account the new regulations introduced since its previous revision.

The Model consists of the following parts:

- "General Part", which illustrates the content of Italian Legislative Decree 231/2001, the function of the organisation, management and control model, the duties of the Supervisory Board, the disciplinary system and, in general, the principles, logics and structure of the Model itself;
- "Special Parts", which refer to the specific types of crime analysed and the sensitive activities identified, in order to prevent the crimes set forth in Italian Legislative Decree 231/2001; these special parts specifically regard: crimes in relations with the Public Administrations; crimes on occupational health and safety; corporate crimes; crimes of corruption between private parties; the crimes of market abuse and manipulation; the crimes of receiving, laundering and using money from unlawful activity; cyber crimes;
- Code of Ethics;
- the annexes referred to in the individual parts.

The rules set forth in the Model apply to everyone who carries out, even de facto, management, administration, direction or control functions in Intek Group, their subordinates, both employees and associates, as well as all consultants, agents, attorneys-in-fact and, more generally, third parties who act even de facto on behalf of the Company, within the limits of the powers assigned to them and relating to the scope of activities identified as "at risk".

The Board of Directors also appointed a Supervisory Board with autonomous powers of initiative and control with the function of supervising the effectiveness and updating of the model and/or its constituent elements.

The Supervisory Board should in particular:

- verify the effectiveness, consistency and adequacy of the Model adopted, proposing to the responsible company functions any necessary amendments and additions;
- report to the Board of Directors on a biannual basis concerning the status of the Model's implementation and functioning;
- promote, in concert with the responsible company functions, training/information and internal communications programmes with reference to the Model, standards of conduct and the procedures adopted pursuant to Italian Legislative Decree 231/2001;

- establish internal reporting mechanisms which systematically make information from the various company functions available to perform the model validity monitoring function;
- adequately respond to demonstrations of bad conduct, proposing to the responsible company functions the application of internal disciplinary systems.

At the date of this Report, the Supervisory Board, appointed by the Board of Directors at its meeting on 8 June 2021, is in office for the years 2021, 2022, and 2023 and consists of two external professionals, Attorney Fabio Ambrosiani (Chairman) and Attorney Elena Pagliarani and the Head of Internal Control, Mr Vittorio Gennaro.

The Issuer did not take advantage of the right to assign the functions of the Supervisory Board to the Board of Statutory Auditors. Specifically, also considering the current control system implemented by Intek Group and best practices on the matter, it is deemed that the duties assigned by law to the Supervisory Board may be more effectively pursued through an ad hoc supervisory body with multiple members with a range of different skills and professional backgrounds, thus making the activities of the Supervisory Board more effective and incisive.

An extract of the Model can be viewed on the website www.itkgroup.it in the profile section.

9.5. Independent Auditors

Deloitte & Touche S.p.A. (hereinafter referred to as "**Deloitte**") has been appointed to perform the audit, pursuant to articles 155 et seq. of the TUF, of the consolidated and separate financial statements as well as the condensed consolidated half-year report of Intek Group S.p.A.

Deloitte is the “Primary Auditor”. The current mandate was approved by the Shareholders' Meeting on 31 May 2016 at the recommendation of and for the reasons cited by the Board of Statutory Auditors, and will end with the financial statements as at and for the year ended 31 December 2024.

The person in charge of the mandate for the Independent Auditors is Giuseppe Avolio. Article 17, paragraph IV of Italian Legislative Decree no. 39 of 27 January 2010 (the “**Consolidated Audit Law**”) sets the maximum duration for such an office at six financial years.

The total fees paid by the Company in 2021 amount to Euro 151 thousand.

Also in 2021, the total fees paid at the level of the subsidiaries were Euro 1,210 thousand.

During the year, the Independent Auditors and firms belonging to the same *network* were assigned further mandates by Intek and its subsidiaries, amounting to Euro 180 thousand.

Please refer to the notes to the separate financial statements relating to the year in question for further information.

As part of its supervisory duties, the Board of Statutory Auditors is also responsible for monitoring the independence of the Independent Auditors.

9.6. Manager in charge of Financial Reporting and other corporate roles and functions

In its meeting on 14 May 2013, the Board of Directors, based on the favourable opinion of the Board of Statutory Auditors, appointed the Administrative Director Giuseppe Mazza in consideration of the professional requirements, characteristics and skills he offers, granting him the appropriate powers and means to exercise the duties assigned to him as the new Manager in charge of Financial Reporting.

In its meeting of 8 June 2021, the Board of Directors renewed the term of office of Giuseppe Mazza.

The term of office is the same as that for the Board of Directors, in other words until the date of the Shareholders' Meeting convened to approve the financial statements as at and for the year ending 31 December 2023.

The Manager in charge of Financial Reporting provides periodic reports to the Director in charge, the Control and Risk Committee and the Board of Statutory Auditors on his work and has an ongoing relationship with the Independent Auditors.

9.7. Coordination between the individuals involved in the internal control and risk management system

The sharing of information generated in the various areas of activity is ensured through a structured information flow which all individuals with duties within the internal control system and the risk management system can actively participate in, including insofar as the functions carried out by the Control and Risk Committee, the Board of Statutory Auditors and the Director in charge.

This information flow will be coordinated on the occasion of the meetings of the Control and Risk Committee, which all involved corporate functions participate in.

To this end, we note the activity of the Manager in charge of Financial Reporting who, together with the Chairman, provides the certification required by paragraph 5 of article 154-bis of the TUF.

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In compliance with the Code, the Board of Directors believes that the Company's internal control system is adequate for the types of risks typical of the Company's business and is sufficient to safeguard the Company's assets, the efficiency and effectiveness of its operations, the reliability of financial disclosure and compliance with laws and regulations.

10. Interests of Directors and Transactions with Related Parties

The Directors with powers report to the Board of Directors and the Board of Statutory Auditors on transactions with reference to which they have a personal interest, not necessarily in conflict with the interests of the Company.

The Procedure applicable to transactions with related parties (hereinafter the "**Procedure**"), adopted in March 2003, was updated several times over the years, the last time being on 30 June 2021 to adapt to regulatory changes.

This procedure takes Consob recommendations into account, substantiates the statutory regulation and is compliant with the relevant Regulation adopted by Consob with its resolution no. 17221 of 12 March 2010 (hereinafter the "**Related Parties Regulation**") which requires, in particular, that transactions with related parties, whether carried out directly or through subsidiaries, must take place in compliance with the principles of:

- transparency;
- correctness in substance;
- correctness in procedures.

The Board of Directors believes that these procedures are sufficient to manage any conflicts of interest.

Here below are the most important provisions of the Procedure whose unabridged version is available in the section "*Governance*/Related Parties" of the Company website (www.itkgroup.it).

The related parties are those which are defined and indicated by CONSOB.

In its meeting of the 5 August 2015, the Board of Directors resolved to no longer consider as related parties the Executive Directors of the *sub-holding* company KME SE as it is considered as an investment.

The Directors and the Statutory Auditors of the Company and its subsidiaries, as identified above, where they have an interest in a transaction, either on their own behalf or on that of third parties, shall inform the Board of Directors, in the person of its Chairman, detailing its nature, terms, origin and extent. Those Directors who have such an interest are also obliged to abstain from voting on the issue and they shall not participate in the related discussion, except in the case where a different and unanimous resolution is passed by the Board of Directors on the issue.

An internal procedure is envisaged to draw up, manage and maintain the list of related parties which is updated every six months taking into account the information received from the Directors and the Statutory Auditors, as well as from the other key management personnel.

Group subsidiaries are required to comply with the Procedure, where applicable, and ensure the flow of information to the Company.

"Transactions with related parties" means any transfers of resources, services or obligations between related parties, regardless of the fact that the action has been carried out for a consideration.

This includes:

- merger, demerger or strictly non-proportional demerger transactions, if carried out with related parties;
- any decision on the allocation of remuneration and economic benefits, in whatever form, for members of the administrative and control bodies and key management personnel.

In compliance with the CONSOB Regulation and its annexes, transactions are divided into:

- transactions of greater importance;
- transactions of lesser importance;
- regulations-exempt transactions.

The Control and Risks Committee, to which the functions of the related parties committee are assigned:

- oversees that the procedures regarding transactions with related parties comply with the applicable legislative and regulatory measures as well as their observance;
- provides the Board of Directors with its opinion regarding the Company's interest in undertaking transactions with related parties as well as regarding the cost-effectiveness and correctness in substance of the related conditions.

Regarding transactions of greater importance, the Committee must be involved already in the negotiation and examination stages through the complete and prompt receipt of all the related information.

The Committee has the discretionary power of requiring information and making its comments to the delegated bodies and the parties assigned to carry out the related negotiations, as well as being assisted by its own independent experts, at the Company's expense, for the purpose of evaluating the characteristics of the transaction.

The resolutions of the Committee are validly passed by majority and specific alternative procedures are envisaged for transactions in which members of the Committee are related parties.

The minutes of the Committee meetings are taken by the Secretary to the Board of Directors and, where applicable, shall contain the reasons of the Company's interest in carrying out the transaction, as well on the basic appropriateness and correctness of the related conditions.

Transactions of a greater importance are submitted for the prior approval of the Board of Directors that passes resolutions on the issue in compliance with the procedures laid down by article 19 of the Articles of Association, after having heard the reasoned opinion of the Related Parties Committee, composed of the same members as the Control and Risk Committee, on the Company's interest in carrying out the transaction, as well as on the basic appropriateness and correctness of the related conditions.

The Committee's opinion is binding, i.e. transactions of a greater importance that have not had prior approval from the Committee cannot be carried out by the Board of Directors.

If the Board of Directors intends to carry out such a transaction without prior approval, it shall convene an ordinary Shareholders' Meeting, without delay, putting the approval of said transaction on the meeting agenda. The Shareholders' Meeting passes valid resolutions on the issue with the majorities laid down by the Articles of Association.

The transaction is held to be not approved and, therefore, cannot be carried out, only if the majority of the voting non-related shareholders cast their votes against the transaction and if the non-related shareholders present at the Shareholders' Meeting represent at least 10% of the share capital with voting rights.

The transactions of lesser importance referred to in article 11 of the Internal Regulations are examined and resolved upon by the competent Company body in accordance with the related procedures currently in force.

According to the Procedure, the Chairman and, in the case of his absence or impediment, or as a matter of urgency, each Deputy Chairman and as long as they, individually, have no conflict of interest regarding the transaction in question, have the power to approve transactions with related parties of the Company and its subsidiaries for an amount not exceeding Euro 5 million.

Furthermore, the corresponding transactions of an amount in excess of Euro 5 million as well as those of a lesser amount for which a conflict of interest situation exists involving both the Chairman and the Deputy Chairmen concurrently, must be submitted for the prior approval of the Company's Board of Directors.

In both cases, transactions must be submitted for the prior, non-binding and reasoned opinion of the Related Parties Committee regarding the interest in carrying out the transaction, as well as regarding the basic appropriateness and correctness of the related conditions.

For transactions that require decisions that can be made only by the Chairman (or the Deputy Chairmen) on which the Committee has expressed a justified negative opinion, the Chairman will inform the other members of the Board of Directors without delay. Each one of the non-executive members of the Board of Directors, excluding the members of the Control and Risk Committee, has the faculty to call a meeting of the Board, within three days, for the purpose of passing a resolution regarding the approval of this type of transactions.

The Internal Regulations are not applicable to the following:

1. resolutions regarding the compensation of those Directors vested with special duties, which fall within the total amount approved, in advance, by the Shareholders' Meeting pursuant to article 2389, paragraph 3, of the Italian Civil Code;

2. other transactions lower than Euro 100,000 with natural persons and no higher than Euro 500,000.00 (in both cases the amounts are understood to be on an annual basis and therefore can be cumulative) with other entities;

3. the so called "Remuneration plans", based on financial instruments approved by the Shareholders' Meeting pursuant to article 114-bis of the TUF and the related executive transactions;

4. resolutions regarding the remuneration of Directors vested with special duties, other from those in point 1 above, but only in the case where the conditions laid down by the measures regarding

this issue as set out in article 13, paragraph 3, letters a) and b) of the Related Parties Regulation are observed;

5. ordinary transactions finalised at conditions equivalent to normal market conditions, or standard practice;

6. transactions with, or between, subsidiaries, as well as transactions with associates as long as, within such subsidiaries or associates there are no interests, qualified as significant pursuant to the Internal Regulations, of other related parties of the Company.

Since transactions of greater importance are not subject to preparation of the "Information Document" pursuant to the applicable provisions, the Company shall:

1. communicate to CONSOB, within the timeframes laid down by the applicable measures, the name of the party involved, the subject and the amount of the transactions;

2. show in the Interim and Annual Reports on Operations which transactions, subject to disclosure obligations, have been finalised while taking advantage of the exclusion condition.

In order to assess the non-applicability of the Internal Regulations, the following shall not be considered to be "significant interests":

1. the mere sharing of one or more directors, or key management personnel, between the Company and its subsidiaries and associates;

2. the existence of relations of an equity nature, excluding those referred to in the following point 3 and, in general, those arising from the remuneration of key management personnel that is no greater than Euro 200,000.00, calculated also cumulatively on a yearly basis, between subsidiaries and associates, on the one hand, and other related parties of the Company, on the other hand, and that, in any case, impact, or are impacted by, the transaction in question;

3. the existence of Incentive Plans based on financial instruments or, in any case, on variable remuneration, which depend upon the results achieved by the subsidiaries or associates with which the transaction has been carried out and whose beneficiaries are Directors or key management personnel, also of the Company, and when the transaction in question is less than 5% of the results achieved by the subsidiaries and associates, on which the incentives are calculated;

4. when the party that controls the Company holds investments in the subsidiary or associate, if the effective weight of that equity investment is not higher than the effective weight of the equity investment owned by the same party in the Company.

Should a series of similar transactions be carried out with specific categories of related parties within the same year, they can all be authorised by the Board of Directors by means of a "Framework Resolution".

The Company supplies information, in its Interim and Annual Reports on Operations, as required by article 154-ter of the TUF, regarding the following issues:

- on the individual transactions of greater importance finalised during the reporting period;
- on any other individual transactions with related parties, as defined pursuant to article 2427, paragraph 2, of the Italian Civil Code, also finalised during the accounting period, which have had a relevant impact on the financial position or on the results of operations of the Company;
- on any change or development regarding transactions with related parties, which were described in the last Annual Report and that have had a relevant impact on the financial position or on the results of operations of the Company, during the accounting period.

In the case of a negative opinion by the Committee regarding a transaction of lesser importance, the Company shall make publicly available, within 15 days from the closing date of each quarter of the financial year and in compliance with the conditions, terms and methodologies of the CONSOB Regulation, a "Document" containing the description of the aforesaid transaction.

On a quarterly basis both the Board of Directors and the Board of Statutory Auditors shall receive from the Executive Directors of the Company, a specific information report regarding transactions with related parties that are not subject to the prior approval of the Board of Directors.

The information report must explain the nature of the relationship, the conditions, specifically the economic conditions, the methodologies and the timeframes for the completion of the transaction, the evaluation procedure followed, the interest and the reasons underlying it.

Furthermore, a specific information document regarding performance of those transactions that have had the prior approval of the Board of Directors, also through "Framework Resolutions", shall also be supplied.

When transactions of greater importance take place, also when carried out by Italian and foreign subsidiaries, pursuant to article 114, paragraph 5, of the TUF, an "Information Document" is drawn up in compliance with Annex 4 of the Related Parties Regulation, and is attached to the Internal Regulations as letter c) forming an integral part of such Regulation.

The Board of Directors will periodically check the effectiveness of the procedure that has been put in place and, in any case, is charged with reviewing it together with the Board of Statutory Auditors every three years, without prejudice to the possibility of promptly making amendments, for the purpose of ensuring the highest possible level of efficiency of such Regulations.

Articles 10 (Calling Shareholders' Meetings) and 14 (Management of the Company) of the Articles of Association allow the Board of Directors to carry out transactions with the related parties immediately, in accordance with the terms provided in the Related Parties Regulation, if it is urgent and does not require submission to the Shareholders' Meeting for approval.

If the transaction is then carried out by a subsidiary, the Board of Directors must be informed at its next meeting following the transaction under review. In addition, in case of transactions of an urgent nature and which are connected to critical situations in the Company requiring submission to the Shareholders' Meeting for approval, the transaction may be carried out by the Board of Directors by way of exception to the relevant provisions, provided that, at the subsequent Shareholders' Meeting called to pass resolutions on this issue, the provisions for such situations of the Related Parties Regulation are applied.

11. BOARD OF STATUTORY AUDITORS

11.1. Appointment of Statutory Auditors

The Board of Statutory Auditors oversees compliance with the law and the Company Articles of Association with respect to good governance and, particularly, the adequacy of the organisational, administrative and accounting structure of the Company and as it actually functions.

Article 22 of the Articles of Association, which is entirely dedicated to the Board of Statutory Auditors, sets out the requirements of personal integrity and professionalism for its members as well as the procedure for their appointment which includes:

- the submission of a list for the appointment and the *curriculum vitae* of each candidate at least 25 days before the Shareholders' Meeting on first call and so made available at least 21 days before at the Company offices, on the Company website and through Borsa Italiana S.p.A.. The list must be accompanied by information on the identity of the shareholders that present it, the overall relevant proportion held and a declaration by shareholders other than those who hold, including jointly, controlling interest or plurality interest, confirming the absence of connected relations. It must furthermore contain exhaustive information on their personal and professional characteristics, together with a declaration that they accept the candidacy.

- if only one list or lists that are linked in accordance with current regulations have been submitted within this deadline, other lists may be filed up to the third day after the deadline for submission at the registered office. In this case, the threshold is reduced by one half;

- the presence in the list of one Alternate Auditor designated by minority Shareholders as a substitute, if required, for the Auditor also selected from a non-controlling shareholder list, should the latter no longer be in office;

- in the event that two or more lists obtain the same number of votes, the auditors in the list submitted by the Shareholder with the largest shareholding or, subordinately, the highest number of Shareholders, shall be deemed elected;

- shareholders who, alone or together with others, hold an equity investment, in ordinary shares, equal to the highest percentage identified in article 147-ter, paragraph 1 of the TUF, in respect of the provisions issued by Consob, can submit lists. Based on article 144-quater, paragraph 2 of the Consolidated Law on Finance, the applicable percentage is 2.5% of the ordinary capital pursuant to the provisions set forth by Consob with its determination no. 60 of 28 January 2022;

- lists with a total number of candidates equal to or higher than three must be composed of candidates which belong to both genders, so that a number of candidates at least equal to what is set forth by laws and regulations applicable over time belong to the least represented gender (rounded up). This applies to Standing as well as Alternate auditors;

- in the event of the replacement of an Auditor, the replacing Alternate Auditor must belong to the same list as the departing Auditor, pursuant to the gender balance laws applicable from time to time.

In particular, it is noted that in accordance with articles 148-*bis* of the TUF and 144-terdecies of the Regulation, Statutory Auditors may not hold more than five positions as Statutory Auditor in issuers.

The provisions of the Articles of Association relative to the appointment of the Board of Statutory Auditors are available in the 'Profile/Statute' section of the website www.itkgroup.it and we reiterate that the procedure has been updated and made compliant with the new applicable provisions, the latest based on the resolution of the extraordinary Shareholders' Meeting held on 30 November 2020.

11.2. Composition and operation of the Board of Statutory Auditors (pursuant to article 123-bis, paragraph 2, letter d) and d-bis), TUF)

The current Board of Statutory Auditors was appointed by the Shareholders 'Meeting of 8 June 2021 for the financial years 2021, 2022, and 2023 and will therefore expire at the Shareholders' Meeting called to approve the financial statements as at 31 December 2023.

In compliance with the procedure referred to in article 22 of the Articles of Association, the following lists were presented:

- Majority List presented by the majority shareholder Quattroduedue S.p.A. (holding 46.97% of the ordinary share capital);

- Minority list presented by the shareholders Alberto Previtali and Daniela Guatterini (owners overall of 4.53% of the ordinary capital).

The Shareholders' Meeting approved the Quattroduedue S.p.A. proposal by majority vote, with 340,845,692 votes in favour equal to 89.524% of the shares represented at the meeting and

61.661% of the shares with voting rights; the minority list obtained 39,885,985 equal to 10.476% of the shares represented at the meeting and 7.216% of the shares with voting rights.

It should be noted that the following were appointed from the list submitted by a non-controlling Shareholder (which, pursuant to article 22 of the Articles of Association, would be the highest in accordance with articles 147-ter, paragraph 1 of the Consolidated Law on Finance and 144-quater of the Issuers' Regulation), the Chairman of the Board of Statutory Auditors Silvano Crescini and the Alternate Auditor Cristina Sorrentino.

It is hereby noted that this composition is compliant with the provisions regarding the "gender quotas" due to the presence of the Standing Auditor, Giovanna Villa and the Alternate Auditors, Elena Beretta and Cristina Sorrentino.

The names of all the members of the Board of Statutory Auditors in office during 2021 are listed in the attached Table 11.a, with a brief curriculum vitae of each of them, which is also available in the dedicated section of the website https://www.itkgroup.it/it/organisociali.

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As far as the Company is aware, none of the members of the Board of Statutory Auditors has, in the past five years, been found guilty of fraud nor, in the performance of their duties, has been associated with bankruptcy proceedings, extraordinary administration or compulsory administrative liquidation, nor, finally, has he/she been formally indicted or sanctioned by public or regulatory authorities (including professional associations) nor has he/she been prohibited by a court from membership of a Board of Directors, management board or supervisory board of the Company or engaging in the management or administration of any issuer.

On appointment to the Board of Statutory Auditors, each member stated that he/she is in possession of the professionalism and integrity requirements required by regulations and the Articles of Association and that he/she is not subject to any of the impediments listed in article 148 of the TUF and undertakes to notify the Company within thirty days of any changes.

The Company has complied with the disclosure obligations pursuant to article 123-bis, paragraph 2, letter d-bis), on verification of the independence of the members of the Board of Statutory Auditors, despite the fact that it is included among the entities that are exempted from the regulation due to the non-applicability to it of two of the three parameters instrumental to this end (revenues of less than Euro 40 million and fewer than 250 employees).

The Board of Directors and the Board of Statutory Auditors verify every year that each of their members still qualifies as independent in accordance with the law and article 2, Recommendation 6 and 9 of the Code.

These verifications in 2021 involved the position as the Standing Auditors of Marco Lombardi and Elena Beretta as they sit, as Standing Auditors, on other Boards of Statutory Auditors belonging to other Group companies and investees as listed below.

To this end, it is considered that these situations do not limit their independence due to their personal characteristics and as such do not represent "significant" professional relations in the overall context of their activities.

The Board of Statutory Auditors announced the findings of the verification that was also conducted for the purposes of article 149, paragraph 1, letter c-bis of the TUF requiring supervision of the actual implementation of the Code.

Other positions as Board Directors and Statutory Auditors held by the Company's Statutory Auditors at other companies and in the Group are shown in Table 11.b, attached to this Report, and were provided to the Shareholders' Meeting when the Statutory Auditors were appointed.

Their current number and importance for each Auditor are below the thresholds envisaged by CONSOB and by the aforementioned ethical conventions.

The Board of Statutory Auditors carries out functions and responsibilities according to the Italian Civil Code.

Pursuant to article 2402, paragraph 1, of the Italian Civil Code, the Board of Statutory Auditors oversees compliance with the law and the Articles of Association with respect to good governance and, particularly, the adequacy of the organisational, administrative and accounting structure of the Company and as it actually functions.

Following the entry into effect of Italian Legislative Decree no. 39 dated 27 January 2010, on the legally-required audit of the financial statements, the Board of Statutory Auditors also took over the task of "Internal Control and Audit Committee."

The establishment of this Committee aims to minimise the financial and operating risks, risks of failure to comply with the provisions of the law and/or the regulation and to improve the quality of the financial reporting. The Committee, which the Italian law requires be set within the Board of Statutory Auditors, has the following tasks:

- monitoring financial reporting;
- controlling effectiveness of internal control, internal audit and risk management systems;
- monitoring the legally-required audit of the financial statements and verifying the independence of the Auditor or the audit company.

The Board of Statutory Auditors regularly carries out its activities and constantly takes part in the meetings of the Board of Directors and the other Committees, coordinating its activities with the internal audit function in particular, and with the Control and Risk Committee. Furthermore, the Board of Statutory Auditors has over time acquired, developed and maintained on the occasion of the changes in its membership, the possibility of constantly being in contact with the offices of the Company which it contacts directly and in full independence.

Its relationship with the Independent Auditors is collaborative and entails the exchange of data and information.

Furthermore, in this context, the Board of Statutory Auditors monitors the independence of the Independent Auditors.

In accordance with the provisions on remuneration, payments made to the Statutory Auditors are shown in the table drawn up in accordance with CONSOB provisions (or "Model 1" of Annex 3C of the Issuers' Regulation) contained in the Report on Remuneration; they have been deemed to be commensurate with the commitment required, the relevance of the role held, the size of the Company and the sector in which it operates.

During 2021, the Board of Statutory Auditors met 7 times (6 in 2020); participation in the meetings by the members was 95% (100% in the previous year). The average duration of the meetings of the Statutory Auditors was approximately 1 hour and thirty minutes.

This year, the Board of Statutory Auditors has met 5 times.

In 2021, at least two members of the Board of Statutory Auditors participated in all the meetings of the Control and Risk Committee.

Participation in these meetings also provides the opportunity for coordinating information flows to the extent of the respective functions and activities of the Board itself, the Head of *Internal Control*, the Director in charge, the Independent Auditors and the Executive Managers of the Company.

As mentioned elsewhere in this Report, the Company has not adopted policies to ensure diversity of the composition of its control bodies, as each individual chosen to fulfil these roles is assessed at nomination in relation to his or her education and experience.

12. INVESTOR RELATIONS

The relative documentation is provided to all those attending all the Shareholders' Meetings. The quality and timeliness of public announcements, which are fundamental for the provision of information to Shareholders and the market, have been assured also through the development and use of the website www.itkgroup.it.

Up to 30 November 2012, the company's website www.kme.com contained legal and financial information about the company (KME Group S.p.A.) as well as information on the business and products of the Group's industrial companies.

On 1 December 2012, following the change of the name to Intek Group, the Company adopted a new website www.itkgroup.it, to which visitors to the website www.kme.com, which now contains only information about the industrial operations of the investee company KME SE, and the website www.itk.it, are directed.

Access to the site is unrestricted and all information can be easily found, with the most recent pieces of news being highlighted. In particular, the reference to the web page containing the information is properly specified.

The site is updated as and when information is released through the electronic system which, up to 28 May 2012, consisted of the NIS (*Network Information System*) managed by Borsa Italiana S.p.A., and then by the "SDIR/NIS".

From that date, following the implementation of Directive 2004/109/EC (the "Transparency Directive"), CONSOB, with resolution no. 18159 of 4 April 2012, amended the previous situation, authorising the operation of the system for the disclosure of regulated information now named "eMarketSDIR" and managed by Spafid Connect S.p.A.. The use of this service is stated on the homepage of the Company website.

The system allows disclosure to the public of press releases issued by the Company by sending them to the press agencies connected to the system, as well as to Borsa Italiana S.p.A., which in turn publishes a notice containing them, and to CONSOB.

The site reports historical, documentary, accounting and financial information (annual and half-year financial statements, and other statements and documents produced over time) as well as information on *corporate events (e.g., annual calendar of corporate events, corporate governance* and remuneration reports, terms and conditions for the exercise of rights, details regarding the calling of meetings and how to participate in them, the procedures for the appointment of the Board of Directors and the Board of Statutory Auditors).

There is a section on the website dedicated to stock market information, displaying the real-time market prices of all the financial instruments issued by the Company, together with the relevant charts.

A large section of the website is dedicated to corporate governance (corporate bodies, characteristics of securities issued, Regulations for bonds, Internal Codes and Procedures, minutes of the Shareholders' Meetings), with specific areas dedicated to any extraordinary transactions underway.

A considerable amount of information is also available in English, particularly press releases, financial statements and interim reports.

During 2021, the website www.itkgroup.it, which is available in Italian as well as in English, had over 193 thousand hits by over 172 thousand visitors with over 430 thousand pages viewed. The peak of access to the site is concentrated in December 2021.

It is possible to send requests to the Company by e-mail at investor.relations@itk.it.

The information role of investor relations is performed by the individual company units for their respective areas of expertise.

This decision takes account of the current internal resources and structures of the Company and ensures that information is provided as and when required.

For each Shareholders' Meeting, the website includes a specific section where it is possible to find all the documentation on the items on the Agenda as well as on how ordinary Shareholders can participate in the relevant Meetings, as required also by article 125 quater of the TUF.

A similar initiative was taken for the holders of saving shares, as well as holders of bonds.

The Board of Directors believes that a website accessible without restrictions and updated in a timely way improves and enhances the quality and quantity of information about the Company and the Group, thereby providing the Shareholders, as well as the holders of other financial instruments issued by the Company and the market, with a crucial instrument for assessing the company and its initiatives.

The speed and procedures with which the information regarding the transactions that took place during 2021 were made available confirmed the soundness of this choice and the intention to increasingly focus in the future on communication, as well as organising and updating the Company's website, an element that is becoming more and more and strategic, in order to allow everyone, without any restrictions, to find information about the Company as broadly and fast as possible.

By virtue of the measures thus adopted which makes it possible to provide easily accessible information and the contained size of the Company, a special structure in charge of managing shareholder relations has not been established, as the information provided by the administrative offices of the Company which are from time to time put in charge of requests from the shareholders has been effective to this end.

In January 2022, the Company approved a Policy for managing dialogue with investors (so-called *Stakeholder engagement policy*).

13. MEETINGS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER C), TUF)

The Shareholders' Meeting's powers and responsibilities are those set out in the Italian Civil Code and the TUF.

The implementation of EU Directive no. 36/2007, commonly known as the "Shareholders' rights directive", has profoundly changed the provisions regarding the involvement of Shareholders in the activities of listed companies. Additional changes were introduced by Italian Legislative Decree no. 91 of 18 June 2012, as subsequently amended.

The Shareholders' Meeting now consists of those who have voting rights and whose communication, sent by authorised intermediaries, has reached the Company, pursuant to the provisions in force, on the basis of the accounting records relating to the end of the accounting day on the seventh day of trading prior to the date set for the Shareholders' Meeting on first call, and which has reached the Company within the legal deadlines.

The resulting changes have already been introduced in the Articles of Association and internal procedures, and are aimed at confirming and ensuring equality of treatment to all the Shareholders in the same position as regards their participation and the exercise of the right to vote at Shareholders' Meetings.

The Articles of Association (articles 2 and 14) empower the Board of Directors to determine the registered and any secondary offices, to approve mergers and demergers of subsidiaries, to reduce share capital in the event of a withdrawal by a Shareholder and to comply with new regulatory provisions and to retain authority over particular cases regarding transactions with related parties, naturally in compliance with the exceptions allowed by the laws in force.

It should be noted that according to article 10 of the Articles of Association, the Shareholders' Meeting shall be convened through specific notice published on the Company's website, and in the Official Gazette when required, but that it has also been decided to still publish the related notice in a newspaper (currently: "Il Sole 24 Ore" – "MF/Milano Finanza" – "Italia Oggi"), also in an abridged form.

During 2012, as part of the aforementioned provisions, the provisions of article 125-bis of the TUF regarding the preparation of Shareholders' Meetings notices were further amended.

In any case, it should be noted that the website www.itkgroup.it contains a specific area dedicated to corporate governance, which is constantly renewed and updated. For the Shareholders' Meetings, part of the website has been dedicated to the related documentation, including not only the documentation on the items on the Agenda but also that for the exercise of Shareholders' rights as envisaged by article 125-quater of the TUF, such as, for example, the form for proxy voting, the documentation for the appointment of the Appointed Representative, and that for voting by correspondence. The procedures to ask questions during a Shareholders' Meeting and how to ask for additions to be made to the Agenda are shown in the same area.

With respect to provisions relating to the submission of shares for participation in the Shareholders' Meeting, article 11 (Attendance and representation at Shareholders' Meeting) of the Articles of Association implements the "*record date*" for all; in practice participation in the Shareholders' Meetings is now connected to the accounting entries as at the seventh day of trading prior to the date set for the Shareholders' Meeting on first call.

Pursuant to the rules regarding the Shareholders' Meetings, the provisions were extended also to the Special Meetings of holders of other financial instruments issued by the Company which are traded on a regulated market, and therefore to holders of savings shares and bonds.

The provisions regarding the issue of proxies and their electronic notification which are also contained in article 11 of the Articles of Association are also worth noting. The above-mentioned article in the Articles of Association also includes the provisions on how to exercise the vote by correspondence.

The other methods of participating in Shareholders' Meetings are contained in article 10 (Calling of Shareholders' Meetings) of the Articles of Association, particularly with reference to the protection of minority shareholders with respect to the appointment of Directors and Statutory Auditors.

As a departure from the Code, the Company has decided to do without specific "Shareholders' Meeting Rules" due to the existence of the provisions of Chapter III of the Articles of Association, available on the Company's website www.itkgroup.it in the "Profile/Articles" section.

Greater details on participation at the specific meeting and the right to ask questions can be found in the *Governance*/Shareholders' Meetings section with reference to upcoming Shareholders' Meetings.

Within this framework, article 12 (Chairmanship of the Shareholders' Meeting) of the Articles of Association expressly requires the Chairman of the Shareholders' Meeting to ensure the correctness of the proceedings by directing and regulating discussions and limiting the length of individual contributions.

Owners of saving shares or bonds are not entitled to participate in the meetings of the holders of ordinary shares.

Each share carries unrestricted voting rights (1 vote per share) unless otherwise provided by law.

The extraordinary Shareholders' Meeting of 19 June 2015 introduced articles 11-bis, 11-ter and 11-quater, establishing the increased voting right for Shareholders that are eligible pursuant to the requirements set by the law that so request by registering the in the special register that the Company has established. Two shareholders are currently registered.

As of 31 December 2021, there were 163,645,859 shares having accrued the increased voting right; the amount was unchanged at the date of the Report; the voting rights amount to 552,815,072 in total.

The list of shareholders who, at the date of the Report, obtained registration in the list of shareholders with the right to the voting increase is published on the Issuer's website www.itkgroup.it, “Governance” Section.

During the 2021 financial year, the following meetings were held on 8 June: (i) Ordinary and extraordinary Shareholders' Meeting for the approval of the financial statements, the remuneration policy, the appointment of the corporate bodies, and the extension of the authorisation to purchase savings shares and cancellation of the same and (ii) Special meeting of savings shareholders for the appointment of the Common Representative.

In 2022, at the date of this Report, no meeting has been held yet.

Unless otherwise provided by the applicable legislative provisions, the Articles of Association shall not be amended unless approved by the Shareholders’ Meeting in the manner, quorums and with the majority prescribed by law.

The Articles of Association contain provisions for the protection of the non-controlling Shareholders in regard to the convening of the Shareholders’ Meeting and additions to its Agenda (article 10), appointment of the Board of Directors (article 17) and the Board of Statutory Auditors (article 22), in relation to the possibility of collecting voting proxies and the right to vote by correspondence (article 11) and the disclosure obligations of the Executive Directors to the other directors and the Board of Statutory Auditors (articles 14 and 18) and the Common Representative of Savings Shareholders (article 26).

In particular, Articles 17 (Appointment and composition of the Board of Directors, and duration of the office of its members) and 22 (Board of Statutory Auditors) were amended in 2007, with the introduction of the voting list method for minorities and in 2014 and 2020, by adaptation thereof to the regulations on gender balance insofar as the composition of the administration and control bodies, as introduced by Italian Law 120/2011.

Furthermore, articles 5 and 13 of the Articles of Association which respectively establish the right to request the identification of shareholders (art. 83-duodecies of the TUF) and entitle shareholders to submit questions prior to the Shareholders’ Meetings (article 125-bis, para. 4. b), no. 1) of the TUF).

It should be noted that the provisions which became effective in 2012 require that the notice indicate the deadline by which questions can be put forward prior to the meeting, and that this deadline cannot be earlier than three days prior to the Shareholders’ Meeting on the first or single call or five days if the notice provides for that the Company will give a response prior to the meeting. In this case, the answers must be provided at least two days prior to the meeting, including through publication in the special section of the Company’s website.

Legitimacy of asking questions is the responsibility of the individuals with the voting rights and not the shareholders.

Additions to the Agenda and presentation of new resolution proposals

Article 10 of the Articles of Association highlights, in compliance with article 126-*bis* of the TUF, that Shareholders who represent at least one fortieth of the share capital may ask, within 10 days of publication of the Shareholders’ Meeting notice, for an addition to the list of items to be addressed. The request must be presented in writing and must contain an indication of the items to be addressed.

Agenda items may not be added with respect to issues on which Shareholders resolve as per the law, upon proposal by Directors or based on a project or report put forward by Directors, other than those specified in article 125-*ter*, paragraph 1 of the TUF.

Following the 2012 amendments, this provision was extended in order to allow Shareholders with a similar stake, again within 10 days of publication of the notice and according to a procedure similar to that provided for the addition to the Agenda items, to put forward resolution proposals on issues already on the Agenda.

In any case, any persons with voting rights can individually put forward resolution proposals to the Shareholders' Meeting.

Pursuant to the law, the requests for additions and/or submission of a new resolution proposal shall be made using that same procedures as provided for the convening of the Shareholders' Meeting at least 15 days prior to the date set for the meeting, making the Report available to the shareholders, accompanied by any assessments by the Board of Directors.

Request to call Shareholders' Meeting

Article 10 of the Articles of Association, in accordance with the provisions of article 2367 of the Italian Civil Code, provides that Shareholders who represent at least one twentieth of the share capital in terms of ordinary shares can ask the Chairman of the Board of Directors to call a Shareholders' Meeting.

The request shall be made by registered letter and shall contain the list of the items to be included in the Agenda and the detailed list of those requesting the meeting, together with a copy of the suitable communication issued by the authorised intermediaries who certify ownership of the shares and their number.

It should be remembered that, following the legislation issued in the context of the emergency caused by the pandemic from COVID-19, and in particular with reference to the provisions of article 106 of Legislative Decree no. 18 of 17 March 2020, as last extended by effect of article 3 of the Law Decree 30 December 2021, no. 228, with reference to the meetings held by 31 July 2022:

i. with the notice of call of the ordinary and extraordinary shareholders' meetings, it is also possible to allow for, even in derogation of provisions of the articles of association to the contrary, voting electronically or by correspondence and participation in the shareholders' meeting through telecommunications tools; it is also possible for the shareholders' meeting to be held, even exclusively, through telecommunications tools that guarantee the identification of the participants, their participation and the exercise of voting rights, pursuant to and in accordance with articles 2370, paragraph 4, of the Italian Civil Code, without in any event the need for the chairman, secretary or notary to be located in the same place, if applicable;

ii. companies with listed shares may designate for ordinary or extraordinary shareholders' meetings the representative set forth in article 135-undecies of Italian Legislative Decree no. 58 of 24 February 1998, even if the articles of association establish otherwise, and may also establish in the notice of call that participation in the shareholders' meeting will take place exclusively through the representative designated pursuant to article 135-undecies of Italian Legislative Decree no. 58 of 24 February 1998; the above-mentioned designated representative may also be granted powers or sub-powers pursuant to article 135-novies of Italian Legislative Decree no. 58 of 24 February 1998, in derogation of article 135-undecies, paragraph 4, of the same decree.

14. OTHER CORPORATE GOVERNANCE ISSUES

The Issuer, aside from the Organisational Model pursuant to Italian Legislative Decree 231/2001 and the accounting control procedures illustrated in paragraph 10 of the Report, does not adopt corporate governance practices other than those set forth in legislative and regulatory standards.

15. CHANGES AFTER THE YEAR END

As of the end of the year, there were no changes in the *corporate governance* structure other than those indicated in the specific sections.

16. CONSIDERATIONS ON THE LETTER FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE OF 3 DECEMBER 2021

The aforementioned letter dated 3 December 2021, with which the Chairman of the CG Committee made the Recommendations, as summarised above, was brought to the attention of the Board of Directors, the Board of Statutory Auditors, and the Control and Risks Committee of the Issuer in the meeting of 31 March 2022.

In this regard, the Board of Directors having taken note of these Recommendations, noted:

(i) **on the subject of the policy of dialogue with shareholders,** the Issuer believes that it has adopted adequate methods of dialogue with the *stakeholders*, also based, where necessary, on direct contact and constant supply of information on the Company's website. A specific policy has been introduced, as indicated in paragraph 12 above;

(ii) **on the subject of proportionality**, given the size of the Company and the composition of its shareholder structure, Intek falls within the category of "non-large" and/or "concentrated" companies and therefore, while substantially respecting the provisions of the Code, also for its contained organisational structure, Intek pursues the simplification options that can be practised for this type of company;

(iii) **on the subject of the composition of the management body**, Intek believes that it has adopted criteria for assessing the independence of its directors based on professionalism and experience, such as to ensure compliance with the provisions and recommendations provided by the Code;

(iv) **on the subject of the management of pre-meeting information**, the Company assessed the existence of an overall adequacy of the operating rules of the Board and its Committees, also with regard to the methods of recording the minutes of the meetings and the procedures and practices for the prior sending and management of the information to the administrators and the methods of protecting the information and data provided, protecting the timeliness and completeness of information flows. It also adopted a specific Regulation relating to the functioning of the Board and the Committees;

(v) **on the issue of the appointment and succession of directors**, also considering its nature as a non-large company, Intek believes that the measures actually adopted, also at the level of the statutory provisions for the procedures for forming the lists, ensure adequate compliance with the of the legislation, also regulatory, and of the Code, on the subject;

(vi) **on the issue of gender equality**, Intek believes that there is an overall adequacy of the company organisation with reference to gender equality and treatment also with reference to the compliance of the composition of the corporate bodies with the legislation, including regulatory, in force on the subject of gender quotas;

(vii) **on the subject of remuneration policies**, in addition to the reference to the specific report for any further reference, the Issuer has assessed that it has adopted clear and measurable rules for the payment of the variable component, aligning the parameters identified for the variable remuneration with the strategic objectives of the business activity.

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Table 2.a: INFORMATION ON THE STRUCTURE OF SHARE CAPITAL AND ON FINANCIAL INSTRUMENTS

SHARE CAPITAL STRUCTURE				
	ISIN Code	No. of outstanding Shares	% of total share capital	No. Voting rights
Ordinary shares without vote increase	IT0004552359	225,523,354	95.97%	225,523,354
Ordinary shares with increased vote		163,645,859		327,291,718
Unregistered savings shares	IT0004552367	16,325,063	4.03%	n/a
Registered savings shares	IT0004552375			
Totals		405,494,276	100.00%	552,815,072

OTHER FINANCIAL INSTRUMENTS		
	ISIN Code	No. of outstanding instruments
"*Intek Group S.p.A. 2020-2025*" Non-convertible Bonds	IT0005394884	4,297,158
Warrant Intek Group S.p.A. 2021-2024	IT0005432668	172,870,418

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Table 2.b: SHARE PERFORMANCE IN 2021

PERFORMANCE OF SECURITIES				
	Maximum value		***Minimum value***	
	Month	***Price***	***Month***	***Price***
Ordinary shares	December	0.5200	May	0.3008
Savings shares	December	0.6640	March	0.4758
Intek Group Bonds 2020-2025	February	106.0100	May	102.1900
Warrant Intek Group S.p.A. 2021-2024	December	0.1445	October	0.0498

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Website: www.itkgroup.it

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Table 2.c SIGNIFICANT EQUITY INVESTMENTS

SIGNIFICANT EQUITY INVESTMENTS			
Declarant	**Direct shareholder**	**% Share of ordinary capital**	**% Share of voting capital**
Quattroduedue Holding B.V.	Quattroduedue S.p.A.	46.97%	61.66%

Table 4.a

Structure of the Board of Directors and its Constituent Committees

BOARD OF DIRECTORS													CONTROL AND RISK COMMITTEE		CONTROL REMUNERATION (***)	
Office	Members	Year of birth	Date of first appointment *	Serving from	Serving until	List **	Executive	Non-Executive	Independent as per Code	Independent as per TUF	Attendance (*)	Number of other positions ***	(**)	Attendance (*)	(**)	% (*)
Chairman	Vincenzo Manes	1960	14.02.2005	08.06.2021	31.12.2023	M	X				8/8	6			n/a	n/a
Deputy Chairperson	Diva Moriani	1968	27.04.2005	08.06.2021	31.12.2023	M	X				8/8	9			n/a	n/a
Deputy Chairperson	Marcello Gallo	1958	14.02.2005	08.06.2021	31.12.2023	M	X				8/8	8			n/a	n/a
Director	James Macdonald	1951	30.04.2013	08.06.2021	31.12.2023	M		X			8/8	4			n/a	n/a
Director	Ruggero Magnoni	1951	31.05.2016	08.06.2021	31.12.2023	M		X			8/8	10			n/a	n/a
Director	Francesca Marchetti	1963	08.05.2018	08.06.2021	31.12.2023	M		X	X	X	7/8	1	M	5/5	n/a	n/a
Director	Alessandra Pizzuti	1962	19.06.2015	08.06.2021	31.12.2023	M		X			8/8	3	M	2/2	n/a	n/a
Director	Maria Serena Porcari	1971	08.06.2021	08.06.2021	31.12.2023	M		X			4/4	9			n/a	n/a
Director	Alberto Previtali	1959	08.06.2021	08.06.2021	31.12.2023	m		X			4/4	3			n/a	n/a
Director	Luca Ricciardi	1973	30.04.2013	08.06.2021	31.12.2023	M		X	X	X	8/8	-	M/P	5/5	n/a	n/a
------DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR-----																
Director	Giuseppe Lignana	1937	12.1.2005	08.05.2018	31.12.2020	M		X	X	X	3/4	-	C	3/3	n/a	n/a

Number of meetings held during the year	***BOARD OF DIRECTORS: 8***	***CONTROL AND RISK COMMITTEE: 5***	***REMUNERATION COMMITTEE: n/a***
Indicate the *quorum*required for presentation of lists by the minority shareholders for election of one or more members (pursuant to article 147-ter of the TUF): 2.5%			

Notes

Attendance at meetings for which minutes were taken is reported in the table. It should be remembered that all the member of the Committees and those invited at the meetings, regardless of whether or not they actually attend, receive documentation and information regarding items on the Agenda with due notice, and take part in their discussion in preparation for the passing of resolutions.

*** Date of first appointment for each Director means the date on which the Director was appointed for the first time (in an absolute sense) by the Issuer's BoD.**

**** This column indicates the list from which each Director was selected ("M" majority list; "m" minority list; "BoD" list presented by the BoD).**

***** This column indicates the number of positions as Director or Statutory Auditor held by the person concerned in other companies listed on regulated markets, in Italy or abroad, as well as in financial, banking, insurance or other companies of considerable size. Table 4.b includes the list of these companies with reference to each Director, specifying whether or not the company in which the position is held is part of the Group of which the Issuer is the parent or part.**

(*) This column indicates the attendance of directors at the meetings of the Board and the committees, respectively (no. of attendances/no. of meetings held during the effective term of office of the person concerned).

(**) This column indicates the position of the Director within the Committee: "C" if Chairman; "M" if a member.

(***) The committee is no longer established pursuant to the resolution of the BoD of 19 June 2015, on 8 May 2018 and 8 June 2021.

Table 4.b

A table showing positions as Director or Statutory Auditor held by each Director at 31 December 2021 in other joint-stock companies, partnerships limited by shares and private limited companies, as well as foundations and associations, is set out below.

Name	Company	Office
Vincenzo Manes		
	Nextep S.r.l. Benefit Corporation (1)	Chairman of the Board of Directors
	Quattroduedue Holding B.V.	Member of the Supervisory Board
	KME SE (1)	Executive Chairman
	Tod's Group (2)	Member of the Board of Directors and the Remuneration and CO/Risk Committees
	Compagnia Immobiliare Azionaria (CIA) S.p.A. (2)	Member of the Board of Directors
	Class Editori S.p.A. (2)	Member of the Board of Directors
	Dynamo Foundation - Engine of Philanthropy	Chairman of the Board of Directors
	Fondazione Adriano Olivetti	Member of the Board of Directors
	Fondazione La Triennale di Milano	Member of the Board of Directors
	Fondazione Italia Sociale	Chairman
	Fondazione Donor Italia	Member of the Board of Directors
	Robert Kennedy Human Rights	Member of the Board of Directors

Diva Moriani		
	Nextep S.r.l. Benefit Corporation (1)	Managing Director
	Dynamo Academy S.r.l. Impresa Sociale	Member of the Board of Directors
	KME SE (1)	Executive Vice Chairman of the Board of Directors Chief Transformation Officier - CTO
	KME Germany GmbH (1)	Chairman
	KME Mansfeld GmbH (1)	Chairman
	KME S.r.l. (1)	Member of the Board of Directors
	Moncler S.p.A. (2)	Member of the Board of Directors - Chairman of the Remuneration and Appointments Committee and member of the Related Party Committee
	Assicurazioni Generali (2)	Member of the Board of Directors - Chairman of the Appointments and Remuneration Committee and member of the Related Party Committee
	Culti Milano S.p.A. (1)	Member of the Board of Directors
	Dynamo Foundation - Engine of Philanthropy	Member of the Board of Directors

Marcello Gallo		

Intek Investimenti S.p.A. (1)	Managing Director
Immobiliare Pictea S.r.l. (1)	Chairman of the Board of Directors
ISNO 3 S.r.l. being wound up (1)	Liquidator
Benten S.r.l.	Member of the Board of Directors
KME SE (1)	Member of the Board of Directors
KME Germany Bet. GmbH (1)	Member of the Supervisory Board
Dynamo Academy S.r.l. Impresa Sociale	Member of the Board of Directors
Dynamo Foundation - Engine of Philanthropy	Member of the Board of Directors
Fondazione Vita	Chairman of the Board of Directors
Fondazione Dynamo Camp Onlus	Member of the Board of Directors
Fondazione Donor Italia Onlus	Chairman
Vita Società Editoriale S.p.A.	Senior Deputy Chairman of the Board of Directors

James Macdonald		
	Hanseatic Americas Ltd	Director
	Hanseatic Europe Sarl	Manager
	Hansabay Pty. Ltd.	Director
	Abolango Stiftung	Director

Ruggero Magnoni		
	Compagnie Financiere Richemont SA	Member of the Board of Directors and of the Audit Committee
	Compagnie Financiere Rupert SCA	Unlimited Partner/General Partner and Member of the Board of Directors
	FMSI Social Investment S.r.l. Impresa Sociale	Member of the Board of Directors
	IMMSI S.p.A. (2)	Member of the Board of Directors
	Omniainvest S.p.A.	Member of the Board of Directors
	M&M Capital Ltd.	Chairman
	Quattroduedue Holding B.V.	Member of the Supervisory Board
	IFM Investors	Senior Advisor to IFM Global Infrastructure Fund
	Likipi Holding SA	Chairman
	Autostrade Lombarde S.p.A.	Member of the Board of Directors
	Società di Progetto Brebemi S.p.A.	Member of the Board of Directors
	Dynamo Foundation - Engine of Philanthropy	Member of the Board of Directors
	Fondazione Giuliano e Maria Carmen Magnoni Onlus	Founding Member and Chairman
	Fondazione Laureus Sport for Good Italia Onlus	Founding Member and Chairman
	Fondazione Cologni dei Mestieri d'Arte	Member of the Board of Directors
	Trilantic Capital Partners Europe	Senior Advisor and Member of the Advisory Council

	Lehman Brothers Foundation Europe	Trustee

Alessandra Pizzuti		
	KME SE (1)	Member of the Board of Directors
	KME Germany GmbH (1)	Member of the Supervisory Board
	KME Mansfeld GmbH (1)	Member of the Supervisory Board

Luca Ricciardi	n/a	n/a

Francesca Marchetti		
	Riantima Immobiliare S.r.l.	Single Auditor

Alberto Previtali		
	Owl S.p.A.	Member of the Board of Directors
	Gum Consulting S.p.A.	Member of the Board of Directors
	Diurno S.r.l.	Sole Director

Maria Serena Porcari		
	Dynamo Foundation - Engine of Philanthropy	Managing Director
	Fondazione Dynamo Camp Onlus	Chairman
	Dynamo Academy S.r.l. Benefit company (società benefit)	Chairman
	Natural Capital Italia S.p.A. Benefit Company	Member of the Board of Directors
	CP Energy Crispiano S.r.l.	Member of the Board of Directors
	Serious Fun Children's Network USA	Member of the Board of Directors
	CIR S.p.A.	Independent member of the Board of Directors
	Hospice Maria Teresa Chiantore Seragnoli Foundation	Member of the Board of Directors
	Università Commerciale Luigi Bocconi	Member of the Board of Directors in quota of the Metropolitan City of Milan
	Cassa di Risparmio di Pistoia and Pescia Foundation	Member of the General Council
	ICCREA Banking Group	Member of the Scientific Committee for Sustainability in support of the Board of Directors

(1) company controlled by Intek Group S.p.A.;

(2) company listed in a regulated market.

TABLE 11.a

Structure of the Board of Statutory Auditors

BOARD OF STATUTORY AUDITORS

Office	Members	Year of birth	Date of first appointment *	Serving from	Serving until	List **	Independence as per Code	Attendance ***	Number of other positions ****
Chairman	Silvano Crescini	1958	08.06.2021	08.06.2021	31.12.2023	m	x	3/3	9
Standing Auditor	Giovanna Villa	1966	08.05.2018	08.06.2021	31.12.2023	M	x	7/7	4
Standing auditor*(*)*	Marco Lombardi	1959	01.09.2008	08.06.2021	31.12.2023	M	x	7/7	6
Alternate Auditor	Elena Beretta	1969	19.06.2015	08.06.2021	31.12.2023	M	x	==	6
Alternate Auditor	Cristina Sorrentino	1969	08.06.2021	08.06.2021	31.12.2023	m	x	==	6

(*) President until 08.06.2021

---------- STATUTORY AUDITORS WHOSE APPOINTMENT CEASED DURING THE YEAR ----------									
Standing Auditor	Alberto Villani	1962	30.4.2013	08.05.2018	31.12.2020	M	x	3/4	34
Alternate Auditor	Andrea Zonca	1966	30.4.2013	08.05.2018	31.12.2020	M	x	==	13

Number of meetings held during the year: 7
Indicate the *quorum* required for presentation of lists by the minority shareholders for election of one or more members (pursuant to article 148 of the TUF): 2.5%

Notes

***Date of first appointment for each Statutory Auditor means the date on which the Statutory Auditor was appointed for the first time (in an absolute sense) by the Issuer's Board of Statutory Auditors.**

****This column indicates the list from which each Statutory Auditor was selected ("M" majority list; "m" minority list).**

***** This column indicates the participation of the statutory auditors in the meetings of the Board of Statutory Auditors (no. of attendances during the period during which the individual was in office)**

Table 11.b

Below is a table showing the Director or Statutory Auditor positions held by each Statutory Auditor at 31 December 2021 in other joint-stock companies, partnerships limited by shares and limited liability companies.

Name	Company	Office
Silvano Crescini		
	Retelit S.p.A. (2)	Member of the SB
	Retelit Digital Services S.p.A.	Member of the SB
	Altachiara S.r.l.	Chairman of the Board of Statutory Auditors
	De Gasperi S.p.A.	Chairman of the Board of Statutory Auditors
	Sial S.r.l.	Chairman of the Board of Statutory Auditors
	Calise S.r.l.	Sole Auditor
	Bracca S.p.A.	Standing Auditor
	Fonti Pineta S.p.A.	Standing Auditor
	Global Payments S.p.A.	Standing Auditor
	OWL S.p.A.	Standing Auditor
	Rondo Schio S.r.l.	Standing Auditor
Giovanna Villa		
	Lenovo Italy S.r.l.	Sole Auditor and Member of the SB
	Lenovo Global Technology S.r.l.	Sole Auditor and Member of the SB
	Skylink S.r.l.	Standing Auditor
	Italian Gasket SpA	Member of the SB
	BFF Bank S.p.A.	Member of the Board of Directors - Chairman of the Remuneration and Appointments Committee and Related Party Committee
Marco Lombardi		
	Brandini S.p.A.	Chairman of the Board of Statutory Auditors
	KME Italy S.p.A. (1)	Chairman of the Board of Statutory Auditors
	Natural Capital Italia S.p.A. (1)	Chairman of the Board of Statutory Auditors
	First Capital S.p.A.	Standing Auditor
	Value First Sicaf S.p.A.	Standing Auditor
	Palomar S.p.A.	Standing Auditor
	Fondazione Angeli del bello	Member of the Board of Auditors
	Klab Kids	Reviewer
Elena Beretta		
	Carcano Antonio S.p.A.	Alternate Auditor
	Fratelli Consolandi S.r.l.	Standing Auditor

	Impresa Costruzioni Grassi e Crespi S.r.l.	Alternate Auditor
	Intek Investimenti S.p.A. (1)	Standing Auditor
	Quattroduedue S.p.A.	Standing Auditor
	Romeo Maestri & Figli S.p.A.	Alternate Auditor

Cristina Sorrentino		
	MG Equity Securities S.p.A.	Chairman of the Board of Statutory Auditors
	Simplex Rapid S.r.l.	Chairman of the Board of Statutory Auditors
	Imbo S.p.A.	Chairman of the Board of Statutory Auditors
	Cortec S.p.A.	Chairman of the Board of Statutory Auditors
	Tecma S.p.A.	Chairman of the Board of Statutory Auditors
	Tecnutensil S.r.l.	Chairman of the Board of Statutory Auditors
	Ghezzi Services S.r.l.	Independent Auditor
	Daq-lan S.r.l. unipersonale	Independent Auditor

Alberto Villani		
	AGB Nielsen M.R. Holding S.p.A.	Chairman of the Board of Statutory Auditors
	Areef 2 Palio – Sicaf S.p.A.	Standing Auditor
	BBC Italia S.r.l.	Member of the Board of Directors
	Bennet S.p.A.	Standing Auditor
	Bennet Holding S.p.A.	Standing Auditor
	BTSR International S.p.A.	Chairman of the Board of Statutory Auditors
	Compagnia Padana per Investimenti S.p.A.	Alternate Auditor
	Carcano Antonio S.p.A.	Standing Auditor
	De Longhi Capital Services S.r.l.	Chairman of the Board of Statutory Auditors
	De Longhi Appliances S.r.l.	Chairman of the Board of Statutory Auditors
	De Longhi S.p.A.	Standing Auditor
	Edra S.p.A.	Chairman of the Board of Statutory Auditors
	Effe 2005 Gruppo Feltrinelli S.p.A.	Standing Auditor
	Finmeg S.r.l.	Standing Auditor
	Fratelli Consolandi S.r.l.	Chairman of the Board of Statutory Auditors
	Gallerie Commerciali Bennet S.p.A.	Standing Auditor
	HDP S.p.A.	Chairman of the Board of Statutory Auditors
	Impresa Costruzioni Grassi & Crespi S.r.l.	Alternate Auditor
	Impresa Luigi Notari S.p.A.	Alternate Auditor
	Meg Property S.p.A.	Standing Auditor
	Nuova GS S.p.A.	Standing Auditor
	Over Light S.p.A.	Standing Auditor
	Pirelli & C. S.p.A. (2)	Standing Auditor
	Quattroduedue S.p.A.	Chairman of the Board of Statutory Auditors
	Royal Immobiliare S.r.l.	Sole Director

San Remo Games S.r.l.	Sole Auditor
Selecta Digital S.p.A.	Chairman of the Board of Statutory Auditors
Selecta Industrial Operations S.p.A.	Chairman of the Board of Statutory Auditors
SO.SE.A. S.r.l.	Member of the Board of Directors
S.r.l. Real Estate Rimini	Managing Director
Tenuta Montemagno Soc. Agricola S.p.A.	Chairman of the Board of Statutory Auditors
Vetus Mediolanum S.p.A.	Chairman of the Board of Statutory Auditors
Vianord Engineering S.p.A.s	Member of the Board of Directors
Zenato Azienda S.r.l. winery	Chairman of the Board of Statutory Auditors

Andrea Zonca		
	Axxam S.p.A.	Standing Auditor
	Dalmar S.p.A.	Standing Auditor
	Envea S.p.A.	Standing Auditor
	Fidiger S.p.A.	Chairman of the Board of Statutory Auditors and Member of the Supervisory Board
	Impresa Costruzioni Grassi & Crespi S.r.l.	Standing Auditor
	Impresa Luigi Notari S.p.A.	Standing Auditor
	Over Light S.p.A.	Standing Auditor
	Reusch International S.p.A.	Member of the Board of Directors
	Rodigas S.r.l.	Chairman of the Board of Statutory Auditors
	Romeo Maestri & Figli S.p.A.	Standing Auditor
	So.Se.Co. S.r.l.	Member of the Board of Directors
	Tankoa Yachts S.p.A.	Standing Auditor
	Trustfid S.p.A.	Chairman of the Board of Statutory Auditors

(1) company controlled by INTEK Group S.p.A.

(2) company listed in a regulated market.

INTEK GROUP

REPORT ON THE REMUNERATION POLICYFOR THE 2021-2023 FINANCIAL YEARS

AND ON THE REMUNERATION PAID FOR THE 2021 FINANCIAL YEAR

Prepared pursuant to article 123-ter of the TUF and article 84-quater of Consob Resolution no. 11971 of 14 May 1999 as amended

Board of Directors
of 31 March 2022

Registered and Administrative Office:
20121 Milan - Foro Buonaparte, 44
Share capital €335.069.387,15, fully paid-up
Tax Code and Milan Business
Register No. 00931330583
www.itkgroup.it

Dear Shareholders,

This document illustrates the implementation of the pay policies in force and therefore of the compensation paid in the year 2021 (the "**Report on Compensation**" or only the "**Report**").

These fees were paid on the basis of the Remuneration Policy for the years 2021 - 2023 (hereinafter the "**Policy**" or the "**Policy 2021-2023**") proposed by the Board of Directors of Intek Group (hereinafter "**Intek Group**" or the "**Company**") of 7 May 2021 and approved by the Shareholders' Meeting of the Company on 8 June 2021.

Given the three-year validity of the Policy, Section I envisaged by Annex 3A, scheme 7 *bis*, Section I, of the Issuers' Regulation has not been prepared, referring to the document prepared on the occasion of its approval.

The Report on the remuneration paid

The "Report on Compensation" shall be approved by the Board of Directors, prepared in accordance with Annex 3A, Scheme no. 7 *bis*, Section II of the Issuers' Regulation, filed with the Company's registered offices and published on its website at least 21 days prior to the Shareholders' Meeting called to approve the annual financial statements. The Report refers to the year 2021 and in particular is focused, including through the use of specific tables, on the analytical presentation of the remuneration paid to Directors, Statutory Auditors, General Managers and Key management personnel in the course of that year.

In continuity with previous years and following guidelines provided in the *layout* document issued by Borsa Italiana S.p.A. (IX edition, January 2022) concerning the "Report on corporate governance and ownership structure"("**Report on *Governance***"), disclosure required by the Code was included in this Report in order to avoid providing duplicate information. Mention has been given in the aforementioned Report on *Governance* as well.

Again, in accordance with the aforementioned indications, the Report on *Governance* and this Report are available also from the registered office of the Company and the *governance* section of the *website* www.itkgroup.it. Due to their respective contents and the numerous reciprocal overlapping, it is recommended that they be read and examined jointly.

The "Report on Compensation" was approved by the Board of Directors in the meeting held on 31 March 2022.

1 Section II - Report on the remuneration paid in the financial year 2021

1.1 <u>Part one</u>: Information on the remuneration items

This Section II illustrates, with reference to the financial year 2021, the first year of application of the 2021-2023 Policy, the remuneration received by the members of the management and control bodies (with specific indication of names for the Executive Directors).

1.1.1 The Board of Directors

1.1.1.1 Remuneration as per the Company Articles of Association and following decision by the Shareholders' Meeting.

Based on article 8 of the Company Articles of Association, all Directors, whether executive or not, shall receive 2% of profits for the year after allocation to the legal reserve has been made.

The shareholders' meeting of 8 June 2021 determined, for the 2021-2023 period, compensation of Euro 16,500 per annum for each director, plus 50% for directors who serve on the Committees established by the Company.

1.1.1.2 Remuneration of Directors with specific powers.

As foreseen in the Policy, the remuneration of Executive Directors is decided by the Board of Directors, after hearing the Board of Statutory Auditors; Executive Directors are the Chairman Vincenzo Manes, the Deputy Chairwoman Diva Moriani and the Deputy Chairman Marcello Gallo.

Article 21 of the Articles of Association allows the Shareholders' Meeting the possibility to provide Directors with a fixed fee.

In its meeting of 8 June 2021, the Board of Directors resolved to allocate to the Chairman Vincenzo Manes a fixed remuneration of Euro 700,000 per annum for the period from 8 June 2021 until the Shareholder's Meeting date called for the approval of the financial statements for the period ended 31 December 2023. The Deputy Chairmen Diva Moriani and Marcello Gallo were attributed a fixed remuneration of Euro 100,000 each per annum for the same period.

The Executive Directors did not receive any variable remuneration in 2021.

Therefore, the total remuneration paid during the 2021 financial year to the Executive Directors was as follows:

- to the Chairman, **Vincenzo Manes**: Euro 700,000, only as a fixed amount;
- to the Deputy Chairman **Diva Moriani**: Euro 100,000, only as a fixed amount;
- to the Vice President **Marcello Gallo**: Euro 100,000, only as a fixed amount.

For calculation details, see Table 1 of this Section II.

During 2021, as part of the "Intek Executive Directors Incentive Plan 2021-2024" approved by the Ordinary Shareholders' Meeting of 8 June 2021, a total of 25,000,000 *Warrants*were freely attributed, as follows:

- 11,250,000 *Warrants* to the Chairman Vincenzo Manes;
- 10,000,000 *Warrants* to Deputy Chairman Diva Moriani;
- 3,750,000 *Warrants* to the Deputy Chairman Marcello Gallo.

1.1.1.3 Remuneration of Non-Executive Directors within Committees.

The remuneration of Non-Executive Directors is supplemented due to their involvement in the Committees (increased by 50%).

The compensation attributed to them and other Directors pursuant to the Articles of Association, is subject to the year positive results and allows them to participate, albeit not significantly, in the Company's financial results.

1.1.2 Remuneration of Key executives and other Managers.

The Company, at present, has identified the Manager in charge of preparing the corporate accounting documents Giuseppe Mazza as another Executive with strategic responsibilities, specifying that, in compliance with article 7 of the Code, does not receive any additional remuneration for this role.

1.1.3 Stock option plan

It should be noted that at the moment only the "*Intek Executive Directors Incentive Plan 2021-2024*" is in place, which provides for the assignment of *Warrants*.

1.1.4 The Board of Statutory Auditors

The remuneration of the Chairman of the Board of Statutory Auditors and the two Standing Auditors was determined on an annual basis and for the entire term of office (2021-2022-2023) by the Shareholders' Meeting upon appointment.

For the sake of completeness, it should be noted that regarding fulfilment of the independence requirement for the members of the Board of Statutory Auditors, the "essential situations" of the individual relations between the Statutory Auditors and the Group (the overall existing economic relations) are taken into consideration; to this end, reference should be made to the paragraph on the Board of Statutory Auditors in the Report on *Corporate Governance*.

1.1.5 Information in the event of termination of the office of Directors

During the 2021 financial year, the Board of Directors in office terminated its mandate for the 2019-2021 financial years. No remuneration linked to this termination was recognised by the Company.

1.1.6 Information relating to exceptions in the application of the 2021-2023 Policy in the 2021 financial year

There were no cases in the 2021 financial year.

1.1.7 Information relating to the application of ex post correction mechanisms for variable components

There were no cases in the 2021 financial year.

1.1.8 Information on additional financial years 2019, 2020 and 2021

Further information relating to the years 2019, 2020 and 2021 is provided below, with reference to:

a) remuneration of the Executive Directors:

(in Euro)	**Reporting company**			**Total compensation**		
Executive Director	**Vincenzo Manes**	**Diva Moriani**	**Marcello Gallo**	**Vincenzo Manes**	**Diva Moriani**	**Marcello Gallo**
Year 2019	736,899	116,500	116,500	1,141,899	551,942	491,200
Year 2020	736,899	116,500	116,500	1,152,241	555,222	541,340
Year 2021	736,899	116,500	307,090	1,144,694	607,856	517,612

b) Company results

Stockholders' equity per share

Year 2019	1.15
Year 2020	1.17
Year 2021	1.40

c) average gross annual remuneration based on the full-time employees of Intek Group, of employees other than subjects whose remuneration is indicated by name in this Section II.

Gross annual salary

Year 2019	Euro 62,401
Year 2020	Euro 63,674
Year 2021	Euro 62,927

In relation to the nature and activity of the Company, the data relating solely to Intek Group were used as a reference parameter as there are no other companies included in the scope of consolidation.

1.1.9 Information on how the vote expressed by the shareholders' meeting on the second section of the Report of the previous year was taken into consideration

The shareholders' meeting to approve the previous Policy did not provide ideas that need to be considered, nor did the Company receive any requests or communications from shareholders from the date of the meeting to today's date. Should this occur in the future, the Company will take these elements into consideration when drafting and approving future Remuneration Policies.

1.2 Part two - Tables

1.2.1 <u>Fees to members of management and control bodies and managers with strategic responsibilities</u>

The breakdown of fees paid to management and control bodies and managers with strategic responsibilities in 2021, including subsidiaries' Directors, is shown in the table below which has been prepared pursuant to CONSOB provisions ("Scheme no. 7 *bis*" – Table 1 – included in Annex 3A of the Issuers' Regulation).

Fees paid to members of management and control bodies and to managers with strategic responsibilities

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	**Office**	**Period of office**	**Expiry of term of office**	**Fixed remuneration**	**Remuneration for participation in committees (*)**	**Non-equity variable remuneration**		**Non-monetary benefits**	**Other remuneration**	**Total**	***Fair Value* of equity remuneration**	**Indemnity for end of office or termination of employment relationship**
						Bonus and other incentives	**Profit-sharing**					
Vincenzo Manes (1)	*Chairman*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				716.500	-	-	-	20.399	-	736.899	242.990	-
(II) Remuneration from subsidiaries and associates				407.795	-	-	-	-	-	407.795	-	-
(III) Total				1.124.295	-	-	-	20.399	-	1.144.694	242.990	-
Diva Moriani (2)	*Deputy Chairwoman*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				116.500	-	-	-	-	-	116.500	215.991	-
(II) Remuneration from subsidiaries and associates				489.661	-	-	-	6.695	-	496.356	-	-
(III) Total				606.161	-	-	-	6.695	-	612.856	215.991	-
Marcello Gallo (3)	*Deputy Chairman*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				302.406	-	-	-	4.821	-	307.227	80.997	-
(II) Remuneration from subsidiaries and associates				176.441	-	-	-	1.607	-	178.048	-	-
(III) Total				478.847	-	-	-	6.428	-	485.275	80.997	-
Giuseppe Lignana (*) (4)	*Director*	*01/01/2021 - 08/06/2021*	*Approval of 2020 financial*									
(I) Remuneration in the company drafting the financial statements				7.142	3.572	-	-	-	-	10.714	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				7.142	3.572	-	-	-	-	10.714	-	-
James McDonald (5)	*Director*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				16.500	-	-	-	-	-	16.500	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				16.500	-	-	-	-	-	16.500	-	-
Ruggero Magnoni (6)	*Director*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				17.100	-	-	-	-	-	17.100	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				17.100	-	-	-	-	-	17.100	-	-
Francesca Marchetti (*) (7)	*Director*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				16.500	8.250	-	-	-	-	24.750	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				16.500	8.250	-	-	-	-	24.750	-	-
Alessandra Pizzuti (*) (8)	*Director*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				16.500	4.678	-	-	-	-	21.178	-	-
(II) Remuneration from subsidiaries and associates				138.321	-	-	-	4.739	-	143.060	-	-
(III) Total				154.821	4.678	-	-	4.739	-	164.238	-	-
Maria Serena Porcari (9)	*Director*	*08/06/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				9.358	-	-	-	-	-	9.358	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				9.358	-	-	-	-	-	9.358	-	-
Alberto Previtali (10)	*Director*	*08/06/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				9.958	-	-	-	-	-	9.958	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	4.703	-	4.703	-	-
(III) Total				9.958	-	-	-	4.703	-	14.661	-	-
Luca Ricciardi (11)	*Director*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				17.100	-	-	-	-	-	17.100	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				17.100	-	-	-	-	-	17.100	-	-
Silvano Crescini (12)	*Chairman of the Board of Statutory*	*08/06/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				26.562	-	-	-	-	-	26.562	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				26.562	-	-	-	-	-	26.562	-	-
Marco Lombardi (13)	*Standing Auditor*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				37.534	-	-	-	-	-	37.534	-	-
(II) Remuneration from subsidiaries and associates				23.892	-	-	-	-	-	23.892	-	-
(III) Total				61.426	-	-	-	-	-	61.426	-	-
Giovanna Villa (14)	*Standing Auditor*	*01/01/2021 - 31/12/2021*	*Approval of 2023 financial*									
(I) Remuneration in the company drafting the financial statements				31.000	-	-	-	-	-	31.000	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				31.000	-	-	-	-	-	31.000	-	-
Alberto Villani (15)	*Standing Auditor*	*01/01/2021 - 08/06/2021*	*Approval of 2020 financial*									
(I) Remuneration in the company drafting the financial statements				13.504	-	-	-	-	-	13.504	-	-
(II) Remuneration from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				13.504	-	-	-	-	-	13.504	-	-
Other key executives												
(I) Remuneration in the company drafting the financial statements				180.000	-	-	-	5.376	-	185.376	-	-
(II) Remuneration from subsidiaries and associates				37.342	-	-	-	-	-	37.342	-	-
(III) Total				217.342	-	-	-	5.376	-	222.718	-	-

Notes

(1) Euro 16,500 for the fixed remuneration decided upon by the Shareholders' Meeting, Euro 700,000 for the office of Chairman of Intek Group S.p.A.
Euro 407,795 as member of the Supervisory Board (Euro 254,795) and of the Vorstand (Euro 153,000) of KME SE
The non-monetary benefits (Euro 20,399) are paid for the function of Intek Group S.p.A. Chairman.

(2) Euro 16,500 for the fixed remuneration decided upon by the Shareholders' Meeting, Euro 100,000 for the office of Deputy Chairman of Intek Group S.p.A.
Euro 222,151 as member of the Supervisory Board (Euro 151,151) and of the Vorstand (Euro 66,000) of KME SE.
Euro 6,000 for sitting on the Supervisory Board of KME Germany Gmbh and Euro 6,000 as a member of the Supervisory Board of KME Mansfeld Gmbh
Euro 5,000 as a member of the board of directors of Culti Milano S.p.A.
Euro 250,510 for the function of KME S.r.l. Manager (including Euro 519 for lump-sum reimbursements)
The non-monetary benefits (Euro 6,695) are paid for the function of KME S.r.l. Manager.

(3) Euro 16,500 for the fixed remuneration decided upon by the Shareholders' Meeting, Euro 100,000 for the office of Deputy Chairman of Intek Group S.p.A. and Euro 189,906 as manager from 1 April to 31 December 2022
Euro 55,770 as manager in I2 Capital Partners SGR S.p.A. from 1 January to 31 March 2021
Euro 35,000 as liquidator of Isno 3 S.r.l. in liquidation, Euro 24,658 as Chief Executive Officer of Intek Investimenti S.p.A. and Euro 11,324 as Chairman of Immobiliare Pictea S.r.l.
Euro 49,671 for the position of member of the Supervisory Board of KME Germany Gmbh
The non-monetary benefits (Euro 6,428) are paid for the function manager of Intek Group S.p.A. (Euro 4,821) and until 31 March 2021 of I2 Capital Partners SGR S.p.A. (Euro 1,607)

(4) Euro 7,142 for fixed remuneration approved by the Shareholders' Meeting and Euro 3,752 for the office of Chairman of the Control and Risks Committee (pro-rata from 1 January 2021 to 8 June 2021)

(5) Euro 16,500 as fixed remuneration decided upon by the Shareholders' Meeting.

(6) Euro 16,500 as fixed remuneration decided upon by the Shareholders' Meeting, in addition to attendance fee of Euro 600

(7) Euro 16,500 for fixed remuneration approved by the Shareholders' Meeting and Euro 8,250 for the position of member of the Control and Risks Committee

(8) Euro 16,500 for fixed remuneration approved by the Shareholders' Meeting and Euro 4,678 for the position of member of the Control and Risk Committee from 8 June 2021 to 31 December 2021
Euro 106,923 as an executive of KME S.r.l., Euro 30,082 for the position of member of the Supervisory Board of KME SE.
Euro 658 for the membership on the KME SE Supervisory Board, Euro 658 for the membership on the KME Mansfeld GmbH Supervisory Board.
The non-monetary benefits (Euro 4,703) are paid for the function of KME S.r.l. Manager.

(9) Euro 9,358 for fixed remuneration approved by the Shareholders' Meeting (pro-rata from 8 June 2021 to 31 December 2021)

(10) Euro 9,358 for fixed remuneration approved by the Shareholders' Meeting (pro-rata from 8 June 2021 to 31 December 2021) in addition to an attendance fee of Euro 600

(11) Euro 16,500 as fixed remuneration decided upon by the Shareholders' Meeting, in addition to attendance fee of Euro 600

(12) Euro 25,962 for fixed remuneration approved by the Shareholders' Meeting (pro-rata from 8 June 2021 to 31 December 2021) in addition to an attendance fee of Euro 600

(13) Euro 20,038 for fixed remuneration approved by the Shareholders' Meeting as Chairman of the Board of Statutory Auditors (from 1 January 2021 to 8 June 2021) and Euro 17,946 for fixed remuneration approved by the Shareholders' Meeting as standing statutory auditor (from 8 June 2021 to 31 December 2021)
Euro 23,000 remuneration as Chairman of the Board of Statutory Auditors of KME Italy S.p.A. from 1 January 2021 to 31 December 2021 and Euro 892 remuneration as Chairman of the Board of Statutory Auditors of Natural Capital Italia S.p.A. SB from 1 December 2021 to 31 December 2021

(14) Euro 31,000 as fixed remuneration decided upon by the Shareholders' Meeting.

(15) Euro 13,504 for fixed remuneration approved by the Shareholders' Meeting (pro-rata from 1 January 2021 to 8 June 2021)

(*) Euro 8,250 for the Control and Risk Committee on a pro-rata basis for the duration of the term of office

1.2.2 Stock Options

As already indicated above, there are no longer any instruments of this type.

Stock options granted to members of the administrative body, general managers and other key management personnel

			Options held at the start of the year			Options assigned during the year						Options exercised during the year			Options expired during the year	Options held at the end of the year	Options attributable to the year
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) -(14)	(16)
Name and surname	Office	Plan	Number of options	Strike price	Period of possible exercise (from - to)	Number of options	Strike price	Period of possible exercise (from - to)	Fair value at the assignment date	Assignment date	Market price of the underlying shares at the assignment of options	Number of options	Strike price	Market price of the underlying shares at the exercise date	Number of options	Number of options	Fair value

1.2.3 Other non-monetary plans other than stock options

Non-monetary incentive plans other than stock options in favour of members of the administrative body, general managers and other key management personnel

			Financial instruments assigned in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and attributable		Financial instruments pertaining to the year
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at the assignment date	Vesting period	Assignment date	Market price on assignment	Number and type of financial instruments	Number and type of financial instruments	Value at the vesting date	Fair value
Vincenzo Manes	**Chairman of the Board of Directors**												
(I) Remuneration in the company drafting the financial statements		08/06/2021	-	-	3,750,000 Intek Group 2021/2024 Warrants	262.875	12 months	28/06/2021	-	-	-	-	132.540
		08/06/2021	-	-	3,750,000 Intek Group 2021/2024 Warrants	262.875	24 months	28/06/2021	-	-	-	-	66.270
		08/06/2021	-	-	3,750,000 Intek Group 2021/2024 Warrants	262.875	36 months	28/06/2021	-	-	-	-	44.180
(II) Remuneration from subsidiaries and associates		-	-	-						-			
(III) Total		-	-	-		788.625			-				242.990
Diva Moriani	**Deputy Chairwoman**												
(I) Remuneration in the company drafting the financial statements		08/06/2021	-	-	3,333,333 Intek Group 2021/2024 Warrants	233.667	12 months	28/06/2021	-	-	-	-	117.813
		08/06/2021	-	-	3,333,333 Intek Group 2021/2024 Warrants	233.667	24 months	28/06/2021	-	-	-	-	58.907
		08/06/2021	-	-	3,333,333 Intek Group 2021/2024 Warrants	233.667	36 months	28/06/2021	-	-	-	-	39.271
(II) Remuneration from subsidiaries and associates		-	-	-						-			
(III) Total		-	-	-		701.000			-				215.991
Marcello Gallo	**Deputy Chairman**												
(I) Remuneration in the company drafting the financial statements		08/06/2021	-	-	1,250,000 Intek Group 2021/2024 Warrants	87.625	12 months	28/06/2021	-	-	-	-	44.180
		08/06/2021	-	-	1,250,000 Intek Group 2021/2024 Warrants	87.625	24 months	28/06/2021	-	-	-	-	22.090
		08/06/2021	-	-	1,250,000 Intek Group 2021/2024 Warrants	87.625	36 months	28/06/2021	-	-	-	-	14.727
(II) Remuneration from subsidiaries and associates		-	-	-						-			
(III) Total		-	-	-		262.875			-				80.997

1.2.4 ***Monetary incentives plan***

The table below contains the monetary incentive plan in the form required by Table 3B in scheme 7-bis in Annex 3A of the Issuers' Regulation.

Monetary incentive plans in favour of members of the administrative body, general managers and other key management personnel

(A)	(B)	(1)	(2)			(3)			(4)
Name and surname	**Office**	**Plan**	**Bonus for the year**			**Bonus of previous years**			**Other bonuses**
			(A)	**(B)**	**(C)**	**(A)**	**(B)**	**(C)**	
			Disbursable/Disbursed	**Deferred**	**Reference period**	**No longer disbursable**	**Disbursable/Disbursed**	**Still deferred**	
Vincenzo Manes	*Chairman*								
(I) Remuneration in the company drafting the financial statements			-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates			-	-	-	-	-	-	-
(III) Total			-	-		-	-	-	-
Diva Moriani	*Deputy Chairwoman*								
(I) Remuneration in the company drafting the financial statements			-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates			-	-	-	-	-	-	-
(III) Total			-	-		-	-	-	-
Marcello Gallo	*Deputy Chairman*								
(I) Remuneration in the company drafting the financial statements			-	-	-	-	-	-	-
(II) Remuneration from subsidiaries and associates			-	-	-	-	-	-	-
(III) Total			-	-		-	-	-	-

1.2.5 ***Investments held by members of the administrative and control bodies and key management personnel***

The investments held by members of the administrative and control bodies and Key management personnel are presented in this Report pursuant to CONSOB provisions ("Scheme 7-ter - Table 1 - Annex 3A of the Issuers' Regulation").

Investments held by members of the administrative and control bodies and general managers

Name and surname	Office	Investee	Number of shares held at the end of 2020	Number of shares purchased during 2021	Number of shares sold during 2021	Number of shares held at the end of 2021
Vincenzo Manes	Director	Intek Group SpA - Ordinary shares	447,261	-	250,000	197,261
Marcello Gallo	Director	Intek Group SpA - Ordinary shares	835,931	-	-	835,931
		Intek Group SpA - Savings shares	7,530	-	(7,530) *(*)*	-
Alberto Previtali	Director	Intek Group SpA - Ordinary shares	8,285,000	83,740		8,368,740
Luca Ricciardi	Director	Intek Group SpA - Savings shares	121,081	-	-	121,081

(*) following adhesion to OPS on Savings Shares

Shareholdings of other Managers with Strategic Responsibility

Number of managers with strategic responsibility	Investee	Number of shares held at the end of 2020	Number of shares purchased during 2021	Number of shares sold during 2021	Number of shares held at the end of 2021
1	-	-	-	-	-

INTEK GROUP

Separate financial statements as at 31 December 2021

INTEK Group S.p.A.
Registered and Administrative Office:
Foro Buonaparte, 44 - 20121 Milan - Italy
Share capital Euro 335,069,387.15, fully paid-up
Tax Code and Milan Business
Register No. 00931330583
www.itkgroup.it

Intek Group – Separate financial statements as at 31 December 2021

Statement of financial position – Assets

(in Euro)	*Ref. Note*	*31-Dec-21*	*of which related parties*	*31-Dec-20*	*of which related parties*
Investments in equity interests and fund units	*4.1*	637,123,479	*620,201,471*	564,156,230	*547,991,346*
Instrumental equity investments	*4.2*	-	-	767,723	*767,723*
Non-current financial assets	*4.3*	4,709	*4,709*	134,058	*134,058*
Property, plant and equipment	*4.4*	3,492,672	-	3,877,831	-
Investment property	*4.5*	32,289	-	140,104	-
Intangible assets	*4.6*	12,033	-	6,637	-
Other non-current assets	*4.7*	2,961	-	2,961	-
Deferred tax assets	*4.21*	2,761,882	-	3,037,123	-
Total non-current assets		**643,430,025**		**572,122,667**	
Current financial assets	*4.8*	26,444,454	*1,066,913*	26,480,275	*1,371,317*
Trade receivables	*4.9*	5,039,105	*2,051,776*	4,534,501	*916,823*
Other current receivables and assets	*4.10*	5,679,530	*2,494,704*	4,083,033	*1,144,943*
Cash and cash equivalents	*4.11*	4,698,297	-	15,286,154	-
Total current assets		**41,861,386**		**50,383,963**	
Total assets		**685,291,411**		**622,506,630**	

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

The notes are an integral part of these financial statements.

Details of related party transactions are disclosed in explanatory note 7.11.

Intek Group – Separate financial statements as at 31 December 2021

Statement of financial position – Liabilities

(in Euro)	*Ref. Note*	*31-Dec-21*	*of which related parties*	*31-Dec-20*	*of which related parties*
Share capital		335,069,211	-	335,069,010	-
Other reserves		97,029,465	-	94,389,655	-
Treasury shares		(2,133,266)	-	(2,011,911)	-
Retained earnings/(accumulated losses)		53,840,132	-	71,141,883	-
Stock option reserve		2,591,879	-	2,051,902	-
Profit/(loss) for the year		65,306,021	-	3,289,422	-
Total shareholders' equity	*4.12*	**551,703,442**		**503,929,961**	
Employee benefits	*4.13*	417,892	-	232,466	-
Deferred tax liabilities	*4.21*	2,220,870	-	2,057,797	-
Non-current financial payables and liabilities	*4.14*	2,445,502	*2,394,789*	3,099,170	*2,911,140*
Bonds	*4.15*	92,371,656	-	75,331,877	-
Other non-current liabilities	*4.16*	113,141	-	721,536	-
Provisions for risks and charges	*4.17*	290,937	-	290,937	-
Total non-current liabilities		**97,859,998**		**81,733,783**	
Current financial payables and liabilities	*4.18*	29,676,656	*463,530*	30,816,705	*1,682,359*
Trade payables	*4.19*	2,238,515	*537,677*	1,866,358	*547,408*
Other current liabilities	*4.20*	3,812,800	*1,316,035*	4,159,823	*1,642,466*
Total current liabilities		**35,727,971**		**36,842,886**	
Total liabilities and shareholders' equity		**685,291,411**		**622,506,630**	

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

The notes are an integral part of these financial statements.

Details of related party transactions are disclosed in explanatory note 7.11.

Intek Group – Separate financial statements as at 31 December 2021

Statement of profit or loss and other comprehensive income

(in Euro)	*Ref. Note*	*2021*	*of which related parties*	*2020*	*of which related parties*
Net income from management of equity investments	*6.1*	73,388,243	*72,336,450*	11,219,270	*11,301,586*
Guarantee fees	*6.2*	865,210	*865,210*	875,883	*875,883*
Other income	*6.3*	1,006,925	*130,458*	779,976	*168,513*
Labour costs	*6.4*	(1,866,861)	*(365,906)*	(1,517,510)	-
Amortisation, depreciation, *impairment* and write-downs	*6.5*	(657,504)	-	(660,728)	-
Other operating costs	*6.6*	(4,801,989)	*(1,489,394)*	(3,755,562)	*(1,407,638)*
Operating profit/(loss)		**67,934,024**		**6,941,329**	
Finance income	*6.7*	291,794	*202,713*	857,211	*491,790*
Finance expense	*6.7*	(4,375,043)	*(179,559)*	(4,546,060)	*(230,527)*
Net finance expense		*(4,083,249)*		*(3,688,849)*	
Profit/(loss) before taxes		**63,850,775**		**3,252,480**	
Current taxes	*6.8*	1,893,559	-	708,579	-
Deferred taxes	*6.8*	(438,313)	-	(671,637)	-
Total income taxes		**1,455,246**		**36,942**	
Profit/(loss) from continuing operations		**65,306,021**		**3,289,422**	
Profit/(loss) from discontinued operations		-		-	
Net profit/(loss) for the year		**65,306,021**		**3,289,422**	
Other comprehensive income:					
Measurement of employee defined benefits		(11,825)		(4,303)	
Taxes on other comprehensive income		-		-	
Items that will not be reclassified to profit or loss		(11,825)		(4,303)	
Items that may be reclassified to profit or loss		-		-	
Other comprehensive income:		(11,825)		(4,303)	
Total comprehensive income for the year		**65,294,196**		**3,285,119**	

In application of the accounting standard IAS 8, paragraph 42, some 2020 book values have been restated; for details, please see explanatory note 2.2.

The notes are an integral part of these financial statements.

Details of related party transactions are disclosed in explanatory note 7.11.

Intek Group – Separate financial statements as at 31 December 2021

Statement of changes in equity as at 31 December 2020

(in thousands of Euro)	*Share capital*	*Other reserves*	*Treasury shares*	*Retained earnings/(accumulated losses)*	*Stock option reserve*	*Profit/(loss) for the year*	*Total equity*
Shareholders' equity as at 31 December 2019	**335,069**	**95,437**	**(1,820)**	**71,142**	**2,052**	**(1,043)**	**500,837**
Allocation of profit for the prior year	-	(1,043)	-	-	-	1,043	-
Purchase of treasury shares	-	-	(192)	-	-	-	(192)
Actuarial gains/losses on pension funds	-	(4)	-	-	-	-	(4)
Comprehensive income items	-	(4)	-	-	-	-	(4)
Profit/(loss) for the period	-	-	-	-	-	3,289	3,289
Total comprehensive income	-	(4)	-	-	-	3,289	3,281
Shareholders' equity as at 31 December 2020	**335,069**	**94,390**	**(2,012)**	**71,142**	**2,052**	**3,289**	**503,930**
Reclassification of treasury shares	(2,012)	-	2,012	-	-	-	-
Shareholders' equity as at 31 December 2020	**333,057**	**94,390**	**-**	**71,142**	**2,052**	**3,289**	**503,930**

At 31 December 2020, Intek Group 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 financial statements.

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

Intek Group – Separate financial statements as at 31 December 2021

Statement of changes in equity as at 31 December 2021

(in thousands of Euro)	*Share capital*	*Other reserves*	*Treasury shares*	*Retained earnings/(accumulated losses)*	*Stock option reserve*	*Profit/(loss) for the year*	*Total equity*
Shareholders' equity as at 31 December 2020	**335,069**	**94,390**	**(2,012)**	**71,142**	**2,052**	**3,289**	**503,930**
Allocation of profit for the prior year	-	3,289	-	-	-	(3,289)	-
Purchase of treasury shares	-	-	(128)	-	-	-	(128)
Purchase and cancellation of treasury share savings (OPS)	-	(638)	7	(17,302)	-	-	(17,933)
Warrant management	-	-	-	-	540	-	540
Actuarial gains/losses on pension funds	-	(12)	-	-	-	-	(12)
Comprehensive income items	-	(12)	-	-	-	-	(12)
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	65,306	65,306
Total comprehensive income	-	(12)	-	-	-	65,306	65,294
Shareholders' equity as at 31 December 2021	**335,069**	**97,029**	**(2,133)**	**53,840**	**2,592**	**65,306**	**551,703**
Reclassification of treasury shares	(2,133)	-	2,133	-	-	-	-
Shareholders' equity as at 31 December 2021	**332,936**	**97,029**	**-**	**53,840**	**2,592**	**65,306**	**551,703**

At 31 December 2021, Intek Group directly held 6,937,311 ordinary shares without par value. All the shares were then fully reclassified as a deduction from share capital.

The notes are an integral part of these financial statements.

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

Intek Group – Separate financial statements as at 31 December 2021

Statement of cash flows – indirect method

(in thousands of Euro)		*2021*	*2020*
(A) Cash and cash equivalents at the beginning of the year		**15,286**	**44,639**
Profit/(loss) before taxes		63,851	3,252
Amortisation and depreciation		658	660
Impairment/(Reversal of impairment) of current and non-current financial assets		(72,912)	(10,902)
Changes in pension funds, post-employment benefits (TFR) and stock options		714	(3)
Changes in provisions for risks and charges		-	(235)
(Increase)/decrease in equity investments		2	(7,271)
(Increase)/decrease in other financial investments		(268)	-
Increase/(decrease) in financial payables to associates		(536)	253
(Increase)/decrease in financial receivables from associates		(311)	(3,011)
Dividends received		-	6,000
(Increase)/decrease in current receivables		(208)	79
Increase/(decrease) in current payables		(613)	598
(B) Total cash flows from/(used in) operating activities		**(9,623)**	**(10,580)**
(Increase) in non-current intangible assets and property, plant and equipment		(363)	(155)
Decrease in non-current intangible assets and property, plant and equipment		193	329
Increase/decrease in other non-current assets/liabilities		(609)	(330)
(C) Cash flows from/(used in) investing activities		**(779)**	**(156)**
(Purchase) sale of treasury shares		(128)	(192)
Bond Repayment and New Issue		-	(27,712)
Payment of interest on bonds		(3,413)	(5,085)
Increase/(decrease) in current and non-current financial payables		3,355	4,820
(Increase)/decrease in current and non-current financial receivables		-	9,552
(D) Cash flows from/(used in) financing activities		**(186)**	**(18,617)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(10,588)**	**(29,353)**
(F) Cash and cash equivalents at the end of the period	**(A) + (E)**	**4,698**	**15,286**

The notes are an integral part of these financial statements.

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

Intek Group – Separate financial statements as at 31 December 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 *Euronext Milan* market organised and managed by Borsa Italiana S.p.A.

The separate financial statements at 31 December 2021 (the "Financial Statements") were approved by the Board of Directors on 31 March 2022.

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:

- 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 or any other company under the parent's control.

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:

a) it has more than one investment;

b) it has more than one investor;

c) it has investors that are not related parties of the entity; and

d) it has ownership interests in the form of equity or similar interests.

The Separate financial statements as at 31 December 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 related to the Company's investment activity.

It is hereby specified that the activity carried out by the Company does not fall under the area of application of the regulations regarding collective asset management. To this end, we hereby specify that the accounting standards referring to investment entities that have been adopted do not constitute a significant element that would qualify Intek Group as an asset management company and therefore, for the purposes of the application of these regulations, registration of the Company in the register established by article 20 of Legislative Decree 58/98 is not required.

2.2. Basis of presentation

The separate financial statements as at 31 December 2021 was prepared pursuant to art. 154 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 article 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 article 9 of Legislative Decree 38/2005 where applicable.

The Separate Financial Statements are composed of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity, as well as the Notes thereto. The financial statements and the notes thereto include, besides the amounts relating to the reference period, the corresponding comparative data as at 31 December 2020. There were no changes to the structure of the statements compared to previous presentations.

In accordance with Directive 2004/109/EC (the "*Transparency* Directive") amended by Directive 2013/50/EU and the Delegated Regulation (EU) 2019/815 (the "ESEF Regulation"), already referred to in the *drafting Criteria* of the consolidated Financial Statements, although the marking according to the iXBRL language is provided exclusively for the consolidated financial statements, the present financial statements of Intek Group S.p.A. are prepared using the XHTML format.

The deposits of the entire document at the competent offices and institutions are made in accordance with the law.

<u>Restatement of the comparative amounts for 2020</u>

/It should be noted that the Company has restated some comparative amounts for the year 2020.

In the financial statements as at 31 December 2020, in the valuation of the item "Investments in equity investments and fund units", the Company had applied an updated version of its "*Policy* for the methods of determining *fair value*", which included the definition of a percentage interval within which the differences in *fair value* with respect to the book value were deemed insignificant and therefore did not give rise to changes in the previously recognised book value. In introducing this interval, reference was made to the general principles of significance of financial disclosure, believing that changes in the value of equity investments within the identified threshold were not relevant to the user of the financial statements.

As a result of the aforementioned update in the financial statements as at 31 December 2020, with reference to the determination of the *fair value* of its equity investments in unlisted securities held for investment purposes, the differences in absolute value of no more than 1.5% between the result of the valuation process and the pre-valuation book value were therefore considered insignificant (and consequently no changes have been made to the book value of the equity investments).

Consob, as part of its supervisory activity, has deemed that the aforementioned *fair value* threshold of 1.5% applicable to annual valuations (as well as that of 10% applicable to intra-annual situations) entailed the introduction of elements of arbitrariness in the determination of *fair value*, with consequent non-compliance with the international accounting standard IFRS 13 "*Fair value* measurement", which does not require the application of corrective factors once the *fair value* has been determined in application of the established and regulated methods by the same accounting principle or in the rules envisaged by IFRS 9.

Against the findings of Consob with reference to what is applicable to the annual financial statements, the Company updated the "*Policy* for the methods of determining *fair value*" by eliminating the significance threshold of 1.5%; therefore, in order to retroactively consider the effects it restated some amounts relating to the year 2020, pursuant to IAS 8 paragraph 42, letter a).

The restatement of the amounts referring to 31 December 2020 resulted in a reduction:

- of Euro 3,289 thousand for the asset item "Investments in equity investments and fund units" and of Euro 39 thousand for the liability item "Deferred tax liabilities";
- of Euro 3,289 thousand for the item in the income statement "Net income from management of equity investments" and of Euro 39 thousand of costs recognised in the item "Deferred taxes".

In the face of these changes, the shareholders' equity and the result for the year as at 31 December 2020 are Euro 3,250 thousand lower than the originally published values; the effects can be detailed as follows:

Statement of financial position – Assets		
(in Euro)	*31/12/2020 Amounts restated*	*31/12/2020 Amounts originating*
Investments in equity interests and fund units	564,156,230	567,445,546
Total non-current assets	**572,122,667**	**575,411,983**
Total current assets	**50,383,963**	**50,383,963**
Total assets	**622,506,630**	**625,795,946**

Statement of financial position – Liabilities		
(in Euro)	*31/12/2020 Amounts restated*	*31/12/2020 Amounts originating*
Profit/(loss) for the year	3,289,422	6,539,266
Total shareholders' equity	**503,929,961**	**507,179,805**
Deferred tax liabilities	2,057,797	2,097,269
Total non-current liabilities	**81,733,783**	**81,773,255**
Total current liabilities	**36,842,886**	**36,842,886**
Total liabilities and shareholders' equity	**622,506,630**	**625,795,946**

Statement of profit or loss and other comprehensive income for the year		
(in Euro)	*2020 Amounts restated*	*2020 Amounts originating*
Net income from management of equity investments	11,219,270	14,508,586
Operating profit/(loss)	**6,941,329**	**10,230,645**
Profit/(loss) before taxes	**3,252,480**	**6,541,796**
Deferred taxes	(671,637)	(711,109)
Total income taxes	**36,942**	**(2,530)**
Profit/(loss) from continuing operations	**3,289,422**	**6,539,266**
Net profit/(loss) for the year	**3,289,422**	**6,539,266**
Total comprehensive income for the year	**3,285,119**	**6,534,963**

Given the above regarding the comparative balances for 2020, Financial Statements show the restated amounts.

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The statement of financial position has been prepared by separately classifying current and non-current assets and current and non-current liabilities.

The Company has opted for presentation of a single statement of profit or loss and other comprehensive income, in which the items of revenue and cost recognised during the reporting period are presented by nature, including finance expense and tax charges. Section "*Other comprehensive income*" provides details on the items which, following the specific provisions of individual IFRSs, are recognised separately from the profit (loss) for the current period. These items are divided into two categories as follows:

- items that will not be subsequently reclassified to profit or loss;
- items that will be subsequently reclassified to profit or loss, when specific conditions are met.

The statement of cash flows is presented using the indirect method, according to which the profit (loss) for the year is adjusted for the effects of:

- changes in receivables and payables generated by operations;
- non-cash activities;
- all other items for which the cash effects are cash flows from investing or financing activities.

These Financial Statements were prepared on a going concern basis, as required by IAS 1, as there exist no doubts or uncertainties regarding the Group's ability to pursue its activities and continue to operate as a going concern in the foreseeable future.

In preparing the 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 financial statements as at 31 December 2020, except for the standards effective as from 1 January 2021.

The accounting standards, amendments and interpretations applied for the first time by the Company, which had no effects on shareholders' equity or the profit/loss for the reporting period, are the following:

- 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 Company's financial statements.
- On 25 June 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 Company's 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 Company's financial statements.

The Company has not yet applied the accounting standards listed below in paragraph 2.21, which, although already issued by the IASB, will become effective after the date of these 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 financial statements are presented in Euro, the functional currency of the Company. The Statement of Financial Position and the Income Statement of the year and the Other Components of Comprehensive Income are provided in units of Euro, while the Statement of Changes in Equity and the Statement of Cash Flows are presented in thousands of Euro. The tables and data in the notes are in thousands of Euro, unless otherwise indicated.

Furthermore, in the context resulting from the COVID-19 epidemic as well as the ongoing conflict between Russia and Ukraine, the interpretative and support documents for the application of the accounting standards issued by the Italian international regulatory and supervisory bodies and *standard setters* (Consob attention calls and *public statements* issued by ESMA) were taken into account in the preparation of these Financial Statements.

The amount of the "Financial debt", with the details of the main components, is indicated in the relative table in the *Report on operations*. This prospectus complies with the ESMA guidelines published on 4 March 2021, as well as with the indications from Consob as acknowledged in the relevant Notice of 29 April 2021, with which the data as at 31 December 2020 have also been consistently reclassified.

2.3. Investments in equity interests and fund units

This item includes investments, including controlling investments, in equities, made in order to obtain returns from capital appreciation, investment income, or both. This item also includes any investment fund units.

These assets are measured at fair value through profit or loss.

Fair value measurement

The initial fair value is determined on the basis of the transaction price, and is therefore equal to the consideration paid.

Subsequently, and at each reporting date, the fair value of financial instruments listed on an active market is determined on the basis of market prices. The market prices used for derivatives are the bid prices, whereas ask prices are used for financial liabilities.

The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions relating to market conditions at the reporting date. The valuation techniques used are the discounted cash flow method, the market multiples or transaction multiples method, the cost method, and the equity method.

The valuation techniques based on discounted cash flows generally consist of determining an estimate of the expected future cash flows throughout the life of the instrument. The model requires an estimation of cash flows and the adoption of market parameters for the discounting: the discount margin or rate reflects the credit and/or financing spread required by the market for instruments with similar risk and liquidity profiles, so as to define a "discounted value".

The market multiples method consists of estimating the current theoretical value considering the indications expressed by the market with regard to a sample of listed companies which are similar in nature of business to the company to be evaluated. The comparable transaction multiples method consists of recognising the company at a value equal to the prices of recent transactions involving companies which are similar and operate in the same sector as the one to be evaluated.

The equity method is based on balance sheets, adjusting the assets and liabilities based on their fair value.

2.4. Instrumental equity investments

All instrumental equity investments in subsidiaries, associates and joint ventures are measured at cost less any impairment losses.

2.5. Financial assets and liabilities - Determination of impairment losses

All financial assets and liabilities, with the exception of "*Financial assets and liabilities at fair value through profit or loss*", are tested for impairment.

A financial asset is impaired when there is objective evidence that one or more events have had an adverse effect on estimated future cash flows generated by that asset.

An impairment loss on a financial asset measured at amortised cost is the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss on an available-for-sale financial asset is determined with reference to the fair value of that asset.

All impairment losses are recognised in profit or loss. Any accumulated impairment losses relating to an available-for-sale financial asset previously recognised through equity, if considered material and permanent, are transferred to profit or loss even if the financial asset has not been derecognised.

Impairment losses are reversed if the subsequent increase in the amount can be objectively related to an event occurring after recognition of the impairment loss.

2.6. Other financial assets

Non-derivative financial assets and liabilities, except for equity instruments, with fixed or determinable payments, not listed on an active market and not included in any of the above categories, are classified as "*Loans and receivables*" and are carried at amortised cost using the effective interest method. The amortised cost of current *loans and receivables*, and all short-term trade payables and receivables for which the time value of money is immaterial, is deemed to correspond to their carrying amount.

2.7. Property, plant and equipment

Investments in operating assets

Property, plant and equipment are recorded at purchase or production cost, including directly attributable costs, and are shown net of accumulated depreciation and any impairment losses determined in accordance with the methods set out below. Any item of property, plant and equipment consisting of different components with varying useful lives is accounted for separately.

Property, plant and equipment are measured at cost, net of accumulated depreciation and impairment.

Depreciation is accounted for starting from the month in which the asset becomes available for use, or when it is potentially able to provide the economic benefits associated with it. Depreciation is recognised monthly on a straight-line basis until the end of the useful life of the relevant asset or, in the event of disposal, until the last month of use.

The useful life is constantly checked taking into account any changes in the frequency of use of the assets and any changes in depreciation plans are applied prospectively.

Depreciation is calculated based on the following useful lives:

Plant and equipment	from 10 to 40 years
Other assets	from 4 to 10 years

Leased assets

A contract, or part of it, is classified as a lease if, in exchange for consideration, it gives the right to control the use of a specific asset for a period of time, therefore, if throughout the entire period of use of the asset both of the following rights will be enjoyed:

- the right to substantially obtain all economic benefits deriving from the use of the asset; and
- the right to decide on the use of the asset.

If there is a modification of the terms and conditions of the contract, a new assessment will be performed to determine whether the contract is or contains a *lease*.

The Company does not apply these rules to:

- *leases* of intangible assets;
- short-term *leases* (duration of equal to or less than 12 months);
- *leases* in which the underlying asset is of modest value (asset with a unit value of equal to or lower than Euro 5,000).

Once it is verified whether a contract is a *lease*, at the start date of the contract, the asset consisting of the right of use and the *lease* liability are recognised.

The asset consisting of the right of use is initially valued at cost, which includes:

- the amount of the initial valuation of the lease liability;
- the payments due for the lease made at or before the start date net of lease incentives received;
- the initial direct costs incurred by the lessee; and
- the estimate of costs that will need to be incurred for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset to the conditions set forth in the terms and conditions of the lease.

The initial valuation of the lease liability is based on the present value of payments due for the lease not paid at that date. The payments due for the lease are discounted using the rate of financing deemed most representative of the cost of money.

Every lease component is recognised as a lease, separated from the non-lease components.

The duration of the lease is determined as the non-cancellable period of the lease, in addition to both of the following periods:

- periods covered by a lease extension option, if there is reasonable certainty that the option will be exercised; and
- periods covered by the lease termination option, if there is reasonable certainty that the option will not be exercised.

If there is a change in the non-cancellable period of the lease, the duration of the lease will be redetermined.

After the date of initial recognition, the asset is valued by applying the cost model. Right of use assets are depreciated from the start date of the contract until the end of the lease duration.

After the start date, the lease liability is valued:

- by increasing the carrying amount to take into account interest on the lease liability;
- by decreasing the carrying amount to take into account the payments made for the lease;
- by redetermining the carrying amount to take into account any new valuations or modifications of the lease or the revision of payments due for the lease.

The interest on the lease liability and the variable payments due for the lease, not included in the valuation of the lease liability, are recognised in the income statement for the year in which the event or circumstance that triggered the payments takes place.

In the financial statements, right of use assets are shown separately from other assets, lease liabilities separately from other financial liabilities, and interest expense on the lease liability is recognised as finance expense and separately from depreciation on the right of use asset.

Impairment losses

Property, plant and equipment are tested for impairment whenever there is specific objective evidence thereof. The test involves estimating the recoverable amount of the asset, defined as the higher of net selling price and value in use, compared to its carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is determined by discounting projected cash flows at a pre-tax discount rate that reflects current market estimates of the time value of money and the risks associated with the relevant asset. To the extent that the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount with the difference either being recognised in profit or loss or in a revaluation reserve previously created on the revaluation of the relevant asset. Subsequent revaluations are treated in the opposite way. Information regarding impairment tests are contained in the paragraph “Financial assets and liabilities”.

2.8. Investment property

The item refers to land and buildings held to collect rents, generate returns on the invested capital, or for both of these purposes. These assets are measured at fair value and therefore are not depreciated on a straight-line basis.

2.9. Intangible assets

(a) Goodwill

Goodwill is the difference between the acquisition cost of a business and the current value of the business’s assets, liabilities and contingent liabilities on the acquisition date. Goodwill and other intangible assets with indefinite useful lives are not amortised. Recoverability of their carrying amounts is, however, tested annually and whenever there is objective indication of impairment. Any impairment losses recognised are not subsequently reversed.

(b) Other intangible assets with finite useful lives

An intangible asset with a finite useful life is an identifiable asset without physical substance that is controlled by the entity and from which future economic benefits are expected.

The intangible assets are systematically amortised based on their residual useful life, which is the period over which the assets will be used by the Company, generally between 3 and 5 years. Intangible assets are not considered to have any residual value at the end of their useful life.

In addition, they are carried net of any impairment losses, in line with the accounting treatment for “*Property, plant and equipment*”.

2.10. Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and highly liquid short-term financial investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (IAS 7 paragraph 7).

2.11. Shareholders' equity

The Company’s share capital consists of ordinary and savings shares, all without par value, fully subscribed and paid up at the reporting date, reduced by any share capital to be received. The value of bought back shares is reported in accordance with IAS 32 as a reduction of subscribed share capital. Such adjustments are reported in the notes only, whilst the historical cost of owned treasury shares is recognised separately as a negative figure that reduces the shareholders' equity.

The costs for equity transactions are used directly as a reduction of reserves.

2.12. Receivables and payables

Receivables and payables are recognised at amortised cost. When the difference between present and par value is insignificant, such as for short-term trade receivables and payables, they are recognised at their par value.

2.13. Current and deferred taxes

Tax expense for the year includes both current and deferred taxation. Income taxes are recognised in profit or loss, unless they relate to transactions recognised directly in equity, in which case the relevant tax is also recognised directly in equity.

The current tax expense represents the estimated income tax payable computed on taxable income for the period as determined with reference to current tax rates or those substantially in effect at the end of the reporting period. Deferred taxes are recognised using the equity method, based on timing differences between the carrying amounts of the assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for the following timing differences: initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit (loss) or taxable profit (loss), and for differences associated with investments in subsidiaries and interests in joint arrangements, but only to the extent that it is probable that the reversal will not occur in the foreseeable future. The Company also does not recognise deferred tax liabilities arising on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities can only be offset if the entity has the legal right to offset current tax amounts and the deferred tax amounts relate to income taxes and are levied by the same taxing authority on the same entity or different entities that intend to settle current tax amounts on a net basis or realise the asset and settle the liability at the same time.

Deferred tax assets are recognised to the extent that it is likely that there will be sufficient future taxable income to absorb them. Deferred tax assets are tested for impairment at the end of each reporting period and are reduced to the extent that they are not likely to be recovered.

2.14. Employee benefits

Post-employment benefits (TFR) are payable under plans which, depending on their economic substance, are classified either as a “defined contribution” plan or a “defined benefit” plan. The Company's liability under defined contribution plans is limited to the payment of contributions to a separate legal entity (including the Government or a fund), and consists of contributions due at the end of the reporting period. Liabilities under defined benefit plans, such as post-employment benefits (TFR) pursuant to article 2120 of the Italian Civil Code, less any plan assets, are determined on the basis of actuarial assumptions and the attribution of benefits to periods of service. Actuarial gains and losses relating to defined benefit plans arising from changes in actuarial assumptions or plan terms and conditions are recognised in other comprehensive income.

The measurement of defined benefit plans are carried out by independent actuaries.

2.15. Provisions for risks and charges

Provisions for risks and charges are liabilities, the amount or due date of which are uncertain. The entity must recognise a provision if, and only if:

- the Company has a present (legal or implicit) obligation owing to a past event;
- it is probable that resources will be needed to produce economic benefits to meet the obligation;
- the amount of the obligation can be estimated reliably.

The amount recognised as a provision is, therefore, the best estimate of the expenditure required to settle the present obligation at the end of the reporting period or transfer it to a third party. Where the time value of money is material, the provision is equal to the present value of expenditures required to settle the obligation.

2.16. Revenue recognition

Revenue is recognised based on the following phases:

- identify the contract (or contracts) with the customer;
- identify the performance obligations;
- determine the transaction price: the transaction price is the amount of the consideration that the company is entitled to in exchange for the transfer of the promised services to the customer;
- allocate the transaction price to the performance obligations in the contract;
- recognise the revenue when the performance obligation is met.

Specifically, revenue can be recognised:

- at a point in time, when the performance obligation has been met by transferring the promised good or service to the customer, or
- over time, as the performance obligation is met by transferring the promised good or service to the customer.

2.17. Dividends

Dividends to be paid are recognised as liabilities only in the year in which they were approved by the Shareholders' Meeting. Dividends to be received are recorded only when the right to receive payment has been established.

2.18. Non-current assets held for sale (IFRS 5)

Non-current assets are classified in this category when it is expected that their carrying amount will be recovered mainly through sale rather than through continuing use. The sale must be highly probable, within 12 months of classification as held for sale. The losses due to impairment from the initial classification or subsequent measurements are recognised in the income statement of the year in which they occur.

2.19. Earnings/(loss) per share

Pursuant to IAS 33 paragraph 4, this kind of information is presented only for consolidated figures.

2.20. Use of estimates

The preparation of the separate financial statements and notes thereto in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The estimates were mainly used to determine: the *fair value* of investments in equities and funds, investment property, the useful life 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.

2.21. Accounting standards not yet applied

The following IFRS accounting standards, amendments and interpretations were endorsed by the European Union, not yet applicable on a compulsory basis and not adopted early by the Company as at 31 December 2021:

- 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 Company's activities.

- 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 IFRS 3.
  - *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 personnel costs and 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. At the moment, the introduction of these amendments is not expected to have significant impacts.

As at 31 December 2021, 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 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 Company's 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 Intek Group S.p.A. is not a *first-time adopter*, this standard cannot be applied.
- 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 a significant effect on the Company's 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. 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 a significant effect on the Company's financial statements.

- On 9 December 2021, the IASB published an amendment called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore at improving the usefulness of comparative information for readers of the financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17. Considering the activity of the Company, no effects are expected from the application of the standard.

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 Company'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 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.

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: there are no significant geographical concentrations of credit. Existing guidelines guarantee adequate assessment of customers’ creditworthiness. This is achieved by selecting customers on the basis of historical experience and equity and/or financial position.

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 Company intends 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 bank borrowings or the roll-over of existing bank credit;

c) currency risk: the Company 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 Company is exposed originates mainly from non-current financial liabilities. Floating rate liabilities expose the Company 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 Company 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 statement of financial position

4.1. Investments in equity interests and fund units

(in thousands of Euro)	31 Dec 2021	31 Dec 2020	Change
Investments in subsidiaries	620,201	547,991	72,210
Other investments	16,922	16,165	757
Investments in equity interests and fund units	**637,123**	**564,156**	**72,967**

The breakdown of the item is as follows:

Name	Registered office	Percentage of interest	Fair value 31/12/2021	Fair value 31/12/2020	Difference
Subsidiaries and associates					
KME SE	Osnabrück (D)	99.00%	578,300	509,500	68,800
Culti Milano SpA	Milan	77.17%	28,904	27,300	1,604
Intek Investimenti SpA	Milan	100.00%	11,200	9,704	1,496
KME Germany Bet. GmbH	Osnabrück (D)	100.00%	1,700	1,400	300
Ergyca Tracker 2 Srl	Florence	51.00%	81	81	-
Newint S.r.l.	Milan	100.00%	10	-	10
Nextep S.r.l. Società Benefit	Milan	60.00%	6	6	-
Total subsidiaries and associates			**620,201**	**547,991**	**72,210**
Ducati Energia S.p.A.	Bologna		16,700	15,931	769
Vita Società Editoriale S.p.A.	Milan		222	222	-
Other			-	12	(12)
Total other investments			**16,922**	**16,165**	**757**
Investments in equity interests and fund units			**637,123**	**564,156**	**72,967**

Details of changes during the year are provided below:

Name	Fair value 31/12/2020	Increases	Decreases	Measurement of assets	Fair value 31/12/2021
Subsidiaries and associates					
KME SE	509,500	-	-	68,800	578,300
Culti Milano SpA	27,300	-	-	1,604	28,904
Intek Investimenti SpA	9,704	-	-	1,496	11,200
KME Germany Bet. GmbH	1,400	-	-	300	1,700
Ergyca Tracker 2 Srl	81	-	-	-	81
Newint S.r.l.	-	10	-	-	10
Nextep S.r.l. Benefit company (società benefit)	6	-	-	-	6
Total subsidiaries and associates	**547,991**	**10**	**-**	**72,200**	**620,201**
Ducati Energia S.p.A.	15,931	-	-	769	16,700
Società Editoriale Vita	222	-	-	-	222
Other	12	-	(12)	-	-
Total other investments	**16,165**	**-**	**(12)**	**769**	**16,922**
Investments in equity interests and fund units	**564,156**	**10**	**(12)**	**72,969**	**637,123**

For the valuation of investments, reference was made to the recently updated *policies* for determining *fair value*, updated as indicated in explanatory note 2.2.

The *fair value* of the equity investment in KME SE has been estimated, with the assistance of an external consultant, based on the *unlevered discounted cash flow method* (UDCF), by discounting the operating cash flows generated by the *assets* themselves (net of the tax effect) and other methods, such as market multiples and transaction multiples.

The UDCF method was developed on economic forecasts and changes in some statement of financial position items included in the 2022 - 2026 Industrial Plan ("the Plan"), drafted and approved by the administrative bodies of KME SE and used by them for the *impairment* test in the financial statements of KME SE and its subsidiaries. The projection of the cash flows is based on estimates made by the management of the company which however exclude any incoming or outgoing flows that could be due to future restructuring, improvements or optimisation of the operations officially not approved.

The Plan envisages an increase in results during the first year due to the implementation of a review of the pricing policy already initiated by KME during the second half of 2021 and a change in *business model*, which has also already begun, which reduces KME's financial commitments through advances obtained from customers.

The main assumptions of the Plan are:

- an increase in sales volumes of approximately 0.9% annually (against an estimated global decrease in demand for copper (2022-2025 CAGR) of 2.35%);
- an increase in added value (2022-2026 CAGR of approximately 4.2%), also partially linked to the assumed rise in the price of copper. The increase in the price of copper is supported by the forecasts within the studies published by the main financial operators (2022-2026 CAGR amounting to 1.6%);
- the significant recovery of EBITDA with a CAGR of 11.40%; thanks also to pricing policies of the EBITDA *margin* (from 3 to 6%), which is still below that of *competitors*.
- investments are essentially stable at an average of 5.0% of net invested capital.

The *terminal value* was calculated assuming a long-term EBITDA equal to the average EBITDA of the Plan over the last 5 years (explicit period), amortisation equal to investments, and using a long-term growth rate "g" of zero.

The WACC discount rate representative of the average cost of capital (WACC, also post tax) was determined on the basis of the following parameters:

- *risk free-rate:* weighted average of the 10-year government *bonds* of each country in which the KME Group operates;
- *market risk premium*: equal to 5.0%, in line with Italian valuation practices;
- debt cost: 10-year USD *swap* rate in December 2021 plus a 2.00% *spread*, for a total gross rate of 2.99%;
- *Unlevered* Beta 0.79: average of *unlevered* beta coefficients of a sample of comparable listed companies;
- Additional *Alpha* premium on the cost of own capital equal to 4%.

For its *impairment* analyses, KME’s *management* increased the discount rate by an additional premium of 1.5% linked to *execution risk*, thus reaching a WACC of 9.35% (rate of 9.34% as at 31 December 2020).

This rate was also confirmed by Intek for the purposes of estimating the *fair value* of KME. The substantial return to a situation of normality, thanks to the progressive spread of vaccinations and the relaunch interventions envisaged by the central authorities which have in fact made it possible to overcome the climate of uncertainty linked to the health situation, has led to the belief that it is no longer necessary to consider Intek Group an increase in *execution risk* (an increase that had been equal to 0.75% both when preparing the 2020 financial statements and the 2021 half-year report). Another factor supporting this decision was KME's 2021 results, which were in line with *budgeted* figures. Please note that any change by half a percentage point in the discount rate entails a change of around Euro 25 million in the *equity value* of KME.

This analysis led to a present value of KME's cash flows, including the effects of the sale of the *Business Specials*, of approximately 770 million.

To calculate the *equity value* of KME, the operating value thus estimated was subsequently adjusted using the same methodology as in previous years, to consider in a sum-of-the-parts evaluation perspective:

- the *fair value* of assets held for sale, represented by the 100% stake in Tréfimetaux;
- the *fair value* of the 45% investment in the *newco* set up on the occasion of the transfer of control of the *Business Specials*;
- the *fair value* of the *joint venture* KMD;
- the *fair value* of *surplus assets*, consisting of properties not used in the business, in particular those held by Immobiliare Pictea S.r.l., and other non-consolidated companies;
- negative by the value of the 16% stake held by third parties in KME Italy;
- the KME group’s estimated net financial position as at 31 December 2021.

The *equity value* thus determined is equal to Euro 681 million.

This value was compared, always with the help of the external consultant, with those resulting from other methods, in particular using the market multiples and the transaction multiples methods with the EV/EBITDA multiple, calculated by using historical EBITDA and for market multiples also the forward-looking EBITDA. The adjustments described above were also considered for these methods to arrive at the *equity value.*

The comparison between different methods has the purpose of determining the *fair value* of the investment to the most reasonable extent and, within the context of the values obtained by the various methods, to identify the most reasonable one in the specific circumstance. These application methods are referred to in paragraphs 63 and 65 of IFRS 13.

The average of the *enterprise values* resulting from the other methods showed deviations greater than 20% compared to those obtained by the UDCF method and, therefore, in application of the provisions of the "*Policy* for the methods of determining *fair value*", the results obtained with the various methods, identifying an *equity value* of Euro 589 million as the most representative value. This value emerges from the weighting of the values deriving from the various methodologies; the weighting percentages gave greater weight (40%) to the UDCF method (consistently with the fact that it is able to capture the intrinsic characteristics of the company being valued, starting from the Plan data used as input), while the results coming from the other methods are given a homogeneous percentage weight (20% for each method). The intervals of the weighting percentage and the homogeneous subdivision between the different methods is defined ex-ante within the "*Policy* for the methods of determining *fair value*" in order to mitigate the subjectivity inherent in the choice of weights, giving the estimate a greater degree of reasonableness and continuity of the specific application criteria.

The *equity value* was then linked to a shareholding held by Intek Group, also considering the *earn-out* clauses signed in the disposal agreements, as part of the acquisition of MKM, reaching an estimated value of Euro 578.3 million. This value represents an increase of Euro 68.8 million compared to that at 31 December 2020 (+ 13.5%).

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 and market conditions, particularly with regard to the European 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 and also to the further elements considered in arriving at *equity value*.

For the investment in Culti Milano, listed on the *Euronext Growth Milan* (formerly AIM) market, analyses were conducted on the volumes traded also with reference to *comparables.* These analyses showed that in 2021 the trading volumes of the Culti Milano stock were in line with those of the *comparables* and therefore led to believe the existence of an active market. This led, in compliance with the provisions of the IFRS, to the valuation of the *fair value* based on the value of the market price which at the reference date of the financial statements was equal to Euro 12.1 per share (Euro 14.6 on 30 March 2022). This valuation, in the opinion of the directors, does not fully reflect the intrinsic value of the investment. In this regard, it should be noted that if the valuation had been carried out using the multiples method, similarly to what was carried out for the previous year (when the reference market was considered inactive), the value of the investment would have been over Euro 41 million, with an increase in the valuation of Euro 12 million.

As for Ducati Energia, given that a plan to develop the UDCF method was not available, this equity investment was measured using the market multiples method and the transaction multiples method applied to the 2021 preliminary data.

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. Instrumental equity investments

Following the conclusion of the liquidation procedure of I2 Capital Partners SGR S.p.A. which took place in the first half of 2021, there are no more equity investments of this type and the item is therefore cleared.

Name	*Registered office*	*Percentage of interest*	*Carrying amount 31/12/2021*	*Carrying amount 31/12/2020*	*Difference*
I2 Capital Partners SGR S.p.A. in liquidation	Milan	100.00%	-	768	(768)
Total Instrumental equity investments			**-**	**768**	**(768)**

4.3. Non-current financial assets

This item consists of the following:

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Guarantee fees receivable	5	134	(129)
Non-current financial assets	**5**	**134**	**(129)**

"*Guarantee fees receivables*" represent the present value of guarantee fees that are receivable in future years, in more than 12 months, for guarantees issued by the Intek Group to banks on behalf of the non-consolidated subsidiaries to which the loans and credit facilities were granted. These receivables are matched by payables of an equal amount.

4.4. Property, plant and equipment

The breakdown of the item is as follows:

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Buildings	2,766	3,297	(531)
Other assets	727	581	146
Property, plant and equipment	**3,493**	**3,878**	**(385)**

Below is the breakdown between owned and *leased* assets:

(in thousands of Euro)	*Owned*	*Leased*	**Total**
Buildings	-	2,766	**2,766**
Other assets	649	78	**727**
Property, plant and equipment	**649**	**2,844**	**3,493**

For owned assets, the changes during the reporting period under review and those of the previous reporting period can be analysed as follows:

(in thousands of Euro)	*Buildings*	*Plant and equipment*	*Other assets*	*Total*
Cost				
Balance at 31 December 2019	-	170	2,186	2,356
Increases	-	-	47	47
Disposals	-	-	(149)	(149)
Balance at 31 December 2020	-	170	2,084	2,254
Increases	-	-	186	186
Balance at 31 December 2021	-	170	2,270	2,440
Accumulated amortisation				
Balance at 31 December 2019	-	170	1,705	1,875
Increases	-	-	32	32
Disposals	-	-	(149)	(149)
Balance at 31 December 2020	-	170	1,588	1,758
Increases	-	-	33	33
Balance at 31 December 2021	-	170	1,621	1,791
Net carrying amount				
31-Dec-2019	-	-	481	481
31-Dec-2020	-	-	496	496
31-Dec-2021	**-**	**-**	**649**	**649**

Changes were as follows in *leased* assets:

(in thousands of Euro)	*Buildings*	*Plant and equipment*	*Other assets*	*Total*
Cost				
Balance at 31 December 2019	4,403	-	116	4,519
Increases	53	-	53	106
Disposals	-	-	(43)	(43)
Balance at 31 December 2020	4,456	-	126	4,582
Increases	132	-	37	169
Disposals	(82)	-	(33)	(115)
Balance at 31 December 2021	4,506	-	130	4,636
Accumulated amortisation				
Balance at 31 December 2019	578	-	33	611
Increases	581	-	44	625
Disposals	-	-	(36)	(36)
Balance at 31 December 2020	1,159	-	41	1,200
Increases	581	-	40	621
Disposals	-	-	(29)	(29)
Balance at 31 December 2021	1,740	-	52	1,792
Net carrying amount				
31-Dec-2019	3,825	-	83	3,908
31-Dec-2020	3,297	-	85	3,382
31-Dec-2021	**2,766**	**-**	**78**	**2,844**

4.5. *Investment property*

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Investment property	**32**	**140**	**(108)**

The change is linked to the sale of several properties during the year.

4.6. *Intangible assets*

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Other	12	7	5
Intangible assets	**12**	**7**	**5**

The item refers to assets that have a definite useful life and relate to *software*.

The movements relative to the year under review and the previous year are shown below:

(in thousands of Euro)		*Total*
Cost		
Balance at 31 December 2019		20
Increases		2
Balance at 31 December 2020		22
Increases		8
Balance at 31 December 2021		30
Accumulated amortisation		
Balance at 31 December 2019		12
Increases		3
Balance at 31 December 2020		15
Increases		3
Balance at 31 December 2021		18
Net carrying amount		
	31-Dec-2019	8
	31-Dec-2020	7
	31-Dec-2021	**12**

4.7. *Other non-current assets*

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Other receivables	3	3	-
Other non-current assets	**3**	**3**	**-**

The item refers exclusively to guarantee deposits.

4.8. Current financial assets

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Financial receivables from associates	832	521	311
Guarantee fees receivable	235	850	(615)
Financial assets held for trading	257	57	200
Other current financial assets	25,120	25,052	68
Current financial assets	**26,444**	**26,480**	**(36)**

The "*Financial receivables from related parties*" as at 31 December 2021 relate to the mutual current account loan in place with the direct subsidiary Intek Investimenti S.p.A. for Euro 762 thousand and with the indirect subsidiary Immobiliare Pictea S.r.l. for Euro 70 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 and credit facilities were granted. These receivables are matched by payables of an equal amount.

The item *"Other current financial assets"* includes Euro 24,886 thousand for a deposit pledged to guarantee the outstanding credit line with Banco BPM, expiring in June 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.

4.9. Trade receivables

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Receivables from leasing and factoring activities	2,987	3,618	(631)
Receivables due from associates	2,052	917	1,135
Trade receivables	**5,039**	**4,535**	**504**

The "*Receivables from leasing and factoring activities*" relate to non-performing loans from the business previously handled by Fime Leasing and Fime Factoring. The change is mainly due to the collections during the period.

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

4.10. Other current receivables and assets

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Tax assets	643	653	(10)
Accruals and prepayments	109	34	75
Receivables due from associates	2,495	1,145	1,350
Other receivables	2,433	2,251	182
Other current receivables and assets	**5,680**	**4,083**	**1,597**

The *"Tax assets"* include receivables for direct taxes of Euro 181 thousand and VAT credits of Euro 461 thousand.

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

"*Receivables due from associates*" include positions arising from the tax consolidation.

The item *“Other receivables”* includes primarily pending costs relating to ongoing projects, of which Euro 2.273 thousand relating to consulting performed as part of extraordinary transactions not yet finalised.

All the receivables are due within twelve months.

4.11. Cash and cash equivalents

“Cash and cash equivalents” consist of bank and post office accounts and cash on hand.

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Bank and post office accounts	4,695	15,281	(10,586)
Cash on hand	3	5	(2)
Cash and cash equivalents	**4,698**	**15,286**	**(10,588)**

For details of the liquidity generated and absorbed during the year, please refer to the Company's cash flow statement.

4.12. Shareholders' equity

The "*Share Capital*" at 31 December 2021 is equal to Euro 335,069,210.90 divided into 389,151,588 ordinary shares (95.974% of the share capital) and 16,325,063 savings shares (4.026% of the share capital). None of the shares have a par value.

During the year, 20,110 ordinary shares were issued following the exercise of warrants and 33,784,755 savings shares were cancelled as a result of the public exchange offer.

At 31 December 2021 the Company holds 6,937,311 own ordinary shares equal to 1.783% of the ordinary capital (1.711% of the total capital). In fact, during the 2021 financial year 382,051 ordinary shares and 11,801 savings shares were already held in portfolio; following these transactions, the “*Reserve for treasury shares in portfolio”* increased by Euro 121 thousand.

The reserves *"Results of previous years" and "Stock Option Reserve",* both available, amounting to Euro 53,840 thousand (Euro 71,142 thousand at 31 December 2020) and Euro 2,592 thousand (Euro 2,052 thousand at 31 December 2020), respectively, change respectively due to the effect of the exchange transaction on savings shares and the effects of IFRS 2 on the *warrants* assigned to *management*.

The breakdown of the item "*Other reserves*" is shown below:

(in Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Legal reserve	9,087,214	8,760,250	326,964
Share premium reserve	4,031,763	4,020,857	10,906
Available reserve (extraordinary)	9,261,714	9,389,936	(128,222)
ErgyCapital merger surplus reserve	2,172,158	2,172,158	-
Reserve for treasury shares held	2,133,266	2,011,911	121,355
Non-distributable reserve	68,696,097	65,733,638	2,962,459
Reserves taxable on distribution	3,484,481	3,484,481	-
Costs associated with a share capital increase	(399,111)	(399,111)	-
Reserve for OPSC Costs and 2021 Warrants	(641,828)	-	(641,828)
Reserve for OPS costs 2012	(801,606)	(801,606)	-
Reserve for IFRS differences on post-employment benefits	(23,141)	(11,317)	(11,824)
Gain/loss reserve for treasury shares	28,458	28,458	-
Other reserves	**97,029,465**	**94,389,655**	**2,639,810**

The *“Legal Reserve”* and the *“Non-distributable Reserve”*, established pursuant to Legislative Decree 38/2005, may be used to cover losses. It should also be noted that the unrealised capital gains from the *fair* *value* did not contribute to the distributable profit and therefore to the privilege enjoyed by the savings shareholders.

Pursuant to article 2431 of the Italian Civil Code, the "*Share premium reserve*" may be distributed to shareholders subject to a minimum balance on the Legal Reserve of one fifth of share capital.

The "*ErgyCapital merger surplus reserve*" was created during 2017 by the difference between the value of the shareholder's equity contributed by non-controlling shareholders of the incorporated entity and the value of the shares issued.

The "*Reserves taxable on distribution*" and the "*Reserve for costs for public exchange offer*" originated as part of the extraordinary transactions of 2012, the former is from the incorporated entity Intek, while the latter is due to costs incurred for capital transactions. The "*Costs associated with a share capital increase*" is of a similar nature. During the year, the "*Reserve for OPSC and Warrant 2021 costs*" was created which includes the costs incurred for the related transactions.

4.13. Employee benefits

This item relates to the "*Post-employment Benefits*"; the amount is determined based on the vested benefits at the end of the year, in compliance with law employment contracts and IAS 19, is composed as follows:

(in thousands of Euro)	*31 Dec 2020*	*Increases*	*Contributions to Funds*	*31 Dec 2021*
Clerical workers	186	85	(8)	263
Executives	2	124	(28)	98
IAS/IFRS Adjustments	44	13	-	57
Employee benefits	**232**	**222**	**(36)**	**418**

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

General criteria	*31 Dec 2021*	*31 Dec 2020*
Discount rate	0.98%	0.34%
Rate of increase in future remuneration	1%	1%
Average remaining working life	12.0 years	15.6 years
General criteria		

A discount rate based on the "*Iboxx Eurozone Corporate AA*" index was used also at 31 December 2021 for the actuarial valuation of post-employment benefits (TFR).

4.14. Non-current financial payables and liabilities

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Lease liabilities - related parties	2,394	2,911	(516)
Lease liabilities	46	54	(8)
Payables for financial guarantees issued	5	134	(129)
Non-current financial payables and liabilities	**2,445**	**3,099**	**(653)**

The items *"Leasing payables"* represent financial liabilities, maturing beyond twelve months, recognised in application of IFRS 16 and refer to properties and cars; liabilities to related parties refer to payables to Immobiliare Pictea for the leases of the properties in Foro Buonaparte, Milan.

The item "*Payables for financial guarantees issued*" represents the contra-entry of the item recorded under non-current financial assets having the same origin and it represents the *fair value* of the liabilities incurred against the guarantees issued, having assessed any risk situations and consequently the contingent liabilities, pursuant to the instructions set forth in IAS 37. Since the item refers in its entirety to guarantees connected to loans obtained by subsidiaries, it is considered that the current value of the commissions to be collected, recognised as part of current and non-current financial assets, represents the best estimate of *fair value* of the contingent liabilities in relation to the guarantees issued.

4.15. Bonds

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Intek Group 2020/2025 Bonds	92,372	75,332	17,040
Bonds	**92,372**	**75,332**	**17,040**

The item refers to the Intek Group 2020/2025 Bonds, issued in February 2020 with a fixed rate of 4.5%, outstanding for a nominal amount of Euro 75,854 thousand, to which additional nominal values of Euro 16,965 thousand were added in 2021 as a result of the public exchange offer on savings shares. They are shown net of the issue costs, which are deferred along the duration of the security so as to determine a constant effective interest rate.

4.16. Other non-current liabilities

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Payables for guarantees issued	18	300	(282)
Payables for *"special situations"*	95	422	(327)
Other non-current liabilities	**113**	**722**	**(609)**

"*Payables for guarantees issued*" refer to Euro 282 thousand for the non-current portion of the payable for tax liabilities, broken down into instalments over 48 months, with a final due date in November 2022, assumed by the Company against guarantees given during the disposal of an equity investment. The residual portion as at 31 December 2021 was classified under current liabilities.

"Liabilities for special situations" originated as part of agreements with creditors and refer to advances linked to former Fime Leasing positions. During the year, positions for Euro 327 thousand relating to untraceable creditors of the procedure pursuant to the FEB - Ernesto Breda S.p.A. were written-off as prescribed.

4.17. 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*	*31 December 2021*		
	Non-current	*Current*	*Total*			*Non-current*	*Current*	*Total*
Provisions for risks for tax disputes	291	-	291	-	-	291	-	291
Total	**291**	**-**	**291**	**-**	**-**	**291**	**-**	**291**

The "*Provisions for tax dispute risks*" relate to disputes concerning registration tax and Invim (tax on increase in real property value) of the Fime group which have already reached the final ruling, recognised to the maximum extent of the estimated liability.

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

4.18. Current financial payables and liabilities

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Due to banks	25,223	25,194	29
Payables for bonds	3,616	2,956	660
Due to associates	-	1,245	(1,245)
Payables for financial guarantees issued	235	850	(615)
Lease liabilities - related parties	465	438	27
Lease liabilities	138	134	4
Current financial payables and liabilities	**29,677**	**30,817**	**(1,140)**

The "*Payables* Due *to banks"* refers to a Euro 25,000 thousand credit line and the relative interest with Banco BPM, expected to mature in June 2022 and guaranteed for an equal amount by a current account.

The item "*Payables for bonds*", totalling Euro 3,616 thousand, relates to interest accruing on the *2020-2025 Intek Group S.p.A.* Bond Loan.

The item "*Due to associates*" of 31 December 2020, contains the balance of the current accounts, held at market rates with remuneration set at Euribor plus a *spread*, in existence with:

- I2 Capital Partners SGR S.p.A. in liquidation for Euro 872 thousand;
- Immobiliare Pictea S.r.l. for Euro 373 thousand.

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 paragraphs 4.8 and 4.14.

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

4.19. Trade payables

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

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Trade payables - third parties	1,700	1,319	382
Trade payables - related associates	538	547	(9)
Trade payables	**2,238**	**1,866**	**373**

4.20. Other current liabilities

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Due to directors for end of office indemnity (TFM)	769	746	23
Payables due to former *lease* customers	1,266	1,306	(40)
Due to employees	221	157	64
Tax liabilities	126	123	3
Due to associates	547	896	(349)
Due to social security institutions	91	69	22
Other liabilities	793	863	(70)
Other current liabilities	**3,813**	**4,160**	**(347)**

"*Payables due to former leasing customers*" relate to sums received by way of advance from customers and not offset with credit entries.

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

"*Payables to directors for end of office indemnity (TFM)*" refer to the residual amount due to the Chairman of the Board of Directors for the end of office indemnity (TFM) accrued to 31 December 2012, the date on which the office ended. The Chairman has allowed the payment due date to be extended to 31 December 2022.

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

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

The item "*Other payables*" includes the current share of the payable linked to guarantees given, already commented on in note 4.16.

4.21. Deferred tax assets and liabilities

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Deferred tax assets	2,762	3,037	(275)
Deferred tax liabilities	(2,221)	(2,058)	(163)
Deferred tax assets and liabilities	**541**	**979**	**(438)**

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*	
	31 Dec 2021	*31 Dec 2020*	*31 Dec 2021*	*31 Dec 2020*
Investment property	9	9	-	-
Investments in equity interests	-	-	1,602	1,509
Trade receivables	1,370	1,756	619	549
Current financial assets	34	34	-	-
Cash and cash equivalents	-	14	-	-
Other current liabilities	515	520	-	-
Deferred taxes on equity components	130	-	-	-
Deferred taxes on tax losses carried forward	704	704	-	-
Total	**2,762**	**3,037**	**2,221**	**2,058**

Deferred taxes are computed on timing differences between the amounts of assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes.

"Deferred taxes on tax losses carried forward" are recognised only when their recovery is highly probable, including in consideration of the tax consolidation, with Intek Group as the Parent Company.

5. ***Commitments and guarantees***

Intek Group is the guarantor for KME SE and its main subsidiaries for Euro 100 million for the loan obtained from a *pool* of banks and for additional bank credit facilities for Euro 15.25 million.

A loan disbursed to Tecno Servizi S.r.l. (a company incorporated into Immobiliare Pictea in 2017) is also subject to a guarantee from Mediocredito originally for Euro 7.8 million, with a residual value of Euro 4.8 million.

In December 2015, Intek Group indicated its willingness to issue a guarantee of up to Euro 5.0 million for Associazione Dynamo for the granting of a mortgage loan for the restructuring of certain buildings located in Limestre. This mortgage is also secured by other real guarantees; amounts to Euro 1.6 million as at 31 December 2021.

6. Notes to the statement of comprehensive income

6.1. Net income from management of equity investments

This item consists of the following:

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Measurement of investments at *fair value*	72,970	6,358	66,612	1,047.69%
Dividends	475	6,268	(5,793)	-92.42%
Value adjustments on equity investments and securities	-	(1,417)	1,417	-100.00%
Gains/(losses) from the sale of equity investments and securities	(57)	10	(67)	-670.00%
Net income from management of equity investments	**73,388**	**11,219**	**62,169**	**554.14%**

In particular:

- the *fair value* measurement of equity investments refers to Euro 68,800 thousand to KME SE, Euro 1,604 thousand to Culti Milano S.p.A., for Euro 1,496 thousand to Intek Investimenti S.p.A., for Euro 769 thousand to Ducati Energia S.p.A. and for Euro 300 thousand to KME Germany Bet. GmbH;
- dividends for Euro 285 thousand from Ducati Energia and Euro 191 thousand from Culti Milano.
- the losses from the sale are linked to the closing of the liquidation of I2 Capital Partners SGR which took place in the first half of 2021.

For further details, please see the comments under the corresponding asset items.

6.2. Guarantee fees

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Guarantee fees	865	876	(11)	-1.26%
Guarantee fees	**865**	**876**	**(11)**	**-1.26%**

These refer to the remuneration of the guarantees given to investee companies for securing loans.

6.3. Other income

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Income from *"special situations"*	767	538	229	42.57%
Provision of services to associates	130	168	(38)	-22.62%
Other income and revenues	110	74	36	48.65%
Other income	**1,007**	**780**	**227**	**29.10%**

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

The item *"Provision of services to related companies"* contains only the amounts invoiced for administrative support services to related companies.

6.4. Labour costs

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Wages and salaries	(965)	(734)	(231)	31.47%
Social security charges	(321)	(241)	(80)	33.20%
Other personnel expense	(581)	(543)	(38)	7.00%
Labour costs	**(1,867)**	**(1,518)**	**(349)**	**22.99%**

The increase in the item relates to the transfer of two employees (a manager and an employee) from I2 Capital Partners SGR S.p.A., which took place at the end of March 2021.

Other personnel expense includes remuneration to associates of Euro 314 thousand, in addition to contribution expense of Euro 110 thousand, costs for a *welfare* plan of Euro 80 thousand and an allocation to the employees' post-employment benefits (TFR) of Euro 76 thousand.

The average number of employees is given here below:

	31 Dec 2021	*31 Dec 2020*	*Change*
Executives	3	2	1
Clerical workers	10	10	-
Average number of employees	**13**	**12**	**1**

6.5. Amortisation, depreciation, impairment and write-downs

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Depreciation on property, plant and equipment	(33)	(32)	(1)	3.13%
Depreciation on *leased* assets	(621)	(626)	5	-0.80%
Amortisation on intangible assets	(3)	(3)	-	-
Amortisation, depreciation, *impairment* and write-downs	**(657)**	**(661)**	**4**	**-0.61%**

6.6. Other operating costs

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Directors' and Statutory Auditors' fees	(1,228)	(1,215)	(13)	1.07%
Professional services	(1,448)	(1,190)	(258)	21.68%
Travel costs	(375)	(234)	(141)	60.26%
Real property leases	(265)	(247)	(18)	7.29%
Membership fees	(232)	(221)	(11)	4.98%
Other net costs	(250)	(113)	(137)	121.24%
Legal and company disclosure	(108)	(147)	39	-26.53%
Other personnel expense	(95)	(64)	(31)	48.44%
Insurance premiums	(90)	(70)	(20)	28.57%
Electricity, heating, postal and telephone costs	(41)	(35)	(6)	17.14%
Maintenance	(40)	(23)	(17)	73.91%
Other tax charges	(37)	(42)	5	-11.90%
Donations	(26)	(10)	(16)	160.00%
Leases and rentals	(17)	(26)	9	-34.62%
Bank charges	(8)	(6)	(2)	33.33%
Training and seminars	(2)	(14)	12	-85.71%
	(4,262)	*(3,657)*	*(605)*	*16.54%*
Charges on *warrant management*	(540)	-	(540)	n/a
Losses on receivables	-	(99)	99	-100.00%
Other operating costs	**(4,802)**	**(3,756)**	**(1,046)**	**27.85%**

The "Charges on *warrant management*" include the effects of the actuarial calculation in application of the provisions of IFRS 2 and have as a counter-entry an increase in shareholders' equity.

6.7. Net finance expense

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Interest income from group companies	*203*	*492*	(289)	-58.74%
Other finance income and interest	*89*	*365*	(276)	-75.62%
Total finance income	**292**	**857**	**(565)**	**-65.93%**
Interest paid by group companies	*(30)*	*(60)*	30	-50.00%
Loan interest expense	*(225)*	*(195)*	(30)	15.38%
Interest expense on securities issued	*(3,940)*	*(3,851)*	(89)	2.31%
Interest expense for leases	*(157)*	*(178)*	21	-11.80%
Other finance expense	*(23)*	*(262)*	239	-91.22%
Total finance expense	**(4,375)**	**(4,546)**	**171**	**-3.76%**
Total net finance expense	**(4,083)**	**(3,689)**	**(394)**	**10.68%**

The breakdown of the interest income and interest expense from related parties is provided under paragraph 7.11.

6.8. Current and deferred taxes

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Current taxes	1,893	708	1,185	167.14%
Deferred taxes	(438)	(672)	234	-34.82%
Current and deferred taxes	**1,455**	**36**	**1,419**	**n/a**

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)	*2021*	*2020*
Profit/(loss) before taxes	63,851	3,253
Tax charge at theoretical rate	**(15,324)**	**(781)**
Reconciliation:		
Effect due to different tax rates	-	-
Other effects:		
- Impairment losses on securities and investments that are non-deductible/non-taxable	(14)	(1,351)
- *Fair value* measurements	17,513	1,276
- Other	(1,087)	1,189
- Previous year taxes	367	(296)
Total effective tax charge	**1,455**	**37**

7. <u>*Additional information*</u>

7.1. Financial instruments by category

The following table shows the total of individual categories of financial instruments:

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Financial assets at fair value through profit or loss	637,620	509,243	128,377
Financial assets at fair value through other comprehensive income	-	-	-
Amortised cost	40,729	81,361	(40,632)
Available-for-sale financial assets	-	-	-
Financial assets	**678,349**	**590,604**	**87,745**
Financial liabilities at *fair value* through profit or loss	(240)	(1,357)	1,117
Financial payables and liabilities at amortised cost	(130,292)	(120,585)	(9,707)
Financial liabilities	**(130,532)**	**(121,942)**	**(8,590)**

7.2. Financial instruments by financial statement item

The reconciliation of financial instruments with financial statement items at 31 December 2021 is provided below:

(in thousands of Euro)	*Total*	*At amortised cost*	*At fair value*	*Outside the scope of IFRS 7*
Investments in equity interests and fund units	637,123	-	637,123	
Instrumental equity investments	-	-	-	-
Other non-current assets	3	3	-	-
Non-current financial assets	5	-	5	-
Trade receivables	5,039	5,039	-	-
Other current receivables and assets	5,680	5,037	-	643
Current financial assets	26,444	25,952	492	-
Cash and cash equivalents	4,698	4,698	-	-
Total financial assets	**678,992**	**40,729**	**637,620**	**643**
Non-current financial payables and liabilities	(2,445)	(2,440)	(5)	-
Bonds and PFI	(92,372)	(92,372)		-
Other non-current liabilities	(113)	(113)	-	-
Current financial payables and liabilities	(29,677)	(29,442)	(235)	-
Trade payables	(2,238)	(2,238)	-	-
Other current liabilities	(3,813)	(3,687)	-	(126)
Total financial liabilities	**(130,658)**	**(130,292)**	**(240)**	**(126)**

7.3. Notional value of financial instruments and derivatives

No derivative financial instruments are recognised as at 31 December 2021.

7.4. Credit risk exposure and impairment losses

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

7.5. Currency risk exposure

Intek Group S.p.A. had no financial statements items or sale or purchase commitments denominated in foreign currencies at the year end.

7.6. 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.

7.7. Interest rate risk exposure

As at 31 December 2021 the Company's interest-bearing financial assets and liabilities had the following interest rate risk exposure:

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*
Financial assets	-	-
Financial liabilities	(95,415)	(78,869)
Fixed rate instruments	**(95,415)**	**(78,869)**
Financial assets	30,412	40,854
Financial liabilities	(25,223)	(26,439)
Floating rate instruments	**5,189**	**14,415**

The fixed rate financial liabilities mainly refer to outstanding bonds and to financial liabilities for *leases*.

7.8. Sensitivity analysis of the cash flows of floating rate financial instruments

A 50-*basis-point* (bps) increase (decrease) in interest rate receivable or payable at the year-end would have led to an impact on equity and the loss for the year of around Euro 25 thousand.

7.9. Fair value and carrying amount

Pursuant to IFRS 13 paragraph 91, we declare that the carrying amount of the financial assets and liabilities recognised in these Financial Statements do not diverge from their *fair value*.

7.10. Fair value hierarchy

IFRS 7, paragraph 27A and IFRS 13 require financial instruments recognised at fair value in the statement of financial position to be classified based on a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy shall have the following levels:

- 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 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	**637,123**	28,904	-	608,219
Non-current financial assets	**5**	-	-	5
Current financial assets	**492**	-	-	492
Total financial assets	**637,620**	**28,904**	**-**	**608,716**
Non-current financial payables and liabilities	**(5)**	-	-	(5)
Current financial payables and liabilities	**(235)**	-	-	(235)
Total financial liabilities	**(240)**	**-**	**-**	**(240)**

The financial instruments recognised in the statement of financial position and income statement at *fair value* consist of participating investments and guarantees issued, for the valuation of which level 3 inputs are used except for the investment in Culti Milano S.p.A., which in 2021 was valued on the basis of market prices. For determination of the *fair value* of the participating investments, please see the relevant explanatory note 4.1. The *fair value* of the guarantees issued is determined by applying a rate which is considered to be representative of the risk undertaken.

7.11. Disclosure of payments for services rendered by the Independent Auditors

In accordance with article 149-*duodecies* of the "Issuers' Regulation", the following table shows the payments made during the year for services provided to the company and its subsidiaries by the Independent Auditors, Deloitte & Touche S.p.A. and other companies belonging to its *network*:

(in thousands of Euro)	**Total**	*Intek Group*	*Subsidiaries*
a) audit fees	**1,361**	151	1,210
b) fees for non-audit services	**180**	68	112
- audit services for certification purposes	**106**	5	101
financial covenants, compliance opinions	**63**	63	-
- other fees	**11**	-	11
c) fees charged by firms in the Independent auditors' network	**-**	-	-
Independent Auditors' fees	**1,541**	**219**	**1,322**

7.12. Detail of transactions with related parties

The tables below show the relations involving payables, receivables, costs and revenue with related parties. For information regarding the nature of the transactions, reference should be made to the comments under the individual items.

Assets/liabilities

(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*
Ergyca Tracker 2 Srl	-	-	-	-	-	-	-	(19)
Immobiliare Pictea Srl	-	70	11	-	(2,395)	(464)	-	-
Intek Investimenti SpA	-	762	-	-	-	-	-	-
Isno 3 Srl in liquidation	-	-	9	-	-	-	-	-
KME Germany GmbH	-	-	62	-	-	-	(30)	-
KME Germany Bet. GmbH	-	-	-	-	-	-	-	-
KME Italy SpA	-	-	158	805	-	-	(5)	-
KME Mansfeld GmbH	-	-	-	-	-	-	(19)	-
Kmetal SpA	-	-	-	67	-	-	-	-
KME SE	-	-	1,638	-	-	-	(323)	-
KME Srl	-	-	-	-	-	-	(51)	(143)
KME Yorkshire Ltd	-	-	-	-	-	-	(8)	-
Natural Capital Italia S.p.A. SB	-	-	50	-	-	-	-	-
Nextep S.r.l. SB	-	-	17	-	-	-	-	-
Oasi Dynamo FoodCo S.r.l.	-	-	-	-	-	-	(11)	-
Quattroduedue SpA	-	-	89	-	-	-	-	-
Serravalle Copper Tubes Italy S.r.l.	-	-	-	19	-	-	-	-
Società Agricola Agrienergia Srl	-	-	16	77	-	-	-	-
Trèfimetaux SA	-	-	2	-	-	-	-	-
Directors and Statutory Auditors	-	-	-	-	-	-	(91)	(1,154)
Receivables from guarantees	5	235	-	-	-	-	-	-
Receivables/Payables for tax consolidation	-	-	-	1,527	-	-	-	-
	5	**1,067**	**2,052**	**2,495**	**(2,395)**	**(464)**	**(538)**	**(1,316)**
Total	**5**	**26,444**	**5,039**	**5,680**	**(2,445)**	**(29,677)**	**(2,238)**	**(3,813)**
Effect	**100.00%**	**4.03%**	**40.72%**	**43.93%**	**97.96%**	**1.56%**	**24.04%**	**34.51%**

Income Statement flows

(in thousands of Euro)	*Net income from management of equity investments*	*Guarantee fees*	*Other operating income*	*Cost of labour and other operating costs*	*Finance income*	*Finance expense*
Culti Milano SpA	1,795	-	15	(1)	-	-
EM Moulds SpA	-	10	-	-	-	-
I2 Capital Partners SGR S.p.A. in liquidation	(54)	-	13	-	-	(4)
Immobiliare Pictea Srl	-	5	25	(157)	4	(152)
Intek Investimenti SpA	1,495	-	15	-	21	-
Isno 3 Srl in liquidation	-	-	15	-	-	-
KME Germany GmbH	-	-	-	(3)	-	-
KME Germany Bet. GmbH	300	-	-	-	-	-
KME Italy SpA	-	66	-	(4)	-	-
KME Mansfeld GmbH	-	-	-	(18)	-	-
Kmetal SpA	-	-	-	-	-	-
KME Special Products GmbH & Co.KG	-	31	-	-	-	-
KME SE	68,800	750	-	(23)	126	-
KME Srl	-	-	-	(44)	-	-
Oasi Dynamo FoodCo S.r.l.	-	-	-	(11)	-	-
Quattroduedue SpA	-	-	15	-	-	-
Società Agricola Agrienergia Srl	-	-	32	-	-	-
Trèfimetaux SA	-	3	-	-	-	-
Directors/Statutory Auditors	-	-	-	(1,594)	52	(24)
	72,336	**865**	**130**	**(1,855)**	**203**	**(180)**
Total	**73,388**	**865**	**1,007**	**(6,669)**	**292**	**(4,375)**
Effect	**98.57%**	**100.00%**	**12.91%**	**27.82%**	**69.52%**	**4.11%**

7.13. Proposal to approve the 2021 financial statements

Please refer to the *Report on operations*.

List of direct equity investments as at 31 December 2021

Equity investments *(in Euro)*	**Notes**	**Nominal value as at 31 December 2021**	**Balance as at 31 December 2020**		**Changes during the period(+ / -)**		**Write-backs/(Adjustments)**	**Balance as at 31 December 2021**				**Market value as at 31 December 2021**	
		Euro	**Quantity**	**Book value**	**Quantity**	**Value**		**Quantity**	**%**	**Average carrying amount**	**Book value**	**Unit value**	**Equivalent value**
Subsidiaries and other equity investments (recognised under financial assets)													
KME SE	*(*) (**)*	no par value	27,639,093	509,499,698	-	-	68,800,302	27,639,093	99.00%		578,300,000		
KME Germany Bet. GmbH	*(*)*		-	1,400,000	-	-	300,000	-	100.00%		1,700,000		
Ergyca Tracker 2 Srl	*(*)*	10,000	5,100	81,900	-	-	-	5,100	51.00%		81,900		
Culti Milano S.p.A.	*(*)*	no par value	2,388,750	27,299,571	-	-	1,604,000	2,388,750	77.17%		28,903,571	12.10	28,903,875
Intek Investimenti SpA	*(*)*	no par value	9,108,000	9,704,175	-	-	1,495,825	9,108,000	100.00%		11,200,000		
Newint S.r.l.	*(*)*	10,000	-	-	10,000	10,000		10,000	100.00%		10,000		
Nextep S.r.l. Società Benefit	*(*)*	10,000	6,000	6,000	-	-	-	6,000	60.00%		6,000		
Intomalte S.p.A.	*(*)*	516,460	103,292	1	-	-	-	103,292	20.00%		1		
Newcocot S.r.l. in liquidation	*(*)*	10,000	2,779	1	-	-	-	2,779	27.79%		1		
I2 Capital Partners SGR S.p.A. being wound up (1)			1,500,000	767,723	-	(822,501)	54,778	-	-		-		
												-	-
Total				**548,759,069**		**(812,501)**	**72,254,905**				**620,201,473**		
Treasury shares (recognised as a reduction in Shareholders' equity)													
Intek Group S.p.A. savings shares		no par value	11,801	6,867	(11,801)	(6,867)		-	-	-	-	-	-
Intek Group S.p.A. - ordinary shares		no par value	6,555,260	2,005,044	382,051	128,222		6,937,311	-	0.3075	2,133,266	0.5020	3,482,530
Total				**2,011,911**		**121,355**	**-**				**2,133,266**		
Total				**550,770,980**			**72,254,905**				**622,334,739**		

(*): recognised in the item "Investments in equity interests and fund units"
(**) Carrying amount as at 31 December 2020 restated in accordance with IAS 8, paragraph 42(a); for details see explanatory note 2.2.
(1): instrumental equity investments whose liquidation process has been completed in the course of 2021

List of indirect equity investments as at 31 December 2021

Company Name	Registered office	Activity	Currency	Share capital	% Stake	Investor Company	Total Equity Investment
Acqua Dynamo S.r.l. social enterprise (società benefit)	Italy	Commercial	Euro	27.000	40,00%	Intek Investimenti S.p.A.	40,00%
AML - Azienda Metalli Laminati S.p.A.	Italy	Industrial	Euro	3.300.000	24,24%	KME Mansfeld GmbH	24,00%
AMT - Advanced Mould Technology India Private Ltd.	India	Services	INR	40.000.000	71,50%	KME Special Products GmbH & Co. KG	70,79%
Bakel S.r.l.	Italy	Commercial	Euro	100.000	50,01%	Culti Milano S.p.A.	38,59%
Bertram's GmbH	Germany	Services	Euro	300.000	100,00%	KME Germany GmbH	99,00%
Culti Milano Asia Ltd.	China	Commercial	HKD	5.000.000	60,00%	Culti Milano S.p.A.	59,40%
Cuprum S.A.U.	Spain	Services	Euro	60.910	100,00%	KME Special Products GmbH & Co. KG	99,00%
Dalian Dashan Chrystallizer Co. Ltd.	China	Industrial	RMB	40.000.000	70,00%	KME SE	69,30%
Dalian Dashan Heavy Machinery Co. Ltd.	China	Industrial	RMB	20.000.000	70,00%	KME SE	69,30%
Dalian Dashan Surface Machinery Co. Ltd.	China	Industrial	RMB	10.000.000	70,00%	KME SE	69,30%
Dynamo Academy S.r.l. social enterprise (società benefit)	Italy	Services	Euro	10.000	25,00%	Immobiliare Pictea S.r.l.	24,75%
Dynamo The Good Company S.r.l. Benefit Company	Italy	Commercial	Euro	12.700	21,26%	Intek Investimenti S.p.A.	21,05%
EM Moulds S.p.A.	Italy	Industrial	Euro	3.090.000	100,00%	KME Special Products GmbH & Co. KG	99,00%
Evidal Schmoele Verwaltungsgesellschaft mbH	Germany	Not operating	Euro	30.000	50,00%	KME SE	49,50%
Fossati Uno S.r.l.	Italy	Real Estate	Euro	100.000	35,00%	Immobiliare Pictea S.r.l.	34,65%
Il Post S.r.l.	Italy	Publishing	Euro	396.516	31,13%	Intek Investimenti S.p.A.	30,82%
Ilnor S.r.l.	Italy	Industrial	Euro	10.000	100,00%	KME Italy S.p.A.	83,16%
Immobiliare Pictea S.r.l.	Italy	Real Estate	Euro	80.000	100,00%	KME SE	99,00%
Irish Metal Industries Ltd. In liquidation	Ireland	in liquidation	Euro	127	100,00%	KME Yorkshire Ltd.	99,00%
ISNO 3 S.r.l. in liquidation	Italy	in liquidation	Euro	1.754.906	60,72%	Intek Investimenti S.p.A.	60,11%
KMD (HK) Holding Limited	China	Holding company	USD	198.000.000	50,00%	KME SE	49,50%
KMD Connectors Stolberg GmbH	Germany	Industrial	Euro	1.000.000	100,00%	KMD (HK) Holdings Ltd.	49,50%
KMD Precise Copper Strip Co. Ltd.	China	Industrial	USD	239.214.000	100,00%	KMD (HK) Holdings Ltd.	49,50%
KME – MAGMA Service Ukraine LLC	Ukraine	Commercial	UAH	14.174.000	70,00%	KME Special Products GmbH & Co. KG	69,30%
KME S.r.l.	Italy	Services	Euro	115.000	100,00%	KME SE	99,00%
KME (Suisse) S.A.	Switzerland	Commercial	CHF	100.000	100,00%	KME Germany GmbH	99,00%
KME America Inc.	United States	Commercial	USD	5.000	100,00%	KME Germany GmbH	99,00%
KME America Marine Holding Inc.	United States	Holding company	USD	4.800.000	100,00%	KME Special Products GmbH & Co. KG	99,00%
KME America Marine Tube and Fitting, LLC	United States	Design	USD	2.132.000	100,00%	KME America Marine Holding Inc.	99,00%
KME AssetCo GmbH	Germany	Other	Euro	25.000	100,00%	KME Special Products GmbH & Co. KG	99,00%
KME Chile Lda. In liquidation	Chile	in liquidation	PSC	9.000.000	100,00%	KME Germany GmbH	99,00%
KME Germany GmbH	Germany	Industrial	Euro	20.000.000	100,00%	KME SE	99,00%
KME Grundstuecksgesellschaft SE & Co. KG	Germany	Real Estate	Euro	50.000	99,00%	KME SE	99,00%
					1,00%	KME Germany GmbH	
KME India Private Ltd. In liquidation	India	in liquidation	INR	6.500.000	99,80%	KME Special Products GmbH & Co. KG	99,00%
					0,20%	KME SE	
KME Italy S.p.A.	Italy	Industrial	Euro	44.602.903	84,00%	KME SE	83,16%
KME Kalip Servis Sanavi ve Ticaret A.S.	Turkey	Commercial	TRY	950.000	85,00%	KME Special Products GmbH & Co. KG	84,15%
KME Mansfeld GmbH	Germany	Industrial	Euro	38.349.000	100,00%	KME SE	99,00%
KME Metale Sp. z.o.o.	Poland	Commercial	PLN	8.112.500	100,00%	KME Germany GmbH	99,00%
KME Metals (Shanghai) Trading Ltd.	China	Commercial	USD	100.000	100,00%	KME SE	99,00%
KME Moulds Mexico S.A. de C.V.	Mexico	Services	MXN	7.642.237	99,99%	KME Special Products GmbH & Co. KG	99,00%
					0,01%	KME SE	
KME Real Estate GmbH & Co. KG	Germany	Commercial	Euro	100.000	100,00%	KME SE	99,00%
KME Recycle S.r.l. in liquidation	Italy	in liquidation	Euro	2.000.000	100,00%	KME SE	99,00%
KME Rolled France SAS	France	Industrial	Euro	2.540.000	100,00%	KME Italy S.p.A.	83,16%
KME Service Russland Ltd.	Russia	Services	RUB	10.286.000	70,00%	KME Special Products GmbH & Co. KG	69,30%
KME Spain S.A.U.	Spain	Commercial	Euro	92.446	100,00%	KME SE	99,00%
KME Special Holding GmbH	Germany	holding company	Euro	25.000	100,00%	KME SE	99,00%
KME Special Products GmbH & Co. KG	Germany	Industrial	Euro	500	100,00%	KME SE	99,00%
KME Special Products & Solutions GmbH	Germany	Industrial	Euro	25.000	100,00%	KME Special Products GmbH & Co. KG	99,00%
KMETAL S.p.A.	Italy	Agency activities for the purchase and sale of metals	Euro	100.000	100,00%	KME SE	99,00%
KME Yorkshire Ltd.	Great Britain	Industrial	LST	10.014.603	100,00%	KME SE	99,00%
Mecchld S.r.l.	Italy	Holding company	Euro	40.000	20,00%	Intek Investimenti S.p.A.	20,00%
MKM France Eurl in liquidation	France	in liquidation	Euro	21.000	100,00%	KME Mansfeld GmbH	99,00%
Natural Capital Italia S.p.A. Benefit Company	Italy	Real Estate	Euro	147.500	74,58%	Immobiliare Pictea S.r.l.	82,64%
					8,81%	Intek Investimenti S.p.A.	
Oasi Dynamo Società Agricola S.r.l.	Italy	Agricultural activity	Euro	35.000	100,00%	Natural Capital Italia S.p.A. Benefit Company	82,64%
Oasi Dynamo FoodCo S.r.l.	Italy	Sale of food products	Euro	10.000	100,00%	Natural Capital Italia S.p.A. Benefit Company	82,64%
Scent Company S.r.l.	Italy	Commercial	Euro	100.000	51,00%	Culti Milano S.p.A.	39,36%
Serravalle Copper Tubes Italy S.r.l.	Italy	Industrial	Euro	3.000.000	100,00%	Trefimetaux SAS	99,00%
Società Agricola Agrienergia S.r.l.	Italy	Industrial	Euro	20.000	51,00%	Oasi Dynamo Società Agricola S.r.l.	42,15%
Special Steels & Alloys SE Asia Pte Ltd.	Singapore	Commercial	$SG	352.088	28,41%	KME Special Products GmbH & Co. KG	28,13%
Tekvalia AG	Switzerland	Not operating	CHF	2.100.000	49,00%	KMETAL S.p.A.	48,51%
Trefimetaux SAS	France	Industrial	Euro	11.000.000	100,00%	KME SE	99,00%
Valika SAS	France	Trading in metals	Euro	200.000	51,00%	KME Recycle S.r.l. in liquidation	50,49%

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE 58/98, 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 separate financial statements during 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 separate 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;

   3.2. the annual Report includes a reliable analysis of the development and performance of the business and the situation of the issuer, together with a description of the principal risks and uncertainties that it faces.

Milan, 31 March 2022

The Chairman	The Manager in charge of Financial Reporting
signed Vincenzo Manes	*signed Giuseppe Mazza*

Report of the Board of Statutory Auditors to the Shareholders' Meeting of INTEK Group S.p.A. on the financial statements as at 31.12.2021 pursuant to article 153 of the Consolidated Financial Act Legislative Decree 58/1998 and article 2429 paragraph 2 of the Italian Civil Code.

Dear Shareholders,

The Board of Statutory Auditors reports on the supervisory activities as required by the law (and in particular, by article 153 of Italian Legislative Decree 58/98, the "Consolidated Financial Act"), the rules of conduct for boards of statutory auditors of listed companies issued by the Council of Chartered Accountants and Accounting Experts (*Consiglio Nazionale dei Dottori Commercialisti and Esperti Contabili*), the recommendations of Consob regarding corporate audits and the activities of the Board of Statutory Auditors, articles 2429 et seq. of the Italian Civil Code as well as articles 17 and 19 of Legislative Decree no. 39/2010 and the indications contained in the Corporate Governance Code.

This report is divided, as it is every year, into individual chapters which correspond to the disclosure obligations set by CONSOB and suggested by the Italian National Council of Chartered Accountants and Accounting Experts (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*), for better comprehension and comparability.

The new Board of Statutory Auditors was appointed by the shareholders' meeting held on June 8, 2021 for the three-year period up to the date of the shareholders' meeting called to approve the financial statements at 31 December 2023.

The Board of Statutory Auditors for 2021 has assessed the suitability of its members and the adequate composition of the body with reference to the requirements of professionalism, competence, integrity, correctness, independence and absence of causes of incompatibility required by law, as well as the availability of time and resources adequate to the complexity.

The members of the Board of Statutory Auditors complied with the limit on the accumulation of offices envisaged by article 144-terdecies of the Issuers' Regulation and by Ministerial Decree no. 169/2020.

Significant events occurred in 2021 at Group level

The most significant transactions that took place in 2021 and in the course of the year until this report was drafted were:

Copper sector

In this sector, the following significant transactions were carried out in order to implement the KME group's strategy of concentrating on copper and copper alloy laminate products, in which the group is the European leader and intends to focus its energy and future growth, given the appealing growth rates expected for the main reference markets.

In January 2022, the agreement was executed with Paragon Partners GmbH ("*Paragon*"), a German private equity fund, for the transfer of control of the Special Products business. The agreement called for the creation of a company 55% held by Paragon and 45% by KME, to which the above-mentioned business was transferred. This transaction enabled KME to benefit from the contribution of financial resources for roughly Euro 200 million, after the repayment of around Euro 20 million in intragroup loans, relating to working capital, and after a Euro

32 million loan was granted, which will be repaid by the newly-established company itself.

An additional disposal was completed in February 2022 with the sale of the *Wires business* (cables), which had become the property of KME following the acquisition of MKM. This transaction resulted in the collection of a total of approximately Euro 20 million, plus the value of inventory.

With respect to the *Copper business*, a production integration operation was achieved in June 2021 with S.A. Eredi Gnutti Metalli SpA ("EGM"), which resulted in the transfer to KME Italy SpA of the laminates business of EGM. The consideration of €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 makes it possible to pool the 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, the definitive contract was signed in February 2022 for the acquisition of part of the flat rolled products production segment of Aurubis AG. The scope of the transaction includes the FRP plant in Zutphen (Netherlands) and the slitting centres in Birmingham (United Kingdom), Dolny Kubín (Slovakia) and Mortara (Italy). This contract was entered into after the term sheet was signed in August 2021; the finalisation of the transaction, subject to several conditions precedent including approval by the competent antitrust supervisory authorities, is expected to take place by the end of summer 2022.

Collections from extraordinary transactions made it possible to plan the early partial repayment by the end of April 2022 for Euro 190 million of the KME Bond for a total of 300 million maturing in 2023; as of the date of this report, Euro 175 million of that repayment had been completed.

For the KME Group, revenues from sales amounted to Euro 2,172.5 million (+14.4% compared to 2020), revenues from sales net of raw materials equalled Euro 537.1 million (+13.8% compared to 2020) and EBITDA came to Euro 95.5 million (+27.2% compared to 2020).

Culti Milano S.p.A.

In the course of 2021, Culti Milano and its subsidiaries marked significant commercial growth supported by remarkable income performance.

In 2021, the Culti Milano group indeed reached, at consolidated level, revenue of Euro 21.0 million (Euro 13.5 million in 2020) and EBITDA of Euro 5.0 million (Euro 3.2 million in 2020).

The Asian markets also contributed to these results, thanks to the operational launch of the joint venture established in Hong Kong with a local partner and the subsidiary in Shanghai, as well as the increased multichannel presence (the TMALL store, opened at the end of 2020, had more than 35 thousand purchases).

Extraordinary finance transactions

From a financial point of view, the most significant transactions during the 2021 financial year were the following:

1) On 28 June 2021, “Intek Group S.p.A. 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 by 28 June 2024 of one Intek Group ordinary share at the fixed exercise price of Euro 0.40. 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.

2) The voluntary total public exchange offer on Intek Group savings shares took place from 30 June 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), all of which were 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.

Accounting standards applied to the Investment Entity

The separate financial statements and the consolidated financial statements were drawn up using the accounting standards for investment entities pursuant to IFRS 10 and therefore equity investments held as investments, which constitute the most significant and relevant investments, for the Company the assets were measured at fair value and recognised in the income statement.

In relation to the actual application of this criterion, which has significant impacts on the separate financial statements of the Company, the Board of Statutory Auditors verified, also through meetings with the management and the independent auditor, that the determination of the fair value was reasonable, and had been made by an independent and reliable expert, identified as EY Advisory S.p.A.

Upon completion of these checks, no elements of inconsistency and/or illogicality had emerged in the conclusions reached.

The following table summarises the result of the measurements regarding the equity investments in the 2021 financial statements held for investment purposes, compared with their book values the previous year:

Name	*Registered*	*Percentage*	*Fair value*	*Fair value*	*Difference*
Subsidiaries and associates					
KME SE	Osnabrück	99.00%	578,300	509,500	68,800
Culti Milano SpA	Milan	77.17%	28,904	27,300	1,604
Intek Investimenti SpA	Milan	100.00%	11,200	9,704	1,496
KME Germany Bet. investment	Osnabrück	100.00%	1,700	1,400	300
Ergyca Tracker 2 Srl	Florence	51.00%	81	81	-
Newint S.r.l.	Milan	100.00%	10	-	10
Nextep S.r.l. Benefit company	Milan	60.00%	6	6	-
Total subsidiaries and associates			**620,201**	**547,991**	**72,210**
Ducati Energia S.p.A.	Bologna		16,700	15,931	769
Vita Società Editoriale S.p.A.	Milan		222	222	-
Other			-	12	(12)
Total other investments			**16,922**	**16,165**	**757**
Investments in equity interests and fund units			**637,123**	**564,156**	**72,967**

The significant increase in the fair value measurement is linked to the positive effects of the valuation of KME SE (Euro 68.8 million) - which achieved significant growth results - and of Culti Milano S.p.A. (Euro 1.6 million), which through the launch of a joint venture in China had an increase of more than 50% in both consolidated revenues and the related EBITDA.

With respect to these two investments, a specific valuation was obtained from the above-mentioned independent advisor EY Advisory S.p.A., further commented on and discussed with the independent auditor. With regard to Culti Milano S.p.A. (whose shares are traded on the Euronext Growth Milan market, the analyses carried out by the advisor led to the belief that an active market exists for its shares and therefore, pursuant to IFRS 13, the valuation of the investment is was carried out on the basis of the exact value of the stock market price.

During the 2021 financial year, Consob, as part of its supervisory activity, considered that the Policy for the methods of determining the fair value adopted by Intek Group, which included the definition of a percentage interval within which the deviations of fair value compared to the book value were deemed insignificant and therefore did not give rise to changes in the previously recognised book value, would entail the introduction of elements of arbitrariness in the determination of the value of the equity investments in contrast with IFRS 13 "Measurement at fair value", which does not provide for the application of corrective factors and with the rules envisaged by IFRS 9 "Financial instruments". Consequently, some amounts relating to the 2020 financial year have been restated in accordance with IAS 8 to retrospectively consider the effects of the elimination of the aforementioned percentage interval applicable to the valuations made in the annual financial statements.

More details are reported in the comments to the Explanatory Notes to the financial statements.

Atypical or unusual transactions, including intra-group or related party transactions during 2021.

The Board of Statutory Auditors is not aware of any atypical or unusual transactions during the year 2021.

Comments on ordinary transactions with related parties are provided in the Explanatory Notes to the financial statements and in the Directors' Report on operations.

These transactions essentially related to the provision of services (including financial and administrative services), and receivables/payables deriving from loan transactions.

In 2021 the Board of Auditors participated in the meetings of the Control and Risk Committee and received the appropriate updates from both the Internal Audit department and from the Supervisory Body pursuant to Legislative Decree 231/2001, during dedicated meetings with their individual members. No critical issues emerged from those meetings.

Observations or requests for information by the Independent Auditors/complaints by Shareholders pursuant to article 2408 of the Italian Civil Code/representations

In the course of 2021 and until the date on which this report was drafted, the Board of Statutory Auditors did not receive any reports pursuant to article 2408 of the Italian Civil Code.

Duties of the Independent Auditors Deloitte & Touche S.p.A.

A summary of the engagements and fees of the independent auditors is provided below:

(in thousands of Euro)	**Total**	*Intek Group*	*Subsidiaries*
a) audit fees	**1,361**	151	1,210
b) fees for non-audit services	**180**	68	112
- audit services for certification purposes	**106**	5	101
financial covenants, compliance opinions	**63**	63	-
- other fees	**11**	-	11
c) fees charged by firms in the Independent auditors' network	**-**	-	-
Independent Auditors' fees	**1,541**	**219**	**1,322**

In particular the Board of Statutory Auditors examined the non-audit services commissioned, ensuring that they did not present any potential risks in terms of independence.

It should be noted that the regulatory framework relating to the preparation of the annual financial reports of the issuers of securities listed on the regulated markets of the European Union and the related statutory audit has been the subject of an important change. The European Commission has exercised the delegation envisaged in the EU Delegated Regulation 2019/815 on technical standards which established the obligation to adopt the single electronic communication format called ESEF (*European Single Electronic Format*) which entails the obligation for Issuers to draw up the annual financial report in XHTML using the iXBRL language (*Inline Extensible Business Reporting Language*) for marking the consolidated financial statements. This change applies starting from the financial reports relating to the financial years starting from 1 January 2021 with a consequent greater commitment on the part of the auditing company which, for the 2021 financial year, stands at 225 hours with fees of Euro 15,000.

Opinions issued by the Independent Auditors in compliance with legal requirements

The auditing company did not issue opinions in 2021 other than those relating to the auditing activity, except for a fairness opinion pursuant to article 2441, fifth and sixth paragraphs, of the Italian Civil Code and article 158, first paragraph, of Legislative Decree 58/1998 regarding a share capital increase with the exclusion of the option right issued on 17 May 2021.

Supervisory activities concerning observance of the law and the Articles of Association

The Board of Statutory Auditors has regularly attended the meetings of the Board of Directors and had regular contacts, as mentioned above, with the Internal Audit department and the Supervisory Body pursuant to Legislative Decree 231/2001, as well as with the independent auditors Deloitte & Touche S.p.A.; it also participated in all the meetings of the Control and Risk Committee, in addition, obviously, to continuous interaction with the Company.

In 2021, the Board of Statutory Auditors met 7 times (the current Board 3 times); participation in the meetings by the members was 95% (100% in the previous financial year).

This year, the Board of Statutory Auditors has met 5 times.

For information on the regulations and operation of the corporate bodies, see to the Report on Corporate Governance that accompanies the financial statements.

In the performance of its supervisory duties, at the meetings and frequent discussions mentioned above, the Board of Statutory Auditors:

a) confirmed that the company complied with its legal requirements and Articles of Association during the year;

b) confirmed that the company respected the principles of proper management, and that there was a satisfactory management structure and an adequate internal control system;

c) confirmed that no information of particular relevance emerged at meetings with the Independent Auditors and the Directors, including pursuant to article 150 of Legislative Decree 58/1998;

d) confirmed that the subsidiaries had provided all the information required for the parent company to fulfil its legal reporting requirements, and that the parent had issued appropriate instructions, also pursuant to article 114, paragraph 2 of Legislative Decree 58/1998.

e) confirmed that the company's reporting obligations to the Supervisory Authorities had been met.

Where deemed necessary, the Board of Statutory Auditors also had contacts with the Statutory Auditors of certain subsidiaries, and with the persons in charge at independent auditors.

The Company has published a Report on Corporate Governance in accordance with regulatory requirements, which this Board of Statutory Auditors has found adequate for its purposes. No instances of non-compliance with these requirements emerged in the performance of our supervisory activities.

The company’s organisational structure appears to be adequate for its business.

The Board of Statutory Auditors also verified that:

- the Company adhered to the Corporate Governance Code published by Borsa Italiana S.p.A.;

- the Company properly established the “Control and Risk Committee”, which operated regularly throughout 2021;

- 2 of the members of the Board are independent directors, a number which is considered adequate for the activities of the Board;

- the Executive Directors reported to the Board the operations carried out under the delegated powers conferred on them.

In conclusion, based on the internal and external information flows acquired, the Board of Statutory Auditors has ascertained that the organisational structure, internal procedures, corporate documents and resolutions of the corporate bodies comply with the law, the provisions of the Articles of Association and the applicable regulations, as well as with the codes of conduct that the Company has declared it will comply with.

The Board of Statutory Auditors acknowledges that each of the Company’s bodies and departments has fulfilled the reporting obligations required by the applicable laws.

The Board of Statutory Auditors reports that there are no interests that one or more statutory auditors had, on their own behalf or on that of third parties, in a specific transaction during the year 2021.

These activities led to the following conclusions:

Monitoring of compliance with the principles of proper administration

Based on the information acquired, the Board of Statutory Auditors notes that the choices made by the management were reasonable, and guided by the principle of correct information, and that the Directors are aware of the risks and the effects of the transactions carried out.

Monitoring of the adequacy of the risk management

With respect to the Consob recommendation of 18 March 2022, which draws the attention of Issuers to the impact of the war in Ukraine, the Board of Statutory Auditors points out that Intek Group and its subsidiaries do not have significant commercial relations with Russia and Ukraine, even in the climate of obvious uncertainty deriving from the current policy, and the impacts on the increase in prices and on the supply of raw materials could influence the trend and development prospects that are currently unforeseeable.

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

Monitoring of the adequacy of the organisational structure

Based on the information acquired and the information provided above, the Board of Statutory Auditors finds the organisational structure to be adequate in terms of its structure, procedures, competences and responsibilities, considering also the size and purpose of the Company.

In particular, the Board of Statutory Auditors verified, also pursuant to article 2086 of the Italian Civil Code, that the Company has an organisational structure that makes it possible to identify any situations of business crisis and positively and concretely monitored the results of that organisational structure.

There are also no findings in the report of the Internal Audit function.

During the year 2021, as stated, no issues emerged in relation to the independence of each member of the Board of Statutory Auditors or with regard to its operation.

The same absence of criticalities was noted in the functioning of the Board of Directors and the Control and Risk Committee, with particular reference to the performance of the functions of the independent Directors as members of the Board of Directors, in carrying out their functions, also with reference to the remuneration paid to the Directors, given the absence of a Remuneration Committee.

Regarding the operation of the corporate bodies, and in order to avoid duplication of information, please see the report on Corporate Governance prepared by the Directors.

Monitoring of the adequacy of the internal control system

Based on the information acquired, the Board of Statutory Auditors reports that the overall internal control, internal audit and risk management system, particularly with regard to the Control and Risk Committee activities, was found to be adequate.

In particular, there are no observations on the report on the activities carried out by said Committee.

Monitoring of the adequacy of the administrative-accounting system and the independent audit of the financial statements

The Board of Statutory Auditors was in regular contact with audit firm Deloitte & Touche S.p.A., also evaluating the materiality thresholds adopted and the ways in which the data on subsidiaries was used.

Today, Deloitte & Touche S.p.A. issued its own report on the financial statements without any comments.

There are no issues, with particular regard to the requirement for the appointed audit firm to be independent, also on the basis of the declaration provided today by the independent auditor itself.

Today, the Independent Auditor also issued the Additional Report to the Internal control and auditing committee (article 11, Regulation (EU) 537/2014).

The Board of Statutory Auditors also confirmed that the financial statements have been drafted according to the accounting standards adopted and that the notes to the financial statements indicate the valuation criteria adopted, their compliance with the corresponding accounting standards and the other information required by the applicable law.

Actual implementation of the rules on corporate governance

In relation to corporate governance and its adequacy, the Board of Statutory Auditors, based on the information acquired, reiterates that the Company adhered to the Corporate Governance Code prepared by Borsa Italiana S.p.A. and no issues emerged during the year.

Monitoring of relations with subsidiaries and parent companies

The Board of Statutory Auditors has received constant flows of information regarding relations with other subsidiary companies, including through constant participation in the meetings of the Control and Risk Committee.

The Board of Statutory Auditors also collected autonomous information from the control bodies of the subsidiaries, where necessary.

Monitoring of transactions with related parties

With regard to transactions with related parties, the Board of Statutory Auditors, mainly through its participation in the meetings of the Control and Risk Committee, was informed of transactions with related parties and made no observations in this regard.

Analysis of the 2021 separate financial statements

The financial statements as at 31 December 2021 show a profit of €65,306,021, the allocation of which is proposed as follows:

- 5% to the legal reserve, up to €3,265,301;

- through allocation to a special, non-distributable reserve, pursuant to art. 6 of Legislative Decree 38/2005, of the profits from application of the fair value criterion, totalling €62,040,720.

On 14 April 2022, the Independent Auditors issued an unreserved opinion on the financial statements.

The Chairman of the Company, Vincenzo Manes, and the Manager in charge of Financial Reporting, Giuseppe Mazza, on 31 March 2022, provided the Directors and Statutory Auditors with a written statement, also for the purposes of article 154 bis of Legislative Decree 58/1998, certifying the adequacy, for a company of this type, of the management and accounting policies for the preparation of separate and consolidated financial statements for 2021, and their compliance with international financial reporting standards.

Proposal to Shareholders

The Board of Statutory Auditors is of the opinion that the financial statements as at and for the year ended 31 December 2021 and the allocation of the profit for the year, as highlighted in the Annual Financial Report for the year 2021 prepared by the Board of Directors should be approved.

Milan, 14 April 2022

THE BOARD OF STATUTORY AUDITORS (with unanimous consent)

The Chairman of the Board of Statutory Auditors

(*signed Silvano Crescini*)

Deloitte & Touche S.p.A.
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Italia

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Intek Group S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Fair Value Measurement for investment in KME SE

Description of the Key Audit Matter	Paragraph 4.1 of the explanatory notes to the financial statements at 31 December 2021 shows Euro 637 million of investments in equity interests and fund units measured at *fair value*, of which Euro 578 million referred to the stake held in KME SE, parent company of the KME Group that operates in the "copper" industry. The fair value of the investment in KME SE was estimated with the support of an external appraiser in compliance with the policy on "*Fair Value Assessment Methods Policy*" that Intek Group S.p.A. has adopted applying the different methodologies provided therein (*unlevered discounted cash flow* as main method, market multiples and transaction multiples as control methods). The method adopted to estimate the *fair value* is based on a significant level of complexity and subjectivity, with reference to the *unlevered discounted cash flow* methodology, related to the assumptions concerning the expected cash flows of the investment, the appropriate discount rate (WACC) and the long-term growth rate (g-rate); these assumptions are based on future expectations reasonably foreseeable with respect to both the company being valued and market conditions, with specific reference to the copper industry in Europe. The application of multiple-based methods, moreover, is characterized by elements of subjectivity, in the process of selection and definition of the sample of comparables. The explanatory notes provide detailed information's on the valuation process adopted and related outcomes. Given the materiality of the amount of the investment represented by the equity stake in KME SE, the relevance of the discretionary component of the estimates relating to the forecast of the cash flows and the determination of the other above mentioned assumptions and key variables of the *fair value* we considered that the *fair value* valuation related to this investment was a key audit matter of the Company's financial statements as at 31 December 2021.

Audit procedures to address the Key Audit Matter identified	The main procedures carried out as part of our audit work, also with the support of evaluation specialists belonging to Deloitte network, have included the following: • recognition and understanding of the process related to the *fair value* assessment of the investment in KME SE; for this purpose we have acquired and analyzed the “Fair Value Assessment Methods Policy” and its compliance with the international accounting standards as well as the documents prepared by the external advisor; • critical analysis of methodology used, verifying, also obtaining information and interviewing the Company's management and its external advisor, the adequacy with market practices; • analysis of the reasonableness and sustainability of the principal assumptions adopted to estimate the expected cash flows of the investment, the appropriate discount rate (WACC) and the long-term growth rate (g-rate), as well as the criteria used for selecting and defining the reference sample of comparables in order to determine the market multiples and transaction multiples; • verification of the calculation accuracy. Finally, we examined the completeness and compliance of the disclosure provided in the financial statements with respect to the provisions of the applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company’s financial reporting process.

Deloitte.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Intek Group S.p.A. has appointed us on 31 May 2016 as auditors of the Company for the years from 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Intek Group S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Intek Group S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Intek Group S.p.A. as at 31 December 2021, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Intek Group S.p.A. as at 31 December 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Intek Group S.p.A. as at 31 December 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Avolio
Partner

Milan, Italy
April 14th, 2022

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

INTEK GROUP

Consolidated Financial Statements as at 31 December 2021

INTEK Group S.p.A.
Registered and Administrative Office:
Foro Buonaparte, 44 - 20121 Milan - Italy
Share capital Euro 335,069,387.15, fully paid-up
Tax Code and Milan Business
Register No. 00931330583
www.itkgroup.it

Intek Group – Consolidated financial statements as at 31 December 2021

Consolidated Statement of financial position – Assets

(in thousands of Euro)	*Ref. Note*	*31-Dec-21*	*of which related parties*	*31-Dec-20*	*of which related parties*
Investments in equity interests and fund units	*4.1*	637,123	*620,201*	564,156	*547,991*
Non-current financial assets	*4.2*	5	*5*	134	*134*
Property, plant and equipment	*4.3*	3,493		3,925	
Investment property	*4.4*	32		140	
Intangible assets	*4.5*	12		7	
Other non-current assets	*4.6*	3	-	3	-
Deferred tax assets	*4.20*	2,762		3,037	
Total non-current assets		**643,430**		**571,402**	
Current financial assets	*4.7*	26,444	*1,067*	26,480	*1,371*
Trade receivables	*4.8*	5,039	*2,052*	4,534	*916*
Other current receivables and assets	*4.9*	5,680	*2,495*	4,122	*1,144*
Cash and cash equivalents	*4.10*	4,698		15,415	
Total current assets		**41,861**		**50,551**	
Total assets		**685,291**		**621,953**	

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

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

Details of related party transactions are disclosed in explanatory note 4.21.

Intek Group – Consolidated financial statements as at 31 December 2021

Consolidated Statement of financial position – Liabilities

(in thousands of Euro)	*Ref. Note*	*31-Dec-21*	*of which related parties*	*31-Dec-20*	*of which related parties*
Share capital		335,069		335,069	
Other reserves		99,644		98,469	
Treasury shares		(2,133)		(2,012)	
Retained earnings/(accumulated losses)		53,840		71,143	
Other components reserve Comprehensive income		(23)		(12)	
Profit/(loss) for the period		65,306		1,273	
Shareholders' equity attributable to owners of the Parent	***4.11***	**551,703**		**503,930**	
Non-controlling interests		-		-	
Total shareholders' equity	***4.11***	**551,703**		**503,930**	
Employee benefits	*4.12*	418		368	
Deferred tax liabilities	*4.20*	2,221		2,057	
Non-current financial payables and liabilities	*4.13*	2,445	*2,395*	3,130	*2,911*
Bonds	*4.14*	92,372		75,332	
Other non-current liabilities	*4.15*	113	-	722	-
Provisions for risks and charges	*4.16*	291		291	
Total non-current liabilities		**97,860**		**81,900**	
Current financial payables and liabilities	*4.17*	29,677	*464*	29,960	*815*
Trade payables	*4.18*	2,238	*538*	1,905	*560*
Other current liabilities	*4.19*	3,813	*1,316*	4,258	*1,642*
Total current liabilities		**35,728**		**36,123**	
Total liabilities and shareholders' equity		**685,291**		**621,953**	

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

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

Details of related party transactions are disclosed in explanatory note 4.21.

Intek Group – Consolidated financial statements as at 31 December 2021

Consolidated Statement of profit or loss and other comprehensive income

(in thousands of Euro)	*Ref. Note*	*2021*	*of which related parties*	*2020*	*of which related parties*
Net income from management of equity investments	*5.1*	73,388	72,336	11,460	*11,356*
Guarantee fees	*5.2*	865	*865*	876	*876*
Other income	*5.3*	1,007	*130*	772	*94*
Labour costs	*5.4*	(1,867)	*(366)*	(1,968)	-
Amortisation, depreciation, *impairment* and write-downs	*5.5*	(657)		(803)	
Other operating costs	*5.6*	(4,802)	*(1,489)*	(4,756)	*(1,239)*
Operating profit/(loss)		**67,934**		**5,581**	
Finance income		292	*203*	379	*269*
Finance expense		(4,375)	*(180)*	(4,637)	*(43)*
Net finance expense	*5.7*	*(4,083)*		*(4,258)*	
Profit/(loss) before taxes		**63,851**		**1,323**	
Current taxes	*5.8*	1,893		475	
Deferred taxes	*5.8*	(438)		(525)	
Total income taxes		**1,455**		**(50)**	
Net profit/(loss) for the year		**65,306**		**1,273**	
Other comprehensive income:					
Measurement of employee defined benefits		(12)		*(6)*	
Items that will not be reclassified to profit or loss		(12)		(6)	
Net change in cash flow hedge reserve		-		(31)	
Taxes on other comprehensive income		-		7	
Items that may be reclassified to profit or loss		-		(24)	
Other comprehensive income, net of tax effect:		(12)		(30)	
Total comprehensive income for the year		**65,294**		**1,243**	
Profit/(loss) for the period attributable to:					
- non-controlling interests		-		-	
- owners of the Parent		65,306		1,273	
Profit/(loss) for the period		65,306		1,273	
Total comprehensive income attributable to:					
- non-controlling interests		-		-	
- owners of the Parent		65,294		1,243	
Total comprehensive income for the period		65,294		1,243	
Earnings per share (in Euro)					
Basic earnings/(loss) per share		0.1533		(0.0054)	
Diluted earnings/(loss) per share		0.1041		(0.0054)	

In application of the accounting standard IAS 8, paragraph 42, some of the 2020 book values have been restated; for details, please see explanatory note 2.2.

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

Details of related party transactions are disclosed in explanatory note 4.21.

Consolidated Statement of changes in equity as at 31 December 2020

(in thousands of Euro)	*Share capital*	*Other reserves*	*Treasury shares*	*Retained earnings/(accumulated losses)*	*Other comprehensive income reserve*	*Profit/(loss) for the year*	*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)	-	(825)	-	-	-	825	-	-	**-**
Purchase of treasury shares	-	-	(192)	-	-	-	(192)	-	**(192)**
Other	-	1	-	-	243	-	244	-	**244**
Comprehensive income items	-	-	-	-	(30)	-	(30)	-	**(30)**
Profit/(loss) for the period	-	-	-	-	-	1,273	1,273	-	**1,273**
Total comprehensive income	-	-	-	-	(30)	1,273	1,243	-	**1,243**
Shareholders' equity as at 31 December 2020	**335,069**	**98,469**	**(2,012)**	**71,143**	**(12)**	**1,273**	**503,930**	**-**	**503,930**
Reclassification of treasury shares	(2,012)	-	2,012	-	-	-	-	-	**-**
Shareholders' equity as at 31 December 2020	**333,057**	**98,469**	**-**	**71,143**	**(12)**	**1,273**	**503,930**	**-**	**503,930**

At 31 December 2020, Intek Group 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 consolidated financial statements.

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

Intek Group – Consolidated financial statements as at 31 December 2021

Consolidated Statement of changes in equity as at 31 December 2021

(in thousands of Euro)	*Share capital*	*Other reserves*	*Treasury shares*	*Retained earnings/(accumulated losses)*	*Other comprehensive income reserve*	*Profit/(loss) for the year*	*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)**	**1,273**	**503,930**	**-**	**503,930**
Allocation of Parent company's profit/(loss)	-	3,289	-	-	-	(3,289)	-	-	**-**
Allocation of subsidiaries' profit/(loss)	-	(2,016)	-	-	-	2,016	-	-	**-**
Purchase of treasury shares	-	-	(128)	-	-	-	(128)	-	**(128)**
Purchase and cancellation of treasury share savings (OPS)	-	(638)	7	(17,302)	-	-	(17,933)	-	**(17,933)**
Warrant management	-	540	-	-	-	-	540	-	**540**
Other	-	-	-	-	-	-	-	-	**-**
Comprehensive income items	-	-	-	(1)	(11)	-	(12)	-	**(12)**
Profit/(loss) for the period	-	-	-	-	-	65,306	65,306	-	**65,306**
Total comprehensive income	-	-	-	(1)	(11)	65,306	65,294	-	**65,294**
Shareholders' equity as at 31 December 2021	**335,069**	**99,644**	**(2,133)**	**53,840**	**(23)**	**65,306**	**551,703**	**-**	**551,703**
Reclassification of treasury shares	(2,133)	-	2,133	-	-	-	-	-	**-**
Shareholders' equity as at 31 December 2021	**332,936**	**99,644**	**-**	**53,840**	**(23)**	**65,306**	**551,703**	**-**	**551,703**

At 31 December 2021, Intek Group directly held 6,937,311 ordinary shares without par value. All the shares were then fully reclassified as a deduction from share capital.

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

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

Intek Group – Consolidated financial statements as at 31 December 2021

Consolidated statement of cash flows – indirect method

(in thousands of Euro)		*2021*	*2020*
(A) Cash and cash equivalents at the beginning of the year		**15,415**	**44,904**
Profit/(loss) before taxes		63,851	1,323
Amortisation and depreciation		658	579
Impairment/(reversal of impairment) of non-current assets other than financial assets		-	693
Impairment/(reversal of impairment) of investments and financial assets		(72,912)	(9,834)
Changes in pension funds, post-employment benefits (TFR) and stock options		714	8
Changes in provisions for risks and charges		2	(235)
(Increase)/decrease in investments		(268)	(1,987)
(Increase)/decrease in financial investments and financial assets		(536)	-
Increase/(decrease) in current and non-current financial payables to associates		(311)	(3,232)
(Increase)/decrease in current and non-current financial receivables from associates		-	1,900
(Increase)/decrease in current receivables		(208)	127
Increase/(decrease) in current payables		(613)	547
(B) Total cash flows from/(used in) operating activities		**(9,623)**	**(10,111)**
(Increase) in non-current intangible assets and property, plant and equipment		(363)	(680)
Decrease in non-current intangible assets and property, plant and equipment		193	623
Increase/decrease in other non-current assets/liabilities		(738)	(489)
(C) Cash flows from/(used in) investing activities		**(908)**	**(546)**
(Purchase) sale of treasury shares and similar securities		(128)	(192)
Increase/(decrease) in current and non-current financial payables		(58)	(3,051)
(Increase)/decrease in current and non-current financial receivables		-	(15,448)
(D) Cash flows from/(used in) financing activities		**(186)**	**(18,691)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(10,717)**	**(29,348)**
(F) Change in scope of consolidation		**-**	**(141)**
(G) Cash and cash equivalents at the end of the period	**(A) + (E) + (F)**	**4,698**	**15,415**

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

In application of the accounting standard IAS 8, paragraph 42, some book values as at 31 December 2020 have been restated; for details, please see explanatory note 2.2.

Intek Group – Consolidated financial statements as at 31 December 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, operates in Italy, and its shares are listed on the *Euronext Milan* market 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 with respect to contractual arrangements 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.

The consolidated Financial Statements at 31 December 2021 were approved by the Board of Directors on 31 March 2022 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 entity:

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 Consolidated Financial Statements as at 31 December 2021 were therefore prepared by applying the accounting standards for 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 preparation of the financial statements as from 31 December 2014.

2.2. Basis of presentation

The Consolidated Financial Statements as at 31 December 2021 were drafted pursuant to article 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 article 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 article 9 of Legislative Decree 38/2005.

The Consolidated Financial Statements as at 31 December 2021 are composed of the consolidated statement of financial position, the consolidated statement of profit or loss for the 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 consolidated 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.

Directive 2004/109/EC (the "*Transparency* Directive") amended by Directive 2013/50/EU and Delegated Regulation (EU) 2019/815 (the "ESEF Regulation") introduced the obligation for issuers of securities listed on the regulated markets of the European Union to prepare the annual financial report in the *eXtensible Hypertext Markup Language* ("XHTML"), based on the single electronic communication format ESEF ("*European Single Electronic Format*"), approved by ESMA. This is in order to make the annual financial reports readable by both human users and automatic devices and to improve the comparability and analysis of the information included in the annual financial reports.

Therefore, from the financial year starting on 1 January 2021, the annual financial report is expected to be prepared and published in XHTML format using the *Inline Extensible Business Reporting Language* ("iXBRL"), only for the marking of the consolidated financial statements.

Furthermore, from the financial year starting on 1 January 2022, the issuers will also be required to mark the information contained in the consolidated explanatory notes.

The document in PDF format does not constitute fulfilment of the obligations deriving from the *Transparency* Directive and the ESEF Regulation for which a specific XHTML format has been developed. The deposits of the entire document at the competent offices and institutions are made in accordance with the law.

On 29 October 2021, ESMA published the annual declaration "*European common enforcement priorities for 2021 annual financial reports*" in which, among other things, it outlines the priorities on which listed companies must focus in preparing the annual financial reports for 2021 and recalled the application of the ESEF Regulation.

Restatement of the comparative amounts for 2020

It should be noted that some comparative amounts have been restated for the year 2020.

In the financial statements as at 31 December 2020, and consequently in the consolidated financial statements, in the valuation of the item "Investments in equity investments and fund units", the Intek Group had applied an updated version of its "*Policy* for the methods of determining *fair value*", which included the definition of a percentage interval within which the differences in *fair value* with respect to the book value were deemed insignificant and therefore did not give rise to changes in the previously recognised book value. In introducing this interval, reference was made to the general principles of significance of financial disclosure, believing that changes in the value of equity investments within the identified threshold were not relevant to the user of the financial statements.

As a result of the aforementioned update in the financial statements as at 31 December 2020, with reference to the determination of the *fair value* of its equity investments in unlisted securities held for investment purposes, the differences in absolute value of no more than 1.5% between the result of the valuation process and the pre-valuation book value were therefore considered insignificant (and consequently no changes have been made to the book value of the equity investments).

Consob, as part of its supervisory activity, has deemed that the aforementioned *fair value* threshold of 1.5% applicable to annual valuations (as well as that of 10% applicable to intra-annual situations) entailed the introduction of elements of arbitrariness in the determination of *fair value*, with consequent non-compliance with the international accounting standard IFRS 13 "*Fair value* measurement", which does not require the application of corrective factors once the *fair value* has been determined in application of the established and regulated methods by the same accounting principle or in the rules envisaged by IFRS 9.

Against the findings of Consob with reference to what is applicable to the annual financial statements, Intek updated the "*Policy* for the methods of determining *fair value*" by eliminating the significance threshold of 1.5%; therefore, in order to retroactively consider the effects it restated some amounts relating to the year 2020, pursuant to IAS 8 paragraph 42, letter a).

The restatement of the amounts referring to 31 December 2020 resulted in a reduction:

- of Euro 3,289 thousand for the asset item "Investments in equity investments and fund units" and of Euro 39 thousand for the liability item "Deferred tax liabilities";
- of Euro 3,289 thousand for the item in the income statement "Net income from management of equity investments" and of Euro 39 thousand of costs recognised in the item "Deferred taxes".

In the face of these changes, the shareholders' equity and the result for the year as at 31 December 2020 are Euro 3,250 thousand lower than the originally published values; the effects can be detailed as follows:

Consolidated statement of financial position - assets		
(in thousands of Euro)	*31/12/2020 Amounts restated*	*31/12/2020 Amounts originating*
Investments in equity interests and fund units	564,156	567,446
Total non-current assets	**571,402**	**574,692**
Total current assets	**50,551**	**50,551**
Total assets	**621,953**	**625,243**

Consolidated statement of financial position – liabilities		
(in thousands of Euro)	*31/12/2020 Amounts restated*	*31/12/2020 Amounts originating*
Profit/(loss) for the year	1,273	4,523
Total shareholders' equity	**503,930**	**507,180**
Deferred tax liabilities	2,057	2,097
Total non-current liabilities	**81,900**	**81,940**
Total current liabilities	**36,123**	**36,123**
Total liabilities and shareholders' equity	**621,953**	**625,243**

Consolidated Statement of profit or loss and other comprehensive income of the year		
(in thousands of Euro)	*2020 Amounts restated*	*2020 Amounts originating*
Net income from management of equity investments	11,460	14,750
Operating profit/(loss)	**5,581**	**8,871**
Profit/(loss) before taxes	**1,323**	**4,613**
Deferred taxes	(525)	(565)
Total income taxes	**(50)**	**(90)**
Net profit/(loss) for the year	**1,273**	**4,523**
Total comprehensive income for the year	**1,243**	**4,493**
Earnings per share *(in Euro)*		
Basic earnings/(loss) per share	(0.0054)	0.0021
Diluted earnings/(loss) per share	(0.0054)	0.0021

Given the above regarding the comparative balances for 2020, Consolidated Financial Statements show the restated amounts.

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These consolidated financial statements have been prepared on the assumption of business continuity, in accordance with the provisions of the IAS 1 accounting standard.

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.

- 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 25 June 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.

The Group has not yet applied the accounting standards listed below in paragraph 2.21, 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 consolidated financial statements are presented in Euro, the functional currency of the Parent Company and all the consolidated subsidiaries. The tables and data in the notes are in thousands of Euro, unless otherwise indicated.

Furthermore, in the context resulting from the COVID-19 epidemic as well as the ongoing conflict between Russia and Ukraine, the interpretative and support documents for the application of the accounting standards issued by the Italian international regulatory and supervisory bodies and *standard setters* (Consob attention calls and *public statements* issued by ESMA) were taken into account in the preparation of these Financial Statements.

2.3. 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 entities 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 as at 31 March 2021 of the subsidiary I2 Capital Partners SGR S.p.A., 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 consolidated 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 I2 Capital Partners SGR S.p.A. (loss of Euro 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 S.r.l., which at the end of December 2020 was transferred to KME SE.

2.4. Investments in equity interests and fund units

This item includes investments, including controlling investments, in equities, made in order to obtain returns from capital appreciation, investment income, or both. This item also includes investment fund units.

These assets are measured at fair value through profit or loss.

Fair value measurement

The initial fair value is determined on the basis of the transaction price, and is therefore equal to the consideration paid.

Subsequently, and at each reporting date, the fair value of financial instruments listed on an active market is determined on the basis of market prices.

The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions relating to market conditions at the reporting date. The valuation techniques used are the discounted cash flow method, the market multiples or transaction multiples method, the cost method, and the equity method.

The valuation techniques based on discounted cash flows generally consist of determining an estimate of the expected future cash flows throughout the life of the instrument. The model requires an estimation of cash flows and the adoption of market parameters for the discounting: the discount margin or rate reflects the credit and/or financing spread required by the market for instruments with similar risk and liquidity profiles, so as to define a “discounted value”.

The market multiples method consists of estimating the current theoretical value considering the indications expressed by the market with regard to a sample of listed companies which are similar in nature of business to the company to be evaluated. The comparable transaction multiples method consists of recognising the company at a value equal to the prices of recent transactions involving companies which are similar and operate in the same sector as the one to be evaluated.

The equity method is based on balance sheets, adjusting the assets and liabilities based on their fair value.

Please note that, on the basis of article 264b of the HGB (*Germany's commercial code* and accounting standards), the indirect subsidiaries KME Special Products GmbH & Co. KG, Osnabrück, KME Grundstücksgesellschaft SE & Co. KG, Osnabrück and KME Real Estate GmbH & Co. KG, Osnabrück do not publicly disclose their financial statements. In such cases, German law (§ 264b No. 3 HGB and § 264 (3) No. 3 HGB) requires a statement indicating that the direct subsidiary KME SE and its subsidiaries KME Special Products GmbH & Co. KG, KME Grundstücksgesellschaft SE & Co. KG and KME Real Estate GmbH & Co. KG are included in the consolidated financial statements of Intek Group, even if they are measured at fair value.

2.5. Investment property

These are properties which are not used in the production or supply of goods or services by the Group. These assets are initially recognised at fair value with any subsequent changes recognised in profit or loss, and are consequently not systematically depreciated.

For determination of the fair value, reference is made to a specific value, mainly provided through external appraisals carried out by independent third parties who possess recognised professional qualifications and have experience in the specific type of properties. These appraisals are based on the value per square meter as estimated based on assessments made by the land registry office for buildings located in the same area and used for the same purpose, and take into consideration the state of upkeep and future potential of the property.

2.6. Financial assets and liabilities

Financial assets and liabilities are classified in three different categories:

- Financial instruments at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income;
- Financial instruments at amortised cost.

Financial instruments at fair value through profit or loss

The financial assets and liabilities acquired or held mainly for sale are classified as “Financial assets or liabilities at fair value through profit or loss”.

A non-derivative financial asset may be designated at fair value if that designation makes it possible to avoid an accounting mismatch deriving from the measurement of assets and the associated liabilities using different valuation criteria.

Like financial assets, in accordance with IFRS 9 financial liabilities may be designated on initial recognition as financial liabilities designated at fair value, provided:

- this designation eliminates or significantly reduces a discrepancy which could otherwise arise from the measurement of assets or liabilities and the relative gains and losses on a different basis; or
- a group of financial assets, financial liabilities or both is managed and measured at *fair value* according to a risk management or investment strategy documented within the entity's Management Bodies.

A financial asset is classified under financial assets necessarily measured at *fair value* if it does not qualify, in terms of its *business model* or cash flow characteristics, for measurement at amortised cost or at *fair value* through other comprehensive income.

In particular, this portfolio includes:

- debt instruments, securities and loans whose business model is not either held to collect or held to collect and sell, but which do not belong to the trading portfolio;
- debt instruments, securities and loans whose cash flows do not represent solely payments of principal and interest;
- UCI units;

- equity instruments not held for trading for which the entity does not apply the option granted by IFRS 9 for measurement at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income;

A financial asset is classified under financial assets at fair value through other comprehensive income when:

- the objective of its business model is pursued by collecting contractual cash flows and by selling it (held to collect and sell);
- the relative cash flows represent solely payments of principal and interest.

This category also includes equity instruments not held for trading for which the entity applies the accounting option granted by IFRS 9 for measurement at fair value through other comprehensive income.

Financial instruments at amortised cost

A financial asset is classified under financial assets at amortised cost when:

- the objective of its business model is to hold the asset in order to collect the contractual cash flows (held to collect);
- the relative cash flows represent solely payments of principal and interest.

Financial liabilities at amortised cost include financial instruments (other than trading liabilities and those designated at fair value) representing different forms of funding from third parties.

Fair value measurement

The fair value of financial assets and liabilities at fair value is determined on initial recognition on the basis of the transaction price, and is therefore equal to the consideration paid or received.

Subsequently, and at each reporting date, the fair value of financial instruments listed on an active market is determined on the basis of market prices. The market prices used for derivatives are the bid prices, whereas ask prices are used for financial liabilities. The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions relating to market conditions at the reporting date.

The fair value of unlisted non-derivative financial instruments is determined by discounting future cash flows at the market interest rate at the reporting date.

Determination of impairment losses

All financial assets and liabilities, with the exception of “Financial assets and liabilities at fair value through profit or loss”, are tested for impairment in accordance with IFRS 9 and therefore also considering the effects of expected losses.

A financial asset is impaired when there is objective evidence that one or more events have had an adverse effect on estimated future cash flows generated by that asset.

An impairment loss on a financial asset measured at amortised cost is the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. An impairment loss on a financial asset at fair value through other comprehensive income is calculated with reference to the fair value of that asset.

All impairment losses are recognised in profit or loss. Any accumulated impairment losses relating to a financial asset at fair value through other comprehensive income, if considered material and permanent, are transferred to profit or loss even if the financial asset has not been derecognised.

Losses are reversed if the subsequent increase in recoverable amount can be objectively related to an event occurring after recognition of the impairment loss. Reversals of impairment losses on assets carried at amortised cost and assets at fair value through other comprehensive income which are debt instruments are recognised in profit or loss.

2.7. *Property, plant and equipment*

Investments in operating assets

Property, plant and equipment are recorded at purchase or production cost, including directly attributable costs, and are shown net of accumulated depreciation and any impairment losses determined in accordance with the methods set out below. Any item of property, plant and equipment consisting of different components with varying useful lives is accounted for separately.

Property, plant and equipment are measured at cost, net of accumulated depreciation and impairment, with the exception of land which is not depreciated and is carried at cost net of accumulated impairment.

Ordinary maintenance costs are charged to the year they are incurred, while the costs to replace parts of fixed assets and extraordinary maintenance costs are capitalised when it is probable that future measurable economic benefits will arise from them. Finance expense relating to the purchase of property, plant and equipment have been capitalised in compliance with IAS 23.

Depreciation is accounted for starting from the month in which the asset becomes available for use, or when it is potentially able to provide the economic benefits associated with it. Depreciation is recognised monthly on a straight-line basis until the end of the useful life of the relevant asset or, in the event of disposal, until the last month of use.

The useful life is constantly checked taking into account any changes in the frequency of use of the assets and any changes in depreciation plans are applied prospectively.

Depreciation is calculated based on the following useful lives:

Buildings	from 25 to 50 years
Plant and equipment	from 10 to 40 years
Other equipment	from 5 to 15 years

Leased assets

A contract, or part of it, is classified as a lease if, in exchange for consideration, it gives the right to control the use of a specific asset for a period of time, therefore, if throughout the entire period of use of the asset both of the following rights will be enjoyed:

- the right to substantially obtain all economic benefits deriving from the use of the asset; and
- the right to decide on the use of the asset.

If there is a modification of the terms and conditions of the contract, a new assessment will be performed to determine whether the contract is or contains a lease.

The Group does not apply these rules to:

- leases of intangible assets;
- short-term leases (duration of equal to or less than 12 months);
- leases in which the underlying asset is of modest value (asset with a unit value of equal to or lower than Euro 5,000).

Once it is verified whether a contract is a lease, at the start date of the contract, the asset consisting of the right of use and the lease liability are recognised.

The asset consisting of the right of use is initially valued at cost, which includes:

- the amount of the initial valuation of the lease liability;
- the payments due for the lease made at or before the start date net of lease incentives received;
- the initial direct costs incurred by the lessee; and
- the estimate of costs that will need to be incurred for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset to the conditions set forth in the terms and conditions of the lease.

The initial valuation of the lease liability is based on the present value of payments due for the lease not paid at that date. The payments due for the lease are discounted using the rate of financing deemed most representative of the cost of money.

Every lease component is recognised as a lease, separated from the non-lease components.

The duration of the lease is determined as the non-cancellable period of the lease, in addition to both of the following periods:

- periods covered by a lease extension option, if there is reasonable certainty that the option will be exercised; and
- periods covered by the lease termination option, if there is reasonable certainty that the option will not be exercised.

If there is a change in the non-cancellable period of the lease, the duration of the lease will be redetermined.

After the date of initial recognition, the asset is valued by applying the cost model. Right of use assets are depreciated from the start date of the contract until the end of the lease duration.

After the start date, the lease liability is valued:

- by increasing the carrying amount to take into account interest on the lease liability;
- by decreasing the carrying amount to take into account the payments made for the lease;
- by redetermining the carrying amount to take into account any new valuations or modifications of the lease or the revision of payments due for the lease.

The interest on the lease liability and the variable payments due for the lease, not included in the valuation of the lease liability, are recognised in the income statement for the year in which the event or circumstance that triggered the payments takes place.

In the financial statements, right of use assets are shown separately from other assets, lease liabilities separately from other financial liabilities, and interest expense on the lease liability is recognised as finance expense and separately from depreciation on the right of use asset.

Impairment losses

Property, plant and equipment are tested for impairment whenever there is specific objective evidence thereof. The test involves estimating the recoverable amount of the asset, defined as the higher of net selling price and value in use, compared to its carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is determined by discounting projected cash flows at a pre-tax discount rate that reflects current market estimates of the time value of money and the risks associated with the relevant asset. To the extent that the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount with the difference either being recognised in profit or loss or in a revaluation reserve previously created on the revaluation of the relevant asset. Subsequent revaluations are treated in the opposite way.

2.8. Intangible assets

(a) Goodwill

Goodwill is the difference between the acquisition cost of investments and the current value of the subsidiaries' assets, liabilities and contingent liabilities on the acquisition date. Goodwill and other intangible assets with indefinite useful lives are not amortised. Recoverability of their carrying amounts is, however, tested annually and whenever there is objective indication of impairment. Any impairment losses recognised are not subsequently reversed.

(b) Other intangible assets with finite useful lives

An intangible asset with a finite useful life is an identifiable asset without physical substance that is controlled by the entity and from which future economic benefits are expected.

Intangible assets are initially measured at cost and fair value including directly attributable expenses. They are then amortised on a systematic basis over their useful life, to be understood as the period of time over which the asset is expected to be used by the Company, generally between 3 and 5 years. Intangible assets are not considered to have any residual value at the end of their useful life.

In addition, they are carried net of any impairment losses, in line with the accounting treatment for "*Property, plant and equipment*".

2.9. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value (IAS 7 paragraph 7).

2.10. Shareholders' equity

The Company's share capital consists of ordinary and savings shares, all without par value, fully subscribed and paid up at the reporting date, reduced by any share capital to be received. The value of treasury shares is deducted from equity, in accordance with IAS 32. Such adjustments are reported in the notes only, whilst the historical cost of owned treasury shares is recognised separately as a negative figure that reduces the shareholders' equity.

The costs for equity transactions are used directly as a reduction of reserves.

2.11. Receivables and payables

Receivables and payables are recognised at fair value, which normally coincides with their nominal value when the effect of discounting is immaterial.

2.12. Current and deferred taxes

Tax expense for the year includes both current and deferred taxation. Income taxes are recognised in profit or loss, unless they relate to transactions recognised directly in equity, in which case the relevant tax is also recognised directly in equity.

The current tax expense represents the estimated income tax payable computed on taxable income for the period as determined with reference to current tax rates or those substantially in effect at the end of the reporting period. Deferred taxes are recognised using the equity method, based on timing differences between the carrying amounts of the assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for the following timing differences: initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit (loss) or taxable profit (loss); differences associated with investments in subsidiaries and interests in joint arrangements, but only to the extent that it is probable that the reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities can only be offset if the entity has the legal right to offset current tax amounts and the deferred tax amounts relate to income taxes and are levied by the same taxing authority on the same entity or different entities that intend to settle current tax amounts on a net basis or realise the asset and settle the liability at the same time.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the timing difference will be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

2.13. Employee benefits

Post-employment benefits (TFR) are payable under plans which, depending on their economic substance, are classified either as a “defined contribution” plan or a “defined benefit” plan. Under a defined contribution plan, the Group’s obligation is limited to the payment of contributions to a separate legal entity, and consists of the contributions due at the end of the reporting period.

Liabilities under defined benefit plans, such as post-employment benefits (TFR) pursuant to article 2120 of the Italian Civil Code, less any plan assets, are determined, with the assistance of an independent expert, on the basis of actuarial assumptions and the attribution of benefits to periods of service. Actuarial gains and losses relating to defined benefit plans arising from changes in actuarial assumptions or plan terms and conditions are recognised in other comprehensive income.

2.14. Provisions for risks and charges

Provisions for risks and charges are liabilities, the amount or due date of which are uncertain. The entity must recognise a provision if, and only if:

- the Group has a present (legal or implicit) obligation owing to a past event;
- it is probable that resources will be needed to produce economic benefits to meet the obligation;
- the amount of the obligation can be estimated reliably.

The amount recognised as a provision is, therefore, the best estimate of the expenditure required to settle the present obligation at the end of the reporting period or transfer it to a third party. Where the time value of money is material, the provision is equal to the present value of expenditures required to settle the obligation.

2.15. Dividends

Dividends to be paid are recognised as liabilities only in the year in which they were approved by the Shareholders' Meeting. Dividends to be received are recorded only when the right to receive payment has been established.

2.16. Non-current assets held for sale (IFRS 5)

Non-current assets are classified in this category when it is expected that their carrying amount will be recovered mainly through sale rather than through continuing use. The sale must be highly probable, within 12 months of classification as held for sale. If the sale is expected to be concluded after more than one year, the costs to sell are measured at their current value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented as a financial component in the income statement.

2.17. Revenue recognition

Revenue is recognised based on the following phases:

- identify the contract (or contracts) with the customer;
- identify the performance obligations;
- determine the transaction price: the transaction price is the amount of the consideration that the company is entitled to in exchange for the transfer of the promised services to the customer;
- allocate the transaction price to the performance obligations in the contract;
- recognise the revenue when the performance obligation is met.

Specifically, revenue can be recognised:

- at a point in time, when the performance obligation has been met by transferring the promised good or service to the customer, or
- over time, as the performance obligation is met by transferring the promised good or service to the customer.

2.18. *Finance income and expense*

Finance income and expense are recognised in profit or loss based on their maturities.

2.19. *Earnings/(loss) per share*

Basic and diluted earnings/(loss) per ordinary share are calculated in the following manner:

a) the numerator is equal to profit or loss attributable to the Parent company, adjusted by the profit or loss that is to be set aside, for the current year, for outstanding savings shares less any savings treasury shares held directly or through subsidiaries;

b) the denominator of "basic earnings per share" is the weighted average number of shares outstanding during the year less treasury shares;

c) the denominator of "diluted earnings per share" is the weighted average number of ordinary shares adjusted by adding the number of any new ordinary shares that could be issued through:

   i) conversion of all outstanding warrants;

   ii) exercise of all stock options granted, if any.

For this calculation, it was assumed that warrants were converted and stock options exercised at the beginning of the year and that the conversion and exercise did not result in increased income or decreased expenses.

The calculation at 31 December 2021 of the basic earnings per share was done by taking the Group net profit (loss) net of the amount due to savings shares, attributable to holders of outstanding ordinary shares, and the weighted average number of outstanding shares which was 418,197,377, taking account of any share splits and/or reverse share splits and any increases/reductions in share capital pursuant to IAS 33 paragraph 64.

2.20. *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. 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 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.

2.21. *Accounting standards not yet applied*

The following IFRS accounting standards, amendments and interpretations were endorsed by the European Union, not yet applicable on a compulsory basis and not adopted early by the Group as at 31 December 2021:

- 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 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 IFRS 3.*
- *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 personnel costs and 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. At the moment, the introduction of these amendments is not expected to have significant impacts.

As at 31 December 2021, 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 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 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.
- 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 effects 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. These amendments will be effective for periods beginning on or after 1 January 2023. Earlier application is permitted. The adoption of this amendment is not expected to have significant effects on the Group's consolidated financial statements.
- On 9 December 2021, the IASB published an amendment called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore at improving the usefulness of comparative information for readers of the financial statements. The amendments will

apply from 1 January 2023, together with the application of IFRS 17. Considering the activity of the Group, no effects are expected from the application of the standard.

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 the Group, 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 statement of consolidated financial position

4.1. Investments in equity interests and fund units

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Investments in subsidiaries and associates	620,201	547,991	72,210
Investments in other companies	16,922	16,165	757
Investments in equity interests and fund units	**637,123**	**564,156**	**72,967**

The breakdown of the item, with the relative changes during the year, is as follows:

Name	*Percentage of interest as at 31/12/2021*	*31/12/2020*	*Increases*	*Decreases*	*Positive change in fair value*	*Negative change in fair value*	*31/12/2021*
KME SE	99.00%	509,500	-	-	68,800	-	578,300
Culti Milano SpA	77.17%	27,300	-	-	1,604	-	28,904
Intek Investimenti SpA	100.00%	9,704	-	-	1,496	-	11,200
KME Germany Bet. investment	100.00%	1,400	-	-	300	-	1,700
Ergyca Tracker 2 Srl	51.00%	81	-	-	-	-	81
Newint S.r.l.	100.00%	-	10	-	-	-	10
Nextep Srl social enterprise (società benefit)	60.00%	6	-	-	-	-	6
Total subsidiaries and associates		**547,991**	**10**	**-**	**72,200**	**-**	**620,201**
Ducati Energia S.p.A.		15,931	-	-	769	-	16,700
Vita Società Editoriale S.p.A.		222	-	-	-	-	222
Other minor investments		12	-	(12)	-	-	-
Total other investments		**16,165**	**-**	**(12)**	**769**	**-**	**16,922**
Investments in equity interests and fund units		**564,156**	**10**	**(12)**	**72,969**	**-**	**637,123**

For the valuation of investments, reference was made to the recently updated *policies* for determining *fair value*, updated as indicated in explanatory note 2.2.

The *fair value* of the equity investment in KME SE has been estimated, with the assistance of an external consultant, based on the *unlevered discounted cash flow method* (UDCF), by discounting the operating cash flows generated by the *assets* themselves (net of the tax effect) and other methods, such as market multiples and transaction multiples.

The UDCF method was developed on economic forecasts and changes in some statement of financial position items included in the 2022 - 2026 Industrial Plan ("the Plan"), drafted and approved by the administrative bodies of KME SE and used by them for the *impairment* test in the financial statements of KME SE and its subsidiaries. The projection of the cash flows is based on estimates made by the management of the company which however exclude any incoming or outgoing flows that could be due to future restructuring, improvements or optimisation of the operations officially not approved.

The Plan envisages an increase in results during the first year due to the implementation of a review of the pricing policy already initiated by KME during the second half of 2021 and a change in *business model*, which has also already begun, which reduces KME's financial commitments through advances obtained from customers.

The main assumptions of the Plan are:

- an increase in sales volumes of approximately 0.9% annually (against an estimated global decrease in demand for copper (2022-2025 CAGR) of 2.35%);
- an increase in added value (2022-2026 CAGR of approximately 4.2%), also partially linked to the assumed rise in the price of copper. The increase in the price of copper is supported by the

forecasts within the studies published by the main financial operators (2022-2026 CAGR amounting to 1.6%);

- the significant recovery of EBITDA with a CAGR of 11.40%; thanks also to pricing policies of the EBITDA *margin* (from 3 to 6%), which is still below that of *competitors*.
- investments are essentially stable at an average of 5.0% of net invested capital.

The *terminal value* was calculated assuming a long-term EBITDA equal to the average EBITDA of the Plan over the last 5 years (explicit period), amortisation equal to investments, and using a long-term growth rate "g" of zero.

The WACC discount rate representative of the average cost of capital (WACC, also *post tax*) was determined on the basis of the following parameters:

- *risk free-rate:* weighted average of the *10-year government bonds* of each country in which the KME Group operates;
- *market risk premium*: equal to 5.0%, in line with Italian valuation practices;
- debt cost: 10-year USD *swap* rate in December 2021 plus a 2.00% *spread*, for a total gross rate of 2.99%;
- *Unlevered* Beta 0.79: average of *unlevered* beta coefficients of a sample of comparable listed companies;
- Additional *Alpha* premium on the cost of own capital equal to 4%.

For its *impairment* analyses, KME's *management* increased the discount rate by an additional premium of 1.5% linked to *execution risk*, thus reaching a WACC of 9.35% (rate of 9.34% as at 31 December 2020).

This rate was also confirmed by Intek for the purposes of estimating the *fair value* of KME. The substantial return to a situation of normality, thanks to the progressive spread of vaccinations and the relaunch interventions envisaged by the central authorities which have in fact made it possible to overcome the climate of uncertainty linked to the health situation, has led to the belief that it is no longer necessary to consider Intek Group an increase in *execution risk* (an increase that had been equal to 0.75% both when preparing the 2020 financial statements and the 2021 half-year report). Another factor supporting this decision was KME's 2021 results, which were in line with *budgeted* figures. Please note that any change by half a percentage point in the discount rate entails a change of around Euro 25 million in the *equity value* of KME.

This analysis led to a present value of KME's cash flows, including the effects of the sale of the *Business Specials*, of approximately 770 million.

To calculate the *equity value* of KME, the operating value thus estimated was subsequently adjusted using the same methodology as in previous years, to consider in a sum-of-the-parts evaluation perspective:

- the *fair value* of assets held for sale, represented by the 100% stake in Tréfimetaux;
- the *fair value* of the 45% investment in the *newco* set up on the occasion of the transfer of control of the *Business Specials*;
- the *fair value* of the *joint venture* KMD;
- the *fair value* of *surplus assets*, consisting of properties not used in the business, in particular those held by Immobiliare Pictea S.r.l., and other non-consolidated companies;
- negative by the value of the 16% stake held by third parties in KME Italy;
- the KME group's estimated net financial position as at 31 December 2021.

The *equity value* thus determined is equal to Euro 681 million.

This value was compared, always with the help of the external consultant, with those resulting from other methods, in particular using the market multiples and the transaction multiples methods with the EV/EBITDA multiple, calculated by using historical EBITDA and for market multiples also the forward-looking EBITDA. The adjustments described above were also considered for these methods to arrive at the *equity value.*

The comparison between different methods has the purpose of determining the *fair value* of the investment to the most reasonable extent and, within the context of the values obtained by the various methods, to identify the most reasonable one in the specific circumstance. These application methods are referred to in paragraphs 63 and 65 of IFRS 13.

The average of the *enterprise values* resulting from the other methods showed deviations greater than 20% compared to those obtained by the UDCF method and, therefore, in application of the provisions of the "*Policy* for the methods of determining *fair value*", the results obtained with the various methods, identifying an *equity value* of Euro 589 million as the most representative value. This value emerges from the weighting of the values deriving from the various methodologies; the weighting percentages gave greater weight (40%) to the UDCF method (consistently with the fact that it is able to capture the intrinsic characteristics of the company being valued, starting from the Plan data used as *input*), while the results coming from the other methods are given a homogeneous percentage weight (20% for each method). The intervals of the weighting percentage and the homogeneous subdivision between the different methods is defined ex-ante within the "*Policy* for the methods of determining *fair value*" in order to mitigate the subjectivity inherent in the choice of weights, giving the estimate a greater degree of reasonableness and continuity of the specific application criteria.

The *equity value* was then linked to a shareholding held by Intek Group, also considering the *earn-out* clauses signed in the disposal agreements, as part of the acquisition of MKM, reaching an estimated value of Euro 578.3 million. This value represents an increase of Euro 68.8 million compared to that at 31 December 2020 (+13.5%).

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 and market conditions, particularly with regard to the European 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 and also to the further elements considered in arriving at *equity value*.

For the investment in Culti Milano, listed on the *Euronext Growth Milan* (formerly AIM) market, analyzes were conducted on the volumes traded also with reference to *comparables.* These analyses showed that in 2021 the trading volumes of the Culti Milano stock were in line with those of the *comparables* and therefore led to believe the existence of an active market. This led, in compliance with the provisions of the IFRS, to the valuation of the *fair value* based on the value of the market price which at the reporting date was equal to Euro 12.1 per share (Euro 14.6 at 30 March 2022). This valuation, in the opinion of the directors, does not fully reflect the intrinsic value of the investment. In this regard, it should be noted that if the valuation had been carried out using the multiples method, similarly to what was carried out for the previous year (when the reference market was considered inactive), the value of the investment would have been over Euro 41 million, with an increase in the valuation of Euro 12 million.

As for Ducati Energia, given that a plan to develop the UDCF method was not available, this equity investment was measured using the market multiples method and the transaction multiples method applied to the 2021 preliminary data.

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)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Guarantee fees receivable	5	134	(129)
Non-current financial assets	**5**	**134**	**(129)**

"Guarantee fees receivable" are the present value of guarantee fees that are receivable in future years, in more than 12 months, for guarantees issued by the Parent Company to banks on behalf of the non-

consolidated subsidiaries to which the loans and credit facilities were extended. These receivables are matched by payables of an equal amount.

4.3. *Property, plant and equipment:*

The breakdown of the item is as follows:

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Buildings	2,766	3,297	(531)
Other assets	727	628	99
Property, plant and equipment	**3,493**	**3,925**	**(432)**

Below is the breakdown between owned and *leased* assets:

(in thousands of Euro)	*Owned*	*Leased*	*Total*
Buildings	-	2,766	2,766
Other assets	649	78	727
Property, plant and equipment	**649**	**2,844**	**3,493**

For owned assets, the changes during the reporting period under review can be analysed as follows:

(in thousands of Euro)	*Buildings*	*Plant and equipment*	*Moveable property*	*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	-	-	186	186
Reclassifications	-	170	(170)	-
Change in scope of consolidation (cost)	-	-	(147)	(147)
Disposals (cost)	-	-	(4)	(4)
Gross amount as at 31 December 2021	**-**	**170**	**2,270**	**2,440**
Accumulated amortisation as at 31 December 2020	**-**	**-**	**(1,905)**	**(1,905)**
Change in scope of consolidation (depreciation provision)	-	-	143	143
Amortisation, depreciation, impairment and write-downs	-	-	(33)	(33)
Disposals (accumulated depreciation)	-	-	4	4
Accumulated amortisation as at 31 December 2021	**-**	**(170)**	**(1,621)**	**(1,791)**
Gross amount	-	170	2,270	2,440
Accumulated amortisation	-	(170)	(1,621)	(1,792)
Total as at 31 December 2021	**-**	**-**	**649**	**649**

Changes were as follows in *leased* assets:

(in thousands of Euro)	*Buildings*	*Plant and equipment*	*Moveable property*	*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	132	-	37	169
Change in scope of consolidation (cost)	-	-	(50)	(50)
Disposals (cost)	(82)	-	(33)	(115)
Gross amount as at 31 December 2021	**4,592**	**-**	**130**	**4,722**
Accumulated amortisation 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	(581)	-	(40)	(621)
Disposals (accumulated depreciation)	-	-	29	29
Accumulated amortisation as at 31 December 2021	**(1,826)**	**-**	**(52)**	**(1,878)**
Gross amount	4,592	-	130	4,722
Accumulated amortisation	(1,826)	-	(52)	(1,878)
Total as at 31 December 2021	**2,766**	**-**	**78**	**2,844**

4.4. *Investment property*

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Investment property	**32**	**140**	**(108)**

The change is linked to the sale of several properties during the year.

4.5. *Intangible assets*

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Other	12	7	5
Intangible assets	**12**	**7**	**5**

The item refers to assets that have a definite useful life and relate to *software*.

The changes during the year are analysed below:

(in thousands of Euro)	*Total*
Gross amount	20
Accumulated amortisation	(13)
Total as at 31 December 2020	**7**
Gross amount as at 31 December 2020	**20**
Purchases in the period	8
Reclassifications	2
Gross amount as at 31 December 2021	**30**
Accumulated amortisation as at 31 December 2020	**(13)**
Amortisation, depreciation, impairment and write-downs	(3)
Reclassifications	(2)
Accumulated amortisation as at 31 December 2021	**(18)**
Gross amount	30
Accumulated amortisation	(18)
Total as at 31 December 2021	**12**

4.6. Other non-current assets

The breakdown of the item is as follows:

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

4.7. Current financial assets

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Financial receivables from associates	832	521	311
Guarantee fees receivable	235	850	(615)
Investments in securities	257	57	200
Other current financial assets	25,120	25,052	68
Current financial assets	**26,444**	**26,480**	**(36)**

The "*Financial receivables from related parties*" as at 31 December 2021 relate to the mutual current account loan in place with the direct subsidiary Intek Investimenti S.p.A. for Euro 762 thousand and with the indirect subsidiary Immobiliare Pictea S.r.l. for Euro 70 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 and credit facilities were granted. These receivables are matched by payables of an equal amount.

The item *"Other current financial assets"* includes Euro 24,886 thousand for a deposit pledged to guarantee the outstanding credit line with Banco BPM, expiring in June 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 Group has no investments in sovereign debt securities.

4.8. Trade receivables

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Receivables due from associates	2,052	916	1,136
Receivables from *factoring/leases*	2,987	3,618	(631)
Trade receivables	**5,039**	**4,534**	**505**

The "*Receivables from leasing and factoring activities*" relate to non-performing loans from the business previously handled by Fime Leasing and Fime Factoring. The change is mainly due to the collections during the period.

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

4.9. Other current receivables and assets

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Tax assets	643	667	(24)
Accruals and prepayments	109	34	75
Receivables due from associates	2,495	1,144	1,351
Other receivables	2,433	2,277	156
Other current receivables and assets	**5,680**	**4,122**	**1,558**

The *"Tax assets"* include receivables for direct taxes of Euro 181 thousand and VAT credits of Euro 461 thousand.

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

"*Receivables due from associates*" include positions arising from the tax consolidation.

4.10. Cash and cash equivalents

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

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Bank and post office accounts	4,695	15,410	(10,715)
Cash on hand	3	5	(2)
Cash and cash equivalents	**4,698**	**15,415**	**(10,717)**

For details of the liquidity generated and absorbed during the year, please refer to the consolidated cash flow statement.

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 "*Statement of changes in equity*".

During the year, 20,110 ordinary shares following the exercise of *warrants* and 33,784,755 savings shares as a result of the public exchange offer.

As at 31 December 2021, Intek holds 6,937,311 own ordinary shares equal to 1.783% of the ordinary capital (1.711% of the total capital). In fact, during the 2021 financial year 382,051 ordinary shares and 11,801 savings shares were already held in portfolio. Following these transactions, the "*Reserve for treasury shares in portfolio"* increased by Euro 121 thousand.

The reserve *"Results of previous years"*, available, amounting to Euro 53,840 thousand (Euro 71,143 thousand as at 31 December 2020) changes due to the effect of the extraordinary operation carried out by Intek Group S.p.A. relating to the voluntary full exchange offer on their savings shares.

4.12. Employee benefits

This item relates to the "*Post-employment benefits*"; the amount is determined based on the vested benefits at the end of the year, in compliance with law employment contracts and IAS 19, is composed as follows:

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Executives	98	88	10
Clerical workers	263	231	32
IAS/IFRS Adjustments	57	49	8
Employee benefits	**418**	**368**	**50**

The changes in the item were as follows:

(in thousands of Euro)	*31 Dec 2020*	*Increases*	*Contributions to the fund*	*31 Dec 2021*
Executives	88	38	(28)	98
Clerical workers	231	41	(9)	263
IAS/IFRS differences	49	8	-	57
Employee benefits	**368**	**87**	**(37)**	**418**

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

General criteria	*31 Dec 2021*	*31 Dec 2020*
Discount rate	0.98%	-0.02-0.34%
Rate of increase in future remuneration	1%	0.5-1.0%
Average remaining working life	12.0 years	5.8-15.6 years
General criteria		

A discount rate based on the "*Iboxx Eurozone Corporate AA*" index was used also at 31 December 2021 for the actuarial valuation of post-employment benefits (TFR).

4.13. Non-current financial payables and liabilities

The breakdown of the item is as follows:

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Lease liabilities - related parties	2,394	2,911	(517)
Lease liabilities	46	85	(39)
Payables for financial guarantees issued	5	134	(129)
Non-current financial payables and liabilities	**2,445**	**3,130**	**(685)**

The items *"Leasing payables"* represent financial liabilities, maturing beyond twelve months, recognised in application of IFRS 16 and refer to properties and cars; liabilities to related parties refer to payables to Immobiliare Pictea for the leases of the properties in Foro Buonaparte, Milan.

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

4.14. Bonds

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Intek Group 2020/2025 Bonds	92,372	75,332	17,040
Bonds	**92,372**	**75,332**	**17,040**

The item refers to the Intek Group 2020/2025 Bonds, issued in February 2020 with a fixed rate of 4.5%, outstanding for a nominal amount of Euro 75,854 thousand, to which additional nominal values of Euro 16,965 thousand were added in 2021 as a result of the public exchange offer on savings shares. They are shown 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)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Payables for guarantees issued	18	300	(282)
Payables for *"special situations"*	95	422	(327)
Other non-current liabilities	**113**	**722**	**(609)**

"*Payables for guarantees issued*" refer to Euro 282 thousand for the non-current portion of the payable for tax liabilities, broken down into instalments over 48 months, with a final due date in November 2022, assumed by Intek against guarantees given during the disposal of an equity investment. The residual portion as at 31 December 2021 was classified under current liabilities.

"Liabilities for special situations" originated as part of agreements with creditors and refer to advances linked to former Fime Leasing positions. During the year, positions for Euro 327 thousand relating to untraceable creditors of the procedure pursuant to the FEB - Ernesto Breda S.p.A. were written-off as prescribed.

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*	*31 December 2021*
Provisions for risks for tax disputes	291	-	-	291
Total	**291**	**-**	**-**	**291**

The *"Provisions for tax dispute risks"* 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 consolidated 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)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Due to banks	25,223	25,194	29
Payables for bonds	3,616	2,956	660
Due to associates	-	373	(373)
Payables for financial guarantees issued	235	850	(615)
Lease liabilities - related parties	464	442	23
Lease liabilities	139	145	(8)
Current financial payables and liabilities	**29,677**	**29,960**	**(284)**

The “*Payables* Due *to banks”* refers to a Euro 25,000 thousand credit line and the relative interest with Banco BPM, expected to mature in June 2022 and guaranteed for an equal amount by a current account.

The item “*Payables for bonds*”, totalling Euro 3,616 thousand, relates to interest accruing on the *2020-2025 Intek Group S.p.A.* Bond Loan.

The item "*Due to associates*" of 31 December 2020, contains the balance of the current accounts, held at market rates with remuneration set at Euribor plus a *spread*, in existence with Immobiliare Pictea Srl for Euro 373 thousand.

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 paragraphs 4.7 and 4.13.

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

4.18. Trade payables

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Trade payables - third parties	1,700	1,345	355
Trade payables - related associates	538	560	(22)
Trade payables	**2,238**	**1,905**	**333**

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

4.19. Other current liabilities

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Due to employees	221	196	25
Due to social security institutions	91	101	(10)
Tax liabilities	126	150	(24)
Due to directors for end of office indemnity (TFM)	769	746	23
Due to associates	547	896	(349)
Other liabilities	2,059	2,169	(110)
Other current liabilities	**3,813**	**4,258**	**(445)**

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

Both as at 31 December 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 Chairman has allowed the payment due date to be extended to 31 December 2022.

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

In the item *“Other payables”* includes Euro 1,266 thousand sums received by way of advance from *ex-leasing* customers and not offset with credit entries.

4.20. Deferred tax assets and liabilities

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*	*Change*
Deferred tax assets	2,762	3,037	(275)
Deferred tax liabilities	(2,221)	(2,057)	(164)
Deferred tax assets and liabilities	**541**	**980**	**(439)**

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*	
	31 Dec 2021	*31 Dec 2020*	*31 Dec 2021*	*31 Dec 2020*
Investment property	9	9	-	-
Equity/Financial investments	-	-	(1,602)	(1,548)
Trade receivables	1,370	1,756	(619)	(509)
Current financial assets	34	34	-	-
Cash and cash equivalents	-	14	-	-
Other current liabilities	515	520	-	-
Deferred taxes on equity components	130	-	-	-
Deferred taxes on tax losses carried forward	704	704	-	-
Total	**2,762**	**3,037**	**(2,221)**	**(2,057)**

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*
Ergyca Tracker 2 Srl	-	-	-	-	-	-	-	(19)
Immobiliare Pictea Srl	-	70	11	-	(2,395)	(464)	-	-
Intek Investimenti SpA	-	762	-	-	-	-	-	-
Isno 3 Srl in liquidation	-	-	9	-	-	-	-	-
KME Germany GmbH	-	-	62	-	-	-	(30)	-
KME Italy SpA	-	-	158	805	-	-	(5)	-
KME Mansfeld GmbH	-	-	-	-	-	-	(19)	-
KMetal S.p.A.	-	-	-	67	-	-	-	-
KME SE	-	-	1,638	-	-	-	(323)	-
KME Srl	-	-	-	-	-	-	(51)	(143)
KME Yorkshire Ltd	-	-	-	-	-	-	(8)	-
Natural Capital Italia S.p.A. SB	-	-	50	-	-	-	-	-
Nextep S.r.l. SB	-	-	17	-	-	-	-	-
Oasi Dynamo FoodCo S.r.l.	-	-	-	-	-	-	(11)	-
Quattroduedue SpA	-	-	89	-	-	-	-	-
Serravalle Copper Tubes Italy S.r.l.	-	-	-	19	-	-	-	-
Società Agricola Agrienergia Srl	-	-	12	77	-	-	-	-
Trèfimetaux SA	-	-	6	-	-	-	-	-
Directors and Statutory Auditors	-	-	-	-	-	-	(91)	(1,154)
Receivables from guarantees	5	235	-	-	-	-	-	-
Receivables/Payables for tax consolidation	-	-	-	1,527	-	-	-	-
	5	**1,067**	**2,052**	**2,495**	**(2,395)**	**(464)**	**(538)**	**(1,316)**
Total	**5**	**26,444**	**5,039**	**5,680**	**(2,445)**	**(29,677)**	**(2,238)**	**(3,813)**
Percentage	**100.00%**	**4.03%**	**40.72%**	**43.93%**	**97.96%**	**1.56%**	**24.04%**	**34.51%**

Flows of costs and revenues

(in thousands of Euro)	*Guarantee fees*	*Other operating income*	*Cost of labour and other operating costs*	*Finance income*	*Finance expense*
Culti Milano SpA	-	15	(1)	-	-
EM Moulds SpA	10	-	-	-	-
I2 Capital Partners SGR S.p.A. in liquidation	-	13	-	-	(4)
Immobiliare Pictea Srl	5	25	(157)	4	(152)
Intek Investimenti SpA	-	15	-	21	-
Isno 3 Srl in liquidation	-	15	-	-	-
KME Germany GmbH	-	-	(3)	-	-
KME Italy SpA	66	-	(4)	-	-
KME Mansfeld GmbH	-	-	(18)	-	-
KME Special Products GmbH & Co. KG	31	-	-	-	-
KME SE	750	-	(23)	126	-
KME Srl	-	-	(44)	-	-
Oasi Dynamo FoodCo S.r.l.	-	-	(11)	-	-
Quattroduedue SpA	-	15	-	-	-
Società Agricola Agrienergia Srl	-	32	-	-	-
Trèfimetaux SA	3	-	-	-	-
Directors/Statutory Auditors	-	-	(1,594)	52	(24)
	865	**130**	**(1,855)**	**203**	**(180)**

Total	**865**	**1,007**	**(6,669)**	**292**	**(4,375)**

Percentage	**100.00%**	**12.91%**	**27.82%**	**69.52%**	**4.11%**

5. *Notes to the statement of consolidated comprehensive income*

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.

5.1. Net income from management of equity investments

The breakdown of the item is as follows:

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Value adjustments on equity investments and securities	-	(382)	382	-100.00%
Gains/losses from the sale of fund units and securities	(57)	10	(67)	n/a
Measurement of investments at *fair value*	72,970	11,460	61,510	n/a
Dividends	475	372	103	27.69%
Net income from management of equity investments	**73,388**	**11,460**	**61,928**	**n/a**

In particular:

- the *fair value* measurement of equity investments refers to Euro 68,800 thousand to KME SE, Euro 1,604 thousand to Culti Milano S.p.A., for Euro 1,496 thousand to Intek Investimenti S.p.A., for Euro 769 thousand to Ducati Energia S.p.A. and for Euro 300 thousand to KME Germany Bet. GmbH;
- dividends for Euro 285 thousand from Ducati Energia and Euro 191 thousand from Culti Milano.
- the losses from the sale are linked to the closing of the liquidation of I2 Capital Partners SGR which took place in the first half of 2021.

For further details, please see the comments under the corresponding asset items.

5.2. Guarantee fees

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Guarantee fees	865	876	(11)	-1.26%
Guarantee fees	**865**	**876**	**(11)**	**-1.26%**

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)	*2021*	*2020*	*Change*	*% Change*
Income from *"special situations"*	767	538	229	42.57%
Lease income	-	105	(105)	-100.00%
Provision of services to associates	130	94	36	38.30%
Other	110	35	75	n/a
Other income	**1,007**	**772**	**235**	**30.44%**

"Income from special situations" relates to Intek's business linked to the assumption of composition with creditors; in particular, for 327 thousand they refer to untraceable creditors of the Bredafin Innovazione procedure for which the relevant limitation period expired in 2021.

The item *"Provision of services to related companies"* contains only the amounts invoiced for administrative support services to related companies.

5.4. *Labour costs*

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Wages and salaries	(965)	(1,040)	75	-7.21%
Social security charges	(321)	(342)	21	-6.14%
Other personnel expense	(581)	(586)	5	-0.85%
Labour costs	**(1,867)**	**(1,968)**	**101**	**-5.13%**

Other personnel expense includes remuneration to associates of Euro 314 thousand, in addition to contribution expense of Euro 110 thousand, costs for a *welfare* plan of Euro 80 thousand and an allocation to the employees' post-employment benefits (TFR) of Euro 76 thousand.

The average number of employees is given here below:

	31/12/2021	*31/12/2020*	*Change*	*% Change*
Executives	3	3	-	0.00%
	23.08%	23.08%		
Clerical workers	10	10	-	0.00%
	76.92%	76.92%		
Total employees (average)	**13**	**13**	**-**	**0.00%**
	100.00%	100.00%		

5.5. *Amortisation, depreciation, impairment and write-downs*

Please see the comments under the individual asset items.

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Depreciation of property, plant and equipment	(621)	(413)	(208)	50.36%
Depreciation on leased assets	(33)	(163)	129	-79.75%
Amortisation of intangible assets	(3)	(3)	-	0.00%
Reversal of impairment losses on investment property	-	(224)	224	-100.00%
Amortisation, depreciation, *impairment* and write-downs	**(657)**	**(803)**	**145**	**-18.18%**

5.6. Other operating costs

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Directors' and Statutory Auditors' fees	(1,228)	(1,494)	266	-17.80%
Professional services	(1,448)	(1,426)	(22)	1.54%
Travel costs	(375)	(238)	(137)	57.56%
Service fees to subsidiaries	(95)	-	(95)	n/a
Other personnel expense	-	(68)	68	-100.00%
Legal and company disclosure	(108)	(147)	39	-26.53%
Electricity, heating, postal and telephone costs	(41)	(184)	143	-77.72%
Insurance premiums	(90)	(98)	8	-8.16%
Training and seminars	(2)	(14)	12	-85.71%
Real property leases	(265)	(81)	(184)	n/a
Maintenance	(40)	(207)	167	-80.68%
Leases and rentals	(17)	(76)	59	-77.63%
Other tax charges	(37)	(251)	214	-85.26%
Membership fees	(232)	(233)	1	-0.43%
Other net costs	(250)	(121)	(129)	106.61%
Donations	(26)	(10)	(16)	160.00%
Bank charges	(8)	(9)	1	-11.11%
	(4,262)	*(4,657)*	*395*	-8.48%
Charges on *warrant management*	(540)	-	(540)	n/a
Losses on receivables	-	(99)	99	-100.00%
Other operating costs	**(4,802)**	**(4,756)**	**(46)**	**0.97%**

The "Charges on *warrant management*" include the effects of the actuarial calculation in application of the provisions of IFRS 2 and have as a counter-entry an increase in shareholders' equity.

5.7. Net finance expense

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Interest income from associates	*203*	*269*	(66)	-24.54%
Other finance income and interest	*89*	*110*	(21)	-19.09%
Total finance income	**292**	**379**	**(87)**	**-22.96%**
Interest expense to associates	*(30)*	*(43)*	13	-30.23%
Loan interest expense	*(225)*	*(402)*	177	-44.03%
Interest expense on securities issued	*(3,940)*	*(3,851)*	(89)	2.31%
Interest expense on lease agreements	*(157)*	*(8)*	(149)	n/a
Other interest expense	*(23)*	*(51)*	28	-54.90%
Other finance expense	-	*(282)*	282	-100.00%
Total finance expense	**(4,375)**	**(4,637)**	**262**	**-5.65%**
Total net finance expense	**(4,083)**	**(4,258)**	**175**	**-4.11%**

5.8. Current and deferred taxes

(in thousands of Euro)	*2021*	*2020*	*Change*	*% Change*
Current taxes	1,893	475	1,418	n/a
Deferred taxes	(438)	(525)	87	-16.57%
Current and deferred taxes	**1,455**	**(50)**	**1,505**	**n/a**

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)	*2021*	*2020*
Profit/(loss) before taxes	63,851	1,323
Theoretical tax charge *(tax rate used 24%)*	**(15,324)**	**(317)**
Reconciliation:		
Effect due to different tax rates	-	-
Other effects:		
- Non-deductible (expenses) and non-taxable income	(1,101)	(428)
- Impairment losses/(reversal of impairment losses) on investments and securities	17,513	1,183
- Current taxes for previous years	367	(488)
Taxes recognised in profit or loss	**1,455**	**(50)**

6. Additional information

6.1. Financial instruments by category

	31 Dec 2021	*31 Dec 2020*	*Change*
Financial assets at *fair value* through profit or loss	637,620	565,197	72,423
Financial assets at *fair value* through other comprehensive income	-	-	-
Amortised cost	40,729	48,980	(8,251)
Financial assets	**678,349**	**614,177**	**64,172**
Financial liabilities at *fair value* through profit or loss	(240)	(984)	744
Financial payables and liabilities at amortised cost	(130,292)	(114,173)	(16.119)
Financial liabilities	**(130,532)**	**(115,157)**	**(15,375)**

6.2. Financial instruments by financial statement item

Financial instruments and reconciliation with financial statement items at 31 December 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	637,123	-	637,123	-
Non-current financial assets	5	-	5	-
Other non-current assets	3	3	-	-
Trade receivables	5,039	5,039	-	-
Other current receivables and assets	5,680	5,037	-	643
Current financial assets	26,444	25,952	492	-
Cash and cash equivalents	4,698	4,698	-	-
Total financial assets	**678,992**	**40,729**	**637,620**	**643**
Non-current financial payables and liabilities	(2,445)	(2,440)	(5)	-
Bonds	(92,372)	(92,372)	-	-
Other non-current liabilities	(113)	(113)	-	-
Current financial payables and liabilities	(29,677)	(29,442)	(235)	-
Trade payables	(2,238)	(2,238)	-	-
Other current liabilities	(3,813)	(3,687)	-	(126)
Total financial liabilities	**(130,658)**	**(130,292)**	**(240)**	**(126)**

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	**637,123**	28,904	-	608,219
Non-current financial assets	**5**	-	-	5
Current financial assets	**492**	-	-	492
Total financial assets	**637,620**	**28,904**	**-**	**608,716**
Non-current financial payables and liabilities	**(5)**	-	-	(5)
Current financial payables and liabilities	**(235)**	-	-	(235)
Total financial liabilities	**(240)**	**-**	**-**	**(240)**

The financial instruments recognised in the statement of financial position and income statement at *fair value* consist of participating investments and guarantees issued, for the valuation of which level 3 *inputs* are used except for the investment in Culti Milano S.p.A., which in 2021 was valued on the basis of market prices. For determination of the *fair value* of the participating investments, please see the relevant explanatory note 4.1. 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 31 December 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

At 31 December 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 Group's maximum exposure to this risk.

6.7. Interest rate risk exposure

As at 31 December 2021 the Group's interest-bearing financial assets and liabilities had the following interest rate risk exposure:

(in thousands of Euro)	*31 Dec 2021*	*31 Dec 2020*
Financial assets	-	-
Financial liabilities	(95,415)	(78,915)
Fixed rate instruments	**(95,415)**	**(78,915)**
Financial assets	30,412	40,983
Financial liabilities	(25,223)	(25,567)
Floating rate instruments	**5,189**	**15,416**

A 50-*basis-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 Euro 25 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 Euro 100 million for the loan obtained from a *pool* of banks and for additional bank credit facilities for Euro 15.25 million.

A loan disbursed to Tecno Servizi S.r.l. (a company incorporated into Immobiliare Pictea in 2017) is also subject to a guarantee from Mediocredito originally for Euro 7.8 million, with a residual value of Euro 4.8 million.

In December 2015, Intek Group indicated its willingness to issue a guarantee of up to Euro 5.0 million for Associazione Dynamo for the granting of a mortgage loan for the restructuring of certain buildings located in Limestre. This mortgage is also secured by other real guarantees; amounts to Euro 1.6 million as at 31 December 2021.

Annexes to the notes:

Reconciliation of the profit/(loss) of the Parent company Intek Group S.p.A. and the consolidated profit/(loss) for the year 2021:

There are no differences between the result for the year of the Parent Company and the consolidated equity: both amount to Euro 65,306 thousand.

Reconciliation of the equity of the Parent Company Intek Group S.p.A. and the attributable consolidated equity for the period ended 31 December 2021:

There are no differences between the net equity of the Parent Company and the consolidated equity: both amount to Euro 551,703 thousand.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS,
PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE 58/98, 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 consolidated financial statements during 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 consolidated 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 annual Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Milan, 31 March 2022

The Chairman	The Manager in charge of Financial Reporting
signed Vincenzo Manes	*signed Giuseppe Mazza*

Report of the Board of Statutory Auditors of INTEK Group S.p.A. on the consolidated financial statements as at 31 December 2021

Though not mandatory, as every year, as part of its supervisory duties in observance of the law and the Articles of Association which it is required to follow, the Board of Statutory Auditors presents a short report on the consolidated financial statements as at 31 December 2021.

Moreover, this report is prepared according to the principle that the arguments or documents submitted by the Directors to the Shareholders' Meeting are examined by the Board of Statutory Auditors, which reports to the Shareholders' Meeting itself.

In order to avoid unnecessary duplication, this report is complementary to the report on the separate financial statements as at and for the year ended 31 December 2021, which shall be considered as totally referred to herein.

ACCOUNTING STANDARDS - EFFECTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

As already detailed in the report to the separate financial statements, qualification as an Investment Entity as required by paragraph 27 of IFRS 10 results in the fact that the consolidated financial statements differ from the separate financial statements only insofar as the equity investments which are not measured at fair value and consolidated on a line-by-line method, which certainly constitute the equity investments which, in accounting and measurement terms, have the least impact on the consolidated financial statements. It should be noted that after the closure of the liquidation procedure of the subsidiary I2 Capital Partners SGR S.p.A. there are no fully consolidated equity investments.

Regarding the aforementioned fair value, which certainly constitutes the most significant element for the separate and consolidated financial statements, as also indicated in the report to the separate financial statements, the Board specifically verified that it has been measured with the support of an independent and qualified advisor, which was identified in EY Advisory S.p.A.

The main consequence of the foregoing is that there are no longer any differences between the values expressed in the separate financial statements and those expressed in the consolidated financial statements, except for comparative data where, among other things, there was already perfect correspondence at the level of shareholders' equity.

SCOPE OF CONSOLIDATION

As already indicated, it should be noted that the liquidation of the company I2 Capital Partners SGR S.p.A. was completed as at 31 March 2021 and therefore, as at 31 December 2021, the Company does not hold any instrumental shareholdings.

There are no differences between the Parent Company's result for the year and the consolidated result or between the Parent Company's equity and the consolidated equity. The consolidated financial statements referring to the 2021 financial year were in any case prepared on the basis of the indications of the accounting standard IAS 27 Paragraph 8A as the comparative data relating to 2020 are presented.

ACCOUNTING DOCUMENTS WHICH COMPRISE THE CONSOLIDATED FINANCIAL STATEMENTS

On 31 March 2022, the Chairman of the Company, Vincenzo Manes, and the Manager in charge of Financial Reporting, Giuseppe Mazza, provided the Directors and Statutory Auditors with a written statement, also for the purposes of article 154 bis of Legislative Decree 58/1998, certifying the adequacy, for a company of this type, of the management and accounting policies for the preparation of separate and consolidated financial statements for 2021, and their compliance with international financial reporting standards.

On 14 April 2022, the Independent Auditors Deloitte & Touche S.p.A. issued an unreserved opinion on the consolidated financial statements.

Exhaustive information has been provided in the Report on the Consolidated financial statements (accounting standards, notes and annexes).

Information on key indicators of both financial and non-financial performance can be extracted from the tables contained in the notes to the consolidated financial statements.

Information on the most important events, related party and/or intra-group transactions in 2021, reports and representations made by shareholders or third parties and, in general, oversight and controls, is contained in the Report of the Board of Statutory Auditors on the separate financial statements for the year.

In conclusion, the Board of Statutory Auditors is of the opinion that the consolidated financial statements and accompanying documents adequately reflect the Group's financial position and results of operations for the year 2021.

The consolidated financial statements and accompanying documents have only been provided to Shareholders for information purposes and do not require approval.

Milan, 14 April 2022

THE BOARD OF STATUTORY AUDITORS (with unanimous consent)

The Chairman of the Board of Statutory Auditors

(*signed Silvano Crescini*)

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Intek Group S.p.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Intek Group S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value Measurement for investment in KME SE

Description of the Key Audit Matter	Paragraph 4.1 of the explanatory notes to the consolidated financial statements at 31 December 2021 shows Euro 637 million of investments in equity interests and fund units measured at *fair value*, of which Euro 578 million referred to the stake held in KME SE, parent company of the KME Group that operates in the "copper" industry. The fair value of the investment in KME SE was estimated with the support of an external appraiser in compliance with the policy on "*Fair Value Assessment Methods Policy*" that Intek Group S.p.A. has adopted applying the different methodologies provided therein (*unlevered discounted cash flow* as main method, market multiples and transaction multiples as control methods). The method adopted to estimate the *fair value* is based on a significant level of complexity and subjectivity, with reference to the *unlevered discounted cash flow* methodology, related to the assumptions concerning the expected cash flows of the investment, the appropriate discount rate (WACC) and the long-term growth rate (g-rate); these assumptions are based on future expectations reasonably foreseeable with respect to both the company being valued and market conditions, with specific reference to the copper industry in Europe. The application of multiple-based methods, moreover, is characterized by elements of subjectivity, in the process of selection and definition of the sample of comparables. The explanatory notes provide detailed information's on the valuation process adopted and related outcomes. Given the materiality of the amount of the investment represented by the equity stake in KME SE, the relevance of the discretionary component of the estimates relating to the forecast of the cash flows and the determination of the other above mentioned assumptions and key variables of the *fair value* we considered that the *fair value* valuation related to this investment was a key audit matter of the Group's consolidated financial statements as at 31 December 2021.

Audit procedures to address the Key Audit Matter identified	The main procedures carried out as part of our audit work, also with the support of evaluation specialists belonging to Deloitte network, have included the following: • recognition and understanding of the process related to the *fair value* assessment of the investment in KME SE; for this purpose we have acquired and analyzed the “Fair Value Assessment Methods Policy” and its compliance with the international accounting standards as well as the documents prepared by the external advisor; • critical analysis of methodology used, verifying, also obtaining information and interviewing the Company's management and its external advisor, the adequacy with market practices; • analysis of the reasonableness and sustainability of the principal assumptions adopted to estimate the expected cash flows of the investment, the appropriate discount rate (WACC) and the long-term growth rate (g-rate), as well as the criteria used for selecting and defining the reference sample of comparables in order to determine the market multiples and transaction multiples; • verification of the calculation accuracy. Finally, we examined the completeness and compliance of the disclosure provided in the consolidated financial statements with respect to the provisions of the applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Intek Group S.p.A. has appointed us on 31 May 2016 as auditors of the Company for the years from 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Intek Group S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Intek Group S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Intek Group as at 31 December 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Intek Group as at 31 December 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Intek Group as at 31 December 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Avolio
Partner

Milan, Italy
April 14th, 2022

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