

INTEK GROUP

Registered office: 20121 Milan (MI) - Foro Buonaparte, 44
Share capital Euro 335,069,009.80, fully paid-up
Tax Code and Milan Companies Register no. 00931330583
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PRESS RELEASE

THE BOARD OF DIRECTORS OF INTEK GROUP SPA HAS APPROVED THE DRAFT FINANCIAL STATEMENTS FOR THE YEAR 2019.

- **HIGHLIGHTS:**
 - Loss of Euro 1.0 million;
 - 2015-2020 bond loan repaid with a new 5-year 2020-2025 issue in a lower amount and with a lower interest rate;
 - KME SE has carried out two significant extraordinary transactions (one acquisition and one disposal), with which it has strengthened its industrial structure and concentrated resources in higher value-added businesses;
 - Culti Milano has achieved extremely positive results by extending its activities to personal wellness, including by acquiring control of Bakel Srl;
 - the private equity fund I2 Capital Partners closed its activities, generating additional liquidity for the Group.
- **KEY ECONOMIC AND FINANCIAL DATA FOR THE YEAR 2019:**
 - As at 31 December 2019, the Investments held by the Company amounted to Euro 552.9 million (Euro 546.1 million in 2018); the holding company's equity totalled Euro 500.8 million, compared to Euro 501.9 million in 2018;
 - the holding posted a loss of Euro 1.0 million (profit of Euro 16.8 million in 2018);
 - negative net financial position of Euro 49.2 million, compared to Euro 40.3 million as at 31 December 2018;
 - consolidated equity of Intek Group equal to Euro 502.6 million (504.6 million at the end of 2018) and a Euro 1.9 million loss (profit of Euro 20.9 million in 2018).
- **THE BOD OF INTEK GROUP ALSO PERFORMED THE PERIODIC ASSESSMENT OF THE INDEPENDENT DIRECTORS' REQUIREMENTS.**

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Milan, 29th April 2020 - The Board of Directors of Intek Group SpA, a diversified investment holding company, today approved the parent company's draft financial statements as at 31 December 2019, the group's consolidated results, the Report on corporate governance and ownership structure prepared pursuant to article 123-bis of Italy's Consolidated Law on Finance (TUF, Testo Unico sulla Finanza), the Remuneration policy for the year 2020 and the Report on remuneration for the year 2019 prepared pursuant to article 123-ter of the TUF.

The Annual Financial Report as at 31 December 2019 as well as the reports on corporate governance, ownership structure and remuneration are expected to be available, together with the reports of the Independent Auditors and the Board of Statutory Auditors, within the first 10 days of May at the registered office as well as on the website www.itkgroup.it and the authorised storage system "eMarket STORAGE" (www.emarketstorage.com).

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Most significant events occurred in 2019

Here below are the highlights for 2019.

(i) 2020-2025 Bond Loan

In the second half of 2019, Intek issued a 5-year bond loan for Euro 75.9 million, with a fixed interest rate of 4.5%. The issue was finalised in February 2020 and overall received requests, between the public subscription offer and the exchange offer on previous Intek bonds, for Euro 92.6 million.

The financial resources deriving from the issue were used, along with those originating from a loan obtained from a credit institution for Euro 25.0 million and financial resources already in the possession of Intek, to repay the 2015-2020 Intek Group Bonds maturing on 20 February 2020 and not used in the exchange offer.

This transaction made it possible to optimise Intek's debt by extending its maturity and reducing its cost.

An additional tranche of Euro 25.2 million of the 2020-2025 Bond Loan is intended to be used as consideration for a public exchange offer on the Intek Savings Shares. In this transaction, the consideration of a bond with a nominal value of Euro 21.60 will be 43 savings shares.

(ii) Optimising the copper sector

- (a) In this segment, two significant *extraordinary transactions* were finalised in early 2019. These include the acquisition of the equity investment representing the entire share capital of MKM (Mansfelder Kupfer und Messing GmbH), the leading operator in the European copper market, and the disposal to the Zhejiang Hailiang Co. group of the brass rods business in Germany, Italy and France and the tubes business in Germany and Spain.

The acquisition of MKM, agreed upon in July 2018 and finalised in February 2019, is particularly strategically relevant for KME, as it is meant to boost the group's overall competitiveness in the main reference markets and, in the future, could make it possible to further restructure the scope of the industrial activities in the portfolio.

The price paid by KME was around Euro 78 million, plus the assignment to European Acquisition Midco Limited, the selling company, of an equity investment of 1% in KME SE, which was first transferred by Intek to its subsidiary at the price of Euro 4.6 million.

The sale of the brass rods business in Germany, Italy and France and the tubes business in Germany and Spain was instead meant to streamline the portfolio and reduce the industrial complexity of the KME Group by reducing the number of products and plants. The agreement with Zhejiang Hailiang Co., finalised in the first quarter of 2019, provided a net proceeds of roughly Euro 87 million, corresponding to the sale price, in addition to net working capital and the repayment of intercompany debts outstanding at the date of closing, after deducting the mandatory repayments of working capital credit lines utilised by the businesses sold.

Furthermore, in March 2019, KME SE reacquired full control over Tréfinmétaux Sas, the French company that manufactures copper tubes and rods, of which it already held 51% of the share capital.

- (b) As regards business trends, the EBITDA came to Euro 86.5 million in 2019, compared to Euro 80.4 million in 2018. The net financial position totalled Euro 237.1 million compared to Euro 219.4 million last year, due to the first time application of IFRS 16 and the consolidation of Tréfimetaux, which had negative effects of Euro 14.9 million and Euro 10.4 million, respectively.

(iii) Culti Milano SpA

The company, listed on the AIM market since July 2017, transitioned from being a fragrances company producing environmental perfumes (home, car, boat, etc.) to a personal wellness company (perfumes, personal hygiene, cosmetics).

From this standpoint, in July 2019 it acquired 50.01% of the share capital of Bakel Srl, a company which produces cosmetics exclusively from natural active ingredients, for an investment of Euro 2.0 million.

Culti Milano closed 2019 with sales of Euro 7.7 million (+18% compared to 2018), EBITDA of Euro 1.3 million compared to Euro 0.5 million in 2018 and a net profit of Euro 0.4 million compared to a loss of Euro 0.2 million last year. The Net Financial Position was a positive Euro 2.4 million, down by just Euro 0.5 million compared to 31 December 2018 despite the financial commitment for the acquisition of Bakel. The first consolidated financial statements posted sales revenues amounting to Euro 9.0 million.

(iv) Private Equity

In July 2019, the procedure was completed for the liquidation of the I2 Capital Partners Fund, in which Intek held a share of 19.15% as at 31 December 2018, which increased to 59.5% before the liquidation of the Fund for an outlay of Euro 3.2 million.

Due to the closure of the liquidation, Intek received cash and cash equivalents of Euro 4.0 million and gained control over Isno 3 Srl in liquidation, the vehicle to which all assets of the Fund not yet disposed of had been previously transferred.

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INTEK Group SpA highlights

Intek Group's financial highlights as at 31 December 2019, compared to 31 December 2018, can be summarised as follows:

Condensed separate statement of financial position				
<i>(in thousands of Euro)</i>	<i>31 Dec 2019</i>		<i>31 Dec 2018</i>	
Copper	494,434	89.42%	489,265	89.59%
Financial and real estate assets				
<i>Private Equity</i>	<i>1,580</i>		<i>2,881</i>	
<i>Non-operating assets</i>	<i>9,952</i>		<i>6,804</i>	
<i>Real Estate/Others</i>	<i>33,308</i>		<i>32,365</i>	
<i>Culti/Other Services</i>	<i>13,427</i>		<i>12,767</i>	
Total financial and real estate assets	58,267	10.54%	54,817	10.04%
Other assets/liabilities	222	0.04%	2,031	0.37%
Net investments	552,923	100.00%	546,113	100.00%
<i>Outstanding bonds (*)</i>	<i>(106,000)</i>		<i>(105,766)</i>	
<i>Net cash from third parties</i>	<i>53,914</i>		<i>61,547</i>	
Net financial debt of the holding company to third parties	(52,086)	9.42%	(44,219)	8.10%
Total equity	500,837	90.58%	501,894	91.90%

Notes:

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

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Investments

The Net investments held by the Company amounted to Euro 552.9 million as at 31 December 2019 (Euro 546.1 million at the end of 2018), of which roughly 90% were in the “copper” sector and the remainder in financial and real estate assets.

The reduction of Euro 1.2 million in the “Private Equity” sector is linked to the completion of the liquidation of the I2 Capital Partners Fund.

“Non-operating assets” increased by Euro 3.1 million due to the concentration of activities in Intek Investimenti.

Equity

The holding company's equity amounted to Euro 500.8 million, compared to Euro 501.9 million as at 31 December 2018; the change was attributable solely to the result for the period.

Equity per share was Euro 1.15, in line with the values at the end of December 2018.

The Share Capital, broken down into 389,131,478 ordinary shares and 50,109,818 savings shares, amounted to Euro 335,069,009.80 as at 31 December 2019, unchanged compared to 31 December 2018. None of the shares have a nominal value.

As at 31 December 2019, Intek Group held 5,713,572 ordinary treasury shares (1.47% of the share type capital) and 11,801 own savings shares (0.024% of the share type capital), unchanged compared to 31 December 2018. In March 2020, 841,688 ordinary treasury shares were purchased, with a financial outlay of Euro 0.2 million. At the date of this press release, the ordinary treasury shares held therefore amount to 6,555,260 (1.68% of the share type capital).

Financial management

Net financial debt of the holding company to third parties (excluding intra-group loans and lease liabilities) totalled Euro 52.1 million as at 31 December 2019. The balance as at 31 December 2018 was Euro 44.2 million.

The net financial position was a negative Euro 49.2 million, compared to Euro 40.3 million as at 31 December 2018.

At the end of December 2019, Intek Group recorded cash and cash equivalents of Euro 44.6 million.

The financial payables due to third parties are represented solely by Euro 106 million in bonds issued in 2015 which matured and were repaid in February 2020.

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Intek Group 2020-2025 Bond Loan

In view of the maturity in February 2020 of the Intek Group 2015-2020 Bond Loan, on 3 December 2019 the company announced to the market an extraordinary finance transaction calling for the promotion of:

- a voluntary partial public exchange offer on 2,354,253 Intek Group 2015 – 2020 Bonds outstanding (“2015 Bonds”), with consideration consisting of a maximum of 2,354,253 new Intek Group 2020 – 2025 Bonds (“2020 Bonds”) for a total of Euro 50.9 million to be listed on the MOT bond market organised and managed by Borsa Italiana;
- a concurrent public offer for subscription of Intek Group 2020 – 2025 Bonds for a maximum total of around Euro 25.0 million;
- in the event of issue of 2020 Bonds for a total nominal value of at least Euro 60.0 million, a voluntary total public exchange offer on the Intek Group Savings Shares, with consideration consisting of Intek Group 2020 – 2025 Bonds and, taking account of the nominal value of the new bonds, recognition of a premium of around 52.7% of the price of the Savings Shares, determined based on the quoted prices for the last three months.

The 2020 Bonds, with the exception of the rate (4.5% instead of 5%), have similar characteristics to the previous bonds and therefore a duration of 5 years, annual deferred coupon, nominal value of Euro 21.60, redemption at par in one single payment at maturity and the right for the issuer to provide for early redemption starting from the second year. They are not backed by collateral or personal guarantees. No rating has been or is expected to be assigned to the 2020 Bonds.

The Exchange Offer on the 2015-2020 Intek Bonds and the Public Subscription Offer both began on 27 January 2020 and concluded on 11 February and 14 February 2020, respectively. The requests amounted to Euro 92.6 million, against Euro 75.9 million offered. In particular, requests for participation in the Subscription Offer were equal to a total nominal value of Euro 54.6 million, while for the Exchange Offer, the bonds subject to exchange requests had a total nominal value of Euro 38.0 million.

On 18 February 2020, 3,511,741 2020-2025 Bonds were therefore issued, with a unit nominal value of Euro 21.60, for a total nominal value of Euro 75.9 million (ISIN: IT0005394884) listed on the MOT market.

On that date, the 2015 Bonds used to participate in the Exchange Offer on Bonds were cancelled, with the recognition in cash of the interest accrued up to the settlement date of the consideration for the 2015 Bonds used in the Exchange Offer.

The financial resources deriving from the issue, along with those originating from a 3-year loan obtained from a credit institution for Euro 25.0 million and financial resources already in the possession of Intek, made it possible to repay the 2015 Intek Group Bonds maturing on 20 February 2020 and not used in the exchange offer.

This transaction made it possible to improve the configuration of Intek's debt by extending its maturity and reducing its cost.

Having met the condition of the minimum threshold of Euro 60.0 million of 2020 Bonds issued, on 25 February 2020 the Company began the promotion, pursuant to art. 102 of the Consolidated Law on Finance, of the Public Exchange Offer on the Intek Group Savings Shares.

This offer calls for each participant in the Exchange Offer on Intek Savings Shares to receive 1 2020 Bond, with a unit nominal value of Euro 21.60, in exchange for each 43 Savings Shares used to participate in the exchange and purchased for a total maximum nominal value of up to around Euro 25.2 million.

The Offer is subject to

- i. the MAC condition;
- ii. the approval of the ordinary and extraordinary shareholders' meeting of Intek.

As a result of the Covid-19 emergency, it was not possible to hold the necessary ordinary and extraordinary shareholders' meetings regarding this transaction, which were originally called for 24 and 25 February and subsequently for 27 and 30 March 2020.

On 13 March 2020, the relative Offer Document was submitted to Consob. As a result of the governmental measures linked to Covid-19, the terms of the Consob screening are currently suspended until 15 May.

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The investment sectors

“Copper” sector

The Copper sector's investment includes the production and marketing of copper and copper-alloy semi-finished products by the German subsidiary **KME SE**, and, as indicated above, continues to be the Intek Group's core business.

<i>(in thousands of Euro)</i>	<i>31 Dec 2019</i>	<i>31 Dec 2018</i>
KME SE investment	483,000	483,000
KME Beteiligungsgesellsch.mbH investment	1,158	1,104
Other	10,276	5,161
Total “copper”	494,434	489,265

The total fair value as at 31 December 2019 of KME SE was estimated at Euro 489 million, compared to Euro 483 million as at 31 December 2018. Euro 483 million refers to the 99% currently held by Intek Group. Indeed, in the course of 2019, as part of the acquisition of MKM, a 1% shareholding was transferred.

The current negative effects on the macroeconomic level, which will have a lasting impact on long-term growth outlooks in Europe and on the relative competitiveness, have driven KME to link the MKM integration process with a general extension of cost reduction actions, in order to restructure the group beyond the level of the synergies called for in the MKM (now KME Mansfeld) integration plan, which is proceeding successfully and will contribute towards offsetting the turbulence of 2020.

As part of a strategic plan aiming to reduce complexity and concentrate the product portfolio on sustainable long-term growth and profit margin development, in 2019 KME decided to implement the “Forerunner” integration plan in order to specialise the copper production sites on the basis of the strengths of the individual production plants and promote the best use of its production facilities.

The following strategic operations were concluded in 2019:

Acquisition of MKM (Mansfelder Kupfer und Messing)

Following the fulfilment of the conditions precedent, on 28 February 2019, KME SE executed the sale and purchase agreement (SPA) of the MKM group, one of the main European competitors of the KME Group, thereby becoming its owner. The purchase price was roughly Euro 78 million, plus a 1% equity investment in KME SE. MKM employs roughly 1,100 resources, with revenue of around Euro 1.1 billion.

The acquisition of MKM strengthens KME's product portfolio in the business of rolled copper, creating a global leader in these products. The objective of integrating MKM within the footprint of KME is to have a set of production plants with specialisations in the rolled portfolio products, with a competitive edge, so as to be able to offer a complete range of all copper qualities and alloys, capable of serving all industrial market segments worldwide.

Sale of the brass rods business and tubes business

Following the fulfilment of the conditions precedent, on 31 March 2019, the agreement was executed with proceeds of roughly Euro 87 million, corresponding to the sale price, in addition to net working capital and the repayment of intercompany debts outstanding at the closing date and after deducting the mandatory repayments of working capital credit lines utilised by the businesses sold.

The overall scope of the transaction employs a total of around 1,100 workers and in 2017 generated revenue of approximately Euro 540 million, with EBITDA of around Euro 15 million.

The sale of the Tubes and Brass Rods businesses further strengthens KME's product portfolio in the "core business" divisions relating to "Special Products" and "Copper Products", thus reducing the complexity of KME's industrial and sales organisation.

Repurchase of 100% of Tréfinétaux SAS

On 9 July 2019 the closing took place in relation to the agreement between KME SE and ECT-European Copper Tubes Ltd for the acquisition of 49% of Tréfinétaux SAS (TMX) by KME SE, which thus once again became the owner of 100% of that company.

Tréfinétaux SAS is a French company that manufactures copper tubes and rods in its Givet and Niederbrueck plants, respectively, and controls Serravalle Copper Tubes Srl, an Italian company operating in the copper tubes business with its own plant located in Serravalle Scrivia. The consolidated annual revenue of this business was roughly Euro 220 million at 31 December 2018, and it employs around 560 resources.

The purchase price paid at the closing was Euro 2.0 million and the agreement also includes an earn out based on the future performance of the business. The repurchase of 49% of the share capital of Tréfinétaux enables KME to accelerate its industrial and market strategy, and negotiations are already under way for the sale of the Italian tubes business.

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As regards the strategy of focusing on markets with the highest growth potential, the Chinese joint venture KMD, intended to build a new production plant in Xing Xiang, China, finalised the process in the first half of the year.

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Due to the multiple fields of application of copper and copper alloy semi-finished and special products, demand for these products is closely linked to the general economic development of the reference markets.

The global economic recovery, which had continued to strengthen since the end of 2016, suffered from a slowdown in economic growth in the third quarter of 2018 and continued to slow further in 2019.

In the Eurozone, where the KME Group's presence is concentrated, the previous growth transformed into stagnation due to the downturn in the automotive industry as well as exports. Uncertainty regarding global economic trends, which is partially affected by geopolitical tensions, is the greatest risk factor insofar as economic activity is concerned.

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As regards the operating results of KME, **Consolidated Revenue** in December 2019 amounted to Euro 2,527.6 million, up 28.9% from Euro 1,961.2 million in 2018. Revenue, net of the value of raw materials, increased from Euro 528.9 million to Euro 531.9 million, up 0.6%.

EBITDA was Euro 86.5 million in December 2019, up 7.5% on the 2018 EBITDA (Euro 80.4 million).

EBIT stood at Euro 45.2 million (Euro 50.3 million in 2018). This change is basically due to higher amortisation and depreciation resulting from the consolidation of KME Mansfeld and the initial adoption of IFRS 16 (Euro 4.8 million).

The Net Financial Position totalled Euro 237 million compared to Euro 219.3 million last year, due to the first time application of IFRS 16 and the consolidation of Tréfinétaux, which had negative effects of Euro 14.9 million and Euro 10.4 million, respectively.

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“Financial and real estate assets” sector

The Intek Group continues creating value from these assets and investing in operations in the special situations sector, where it has developed significant experience in bankruptcy proceedings, especially compositions with creditors.

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Private Equity

The investment in the private equity area is represented by the Company's equity investment in I2 Capital Partners SGR S.p.A., the relations involving payables to and receivables from said company, and the investment in Isno 3 Srl in liquidation, received following the liquidation of the I2 Capital Partners fund.

<i>(in thousands of Euro)</i>	<i>31 Dec 2019</i>	<i>31 Dec 2018</i>
I2 Capital Partners fund	-	2,368
Isno 3 investment	1,500	-
I2 Capital Partners SGR investment	1,055	1,788
Financial payables to I2 Capital Partners SGR	(1,024)	(1,311)
Other	49	36
Total Private Equity	1,580	2,881

In July 2019, the procedure for the liquidation of the I2 Capital Partners Fund, in which Intek held a share of 19.15% as at 31 December 2018, was completed. Between April and July 2019, Intek acquired the rights transferred by several investors for Euro 3.2 million, increasing its investment in the Fund from 19.15% to 59.5%.

Culti Milano SpA

As at 31 December 2019, Intek holds 77.17% of the share capital of Culti Milano SpA, a company whose shares were admitted to trading on the AIM Italia market managed by Borsa Italiana in July 2017. The shareholding was increased by 5.13% in the course of 2019 through acquisitions in the market, for a financial outlay of Euro 0.4 million.

The activity of Culti Milano, a good part of which is carried out abroad, has extended from the category of high-end environmental fragrance diffusers to the segment of perfumes and cosmetics, thus expanding the business to personal wellness: from environmental perfumes (home, car, boat, etc.) to personal care products (perfumes, personal hygiene, cosmetics).

From this standpoint, in July 2019 it acquired 50.01% of the share capital of Bakel Srl, a company which produces cosmetics exclusively from natural active ingredients. The investment amounted to Euro 2.5 million (of which 2 million paid at the closing, while the remaining up to Euro 500 thousand will be subject to an incentive mechanism, based on the company's profitability, to be recognised by the end of 2021).

Culti's main indicators for the year 2019 can be summarised as follows:

- total sales of Euro 7.7 million, compared to Euro 6.5 million in the previous year, with an increase of 18.1%;
- EBITDA of Euro 1.3 million, compared to Euro 0.5 million in 2018;
- Net profit of Euro 0.4 million, compared to a loss of Euro 0.2 million in the prior year;
- Positive net financial position of Euro 2.4 million which, despite the financial commitment for the acquisition of Bakel, declined by just Euro 0.5 million compared to 31 December 2018.

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Intek Group Consolidated Financial Statements

Group results

It should be noted that, following the application of the accounting standard on investment entities that occurred at the end of 2014 and the corporate simplification process, the values of the consolidated financial statements, which exclude non-instrumental investments from the scope of consolidation, are aligned with those of the separate financial statements. In the year 2019, there were no changes in the scope of consolidation.

With respect to the **financial position**, consolidated equity can be summarised as follows:

Consolidated equity		
<i>(in thousands of Euro)</i>	<i>31 Dec 2019</i>	<i>31 Dec 2018</i>
Share capital	335,069	335,069
Reserves	169,434	148,661
Profit/(loss) for the period	(1,868)	20,866
Equity attributable to owners of the Parent	502,635	504,596
Non-controlling interests	-	-
Total equity	502,635	504,596

The change in equity was the result of the profit for the year.

The **Consolidated net invested capital** was as follows:

Consolidated net invested capital		
<i>(in thousands of Euro)</i>	<i>31 Dec 2019</i>	<i>31 Dec 2018</i>
Net non-current assets	554,061	552,459
Net working capital	11,130	9,181
Net deferred tax	1,587	1,429
Provisions	(930)	(1,385)
Net invested capital	565,848	561,684
Total equity	502,635	504,596
Net financial position	63,213	57,088
Sources of finance	565,848	561,684

"Net invested capital" is a financial indicator which is not defined by IFRS and should not be considered as an alternative to the indicators defined by IFRS. Its components are given here below:

- "Net non-current assets" consist of the sum of non-current assets except for deferred tax assets.

- “Net working capital” consists of the sum of the items “Trade receivables” net of “Trade payables” and “Other current assets/liabilities”, except for the items considered in the definition of “Net financial debt”.
- “Provisions” include the items “Employee benefits” and “Provisions for risks and charges”.

The **Reclassified consolidated net financial position** is as follows:

Reclassified consolidated net financial position		
<i>(in thousands of Euro)</i>	<i>31 Dec 2019</i>	<i>31 Dec 2018</i>
Short-term financial payables	111,971	10,760
Medium to long-term financial payables	4,996	5,378
Financial payables to Group companies	3,232	3,706
(A) Financial payables	(A) 120,199	19,844
Cash and cash equivalents	(44,904)	(52,556)
Other financial assets	(9,661)	(10,242)
Financial receivables from Group companies	(2,421)	(1,349)
(B) Cash and current financial assets	(B) (56,986)	(64,147)
(C) Consolidated net financial position (net of outstanding securities)	(A) + (B) 63,213	(44,303)
(D) Outstanding debt securities (net of interest)	-	101,391
(E) Consolidated net financial position	(C) + (D) 63,213	57,088
(F) Non-current financial assets	(2,664)	(3,403)
(G) Total net financial debt	(E) + (F) 60,549	53,685

(E) Defined as per CONSOB communication DEM/6064293 of 28 July 2006 enforcing the CESR recommendations of 10 February 2005.

The **Consolidated income statement** is the following:

Consolidated income statement		
<i>(in thousands of Euro)</i>	<i>2019</i>	<i>2018</i>
Net income/(charges) from investment management	8,388	33,233
Guarantee fees	962	1,258
Other income	3,732	1,066
Labour costs	(1,880)	(1,993)
Amortisation, depreciation, impairment and write-downs	(1,279)	(3,713)
Other operating costs	(7,936)	(5,204)
Operating profit/(loss)	1,987	24,647
Finance income	920	1,010
Finance expense	(5,885)	(5,809)
<i>Net finance expense</i>	<i>(4,965)</i>	<i>(4,799)</i>
Profit/(loss) before taxes	(2,978)	19,848
Current taxes	977	1,667
Deferred taxes	133	(649)
Total income taxes	1,110	1,018
Profit/(loss) for the period	(1,868)	20,866

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Covid-19

As is well known, since January 2020 the domestic and international scenario has been characterised by the progressive spread of Covid-19 and the resulting restrictive measures to contain it enacted by the public authorities of the countries concerned. These circumstances, which are extraordinary in terms of nature as well as extent, are having extremely significant direct and indirect repercussions on economic activity and have created a general context of uncertainty, the evolutions and relative effects of which cannot be predicted. As things currently stand, it is not possible to forecast the impacts that this situation may have on Intek Group and its investments.

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Buyback and disposals of Company shares

The Board of Directors decided to once again seek authorisation from shareholders to buyback and dispose of ordinary and/or savings shares in Intek Group SpA pursuant to articles 2357 and 2357 ter of the Italian Civil Code, articles 125-ter and 132 of Italian Legislative Decree 58/98, and Regulation (EU) no. 596/2014 of 16 April 2014 on market abuse (known as “MAR”), revoking first the decision taken on 8 May 2018 for the part not yet completed.

The proposal is intended to maintain an effective operating instrument for all purposes allowed under applicable laws.

The authorisation to buyback Intek Group SpA ordinary and/or savings shares would last for 18 months and be subject to the maximum limit as provided in applicable laws enacted from time to time (currently, said limit is 20% of the share capital pursuant to article 2357, paragraph 3 of the

Italian Civil Code), and in any case to the extent of available profit reported in the most recent approved financial statements (including interim financial statements) at the date of the transaction.

The authorisation to dispose of Intek Group SpA ordinary and/or savings shares would last for 18 months.

The maximum financial commitment is expected to amount to Euro 5 million.

Assessment of Independent Directors' requirements

The Board of Directors verified that the directors Giuseppe Lignana, Francesca Marchetti and Luca Ricciardi meet the independence requirements.

The assessment was based on the information received from the Directors in accordance with article 148, paragraph 3 of Italian Legislative Decree 58/98 and the criteria provided in article 3, paragraph 1 of the Corporate Governance Code.

The Company did not use parameters nor quantitative and/or qualitative criteria other than the above.

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The Manager in charge of Financial Reporting, Giuseppe Mazza, hereby declares that, pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance (Italian Legislative Decree no. 58/1998), the accounting information contained in this press release, corresponds to the company's documents, books, and accounting records.

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The press release is available on the website www.itkgroup.it where it is possible to request information directly from the Company (phone: 02-806291; e-mail: info@itk.it) and on the "eMarket STORAGE" system operated by Spafid Connect SpA at www.emarketstorage.com.

Milan, 29 April 2020

The Board of Directors

Annexes:

- 1) Intek Group SpA Statement of Financial Position
- 2) Intek Group SpA Income Statement
- 3) Cash flow statement
- 4) Consolidated Statement of Financial Position
- 5) Consolidated Income Statement
- 6) Consolidated cash flow statement

Annex 1) Intek Group – Separate financial statements as at 31 December 2019

Statement of financial position – Assets

<i>(in units of Euro)</i>	<i>Ref. Note</i>	<i>31-Dec-19</i>		<i>31-Dec-18</i>	
			<i>of which related parties</i>		<i>of which related parties</i>
Investments in equity interests and fund units	4.1	507,828,539	507,607,555	505,512,669	502,397,153
Instrumental equity investments	4.2	25,189,005	25,189,005	25,921,005	25,921,005
Non-current financial assets	4.3	425,646	425,646	2,057,550	1,917,550
Property, plant and equipment	4.4	4,389,404.00	-	321,984	-
Investment property	4.5	462,039	-	780,539	-
Intangible assets	4.6	7,835	-	5,553	-
Other non-current assets	4.7	2,961	-	2,961	-
Deferred tax assets	4.21	3,625,917	-	3,383,718	-
Total non-current assets		541,931,346		537,985,979	
Current financial assets	4.8	21,366,053	11,704,679	19,301,088	9,059,042
Trade receivables	4.9	13,483,467	9,318,713	10,673,011	4,982,056
Other current receivables and assets	4.10	4,200,221	1,368,474	4,646,443	1,709,890
Cash and cash equivalents	4.11	44,639,026	-	51,902,012	-
Total current assets		83,688,767		86,522,554	
Total assets		625,620,113		624,508,533	

N.B. The auditing of the financial statements has not yet been completed

Intek Group – Separate financial statements as at 31 December 2019

Statement of financial position – Liabilities

<i>(in units of Euro)</i>	<i>Ref. Note</i>	<i>31-Dec-19</i>		<i>31-Dec-18</i>	
			<i>of which related parties</i>		<i>of which related parties</i>
Share capital		335,069,010	-	335,069,010	-
Other reserves		95,436,752	-	78,659,710	-
Treasury shares		(1,819,672)	-	(1,819,672)	-
Retained earnings/(accumulated losses)		71,141,883	-	71,141,883	-
Stock option reserve		2,051,902	-	2,051,902	-
Convertible loan		-	-	-	-
Profit/(loss) for the year		(1,042,793)	-	16,791,385	-
Total equity	<i>4.12</i>	500,837,082		501,894,218	
Employee benefits	<i>4.13</i>	230,495	-	233,421	-
Deferred tax liabilities	<i>4.21</i>	1,974,953	-	1,973,979	-
Non-current financial payables and liabilities	<i>4.14</i>	3,870,037	3,345,957	1,319,444	-
Bonds	<i>4.15</i>	-	-	101,391,485	-
Other non-current liabilities	<i>4.16</i>	1,014,443	-	1,545,126	-
Provisions for risks and charges	<i>4.17</i>	526,278	-	942,323	-
Total non-current liabilities		7,616,206		107,405,778	
Current financial payables and liabilities	<i>4.18</i>	111,739,022	4,673,843	10,792,800	5,017,238
Trade payables	<i>4.19</i>	1,199,013	218,706	1,061,128	130,512
Other current liabilities	<i>4.20</i>	4,228,790	1,930,174	3,354,609	904,237
Total current liabilities		117,166,825		15,208,537	
Total liabilities and equity		625,620,113		624,508,533	

N.B. The auditing of the financial statements has not yet been completed

Annex 2) Intek Group – Separate financial statements as at 31 December 2019

Statement of profit or loss and other comprehensive income

<i>(in units of Euro)</i>	<i>Ref. Note</i>	2019		2018	
			<i>of which related parties</i>		<i>of which related parties</i>
Net income from investment management	6.1	6,605,635	6,386,309	24,864,991	26,630,954
Guarantee fees	6.2	962,250	962,250	1,258,183	1,258,183
Other income	6.3	3,352,287	2,423,679	330,065	189,993
Labour costs	6.4	(1,458,797)	-	(1,608,388)	-
Amortisation, depreciation, impairment and write-downs	6.5	(647,557)	-	(323,179)	-
Other operating costs	6.6	(5,762,929)	(3,747,546)	(3,313,799)	(1,903,376)
Operating profit/(loss)		3,050,889		21,207,873	
Finance income	6.7	1,116,716	641,770	1,147,723	391,969
Finance expense	6.7	(5,874,935)	(317,283)	(5,543,721)	(136,665)
<i>Net finance expense</i>		<i>(4,758,219)</i>		<i>(4,395,998)</i>	
Profit/(loss) before taxes		(1,707,330)		16,811,875	
Current taxes	6.8	423,313	-	1,305,237	-
Deferred taxes	6.8	241,224	-	(1,325,727)	-
Total income taxes		664,537		(20,490)	
Profit/(loss) from continuing operations		(1,042,793)		16,791,385	
Profit/(loss) from discontinued operations		-		-	
Net profit/(loss) for the year		(1,042,793)		16,791,385	
Other comprehensive income:					
<i>Measurement of employee defined benefits</i>		<i>(14,343)</i>		<i>6,069</i>	
<i>Taxes on other comprehensive income</i>		<i>-</i>		<i>-</i>	
Items that will not be reclassified to profit or loss		(14,343)		6,069	
Items that may be reclassified to profit or loss		-		-	
Other comprehensive income:		(14,343)		6,069	
Total comprehensive income for the year		(1,057,136)		16,797,454	

N.B. The auditing of the financial statements has not yet been completed

Annex 3) Intek Group – Separate financial statements as at 31 December 2019

Cash flow statement

<i>(in thousands of Euro)</i>	<i>2019</i>	<i>2018</i>
(A) Cash and cash equivalents at the beginning of the year	51,902	28,066
Profit/(loss) before taxes	(1,706)	16,811
Amortisation and depreciation	647	37
Impairment of non-current non-financial assets	-	286
Impairment/(reversal of impairment) of current and non-current financial assets	(6,413)	(24,674)
Changes in pension funds, post-employment benefits and stock options	(16)	15
Changes in provisions for risks and charges	(416)	(2,873)
(Increase)/decrease in equity investments	2,462	1,454
(Increase)/decrease in other financial investments	2,108	-
Increase/(decrease) in financial payables to related companies	(761)	(704)
(Increase)/decrease in financial receivables from related companies	(2,041)	33,197
Dividends received	260	261
(Increase)/decrease in current receivables	(1,943)	5,124
Increase/(decrease) in current payables	1,012	(3,640)
(B) Total cash flows from/(used in) operating activities	(6,807)	25,294
(Increase) in non-current intangible assets and property, plant and equipment	(252)	(114)
Decrease in non-current intangible assets and property, plant and equipment	319	2
Increase/decrease in other non-current assets/liabilities	(531)	-
(C) Cash flows from/(used in) investing activities	(464)	(112)
Payment of interest on Bonds	(5,085)	(5,085)
Increase/(decrease) in current and non-current financial payables	4,373	4,456
(Increase)/decrease in current and non-current financial receivables	720	(192)
(D) Cash flows from/(used in) financing activities	8	(821)
(E) Change in cash and cash equivalents	(B) + (C) + (D)	(7,263)
(F) Effect of change in accounting standards	-	(525)
(G) Cash and cash equivalents at the end of the period	(A) + (E) + (F)	44,639
		51,902

N.B. The auditing of the financial statements has not yet been completed

Annex 4) Intek Group – Consolidated financial statements as at 31 December 2019

Statement of financial position – Assets

<i>(in thousands of Euro)</i>	<i>Ref. Note</i>	<i>31-Dec-19</i>		<i>31-Dec-18</i>	
			<i>of which related parties</i>		<i>of which related parties</i>
Investments in equity interests and fund units	4.1	524,418	508,027	521,027	502,912
Non-current financial assets	4.2	3,090	3,090	4,722	4,582
Property, plant and equipment	4.3	12,148	-	11,481	-
Investment property	4.4	14,817	-	16,536	-
Intangible assets	4.5	8	-	6	-
Other non-current assets	4.6	6	-	6	-
Deferred tax assets	4.20	5,081	-	4,958	-
Total non-current assets		559,568		558,736	
Current financial assets	4.7	13,013	3,352	12,516	2,274
Trade receivables	4.8	13,482	9,276	10,844	4,951
Other current receivables and assets	4.9	5,216	1,922	5,484	1,867
Cash and cash equivalents	4.10	44,904	-	52,556	-
Total current assets		76,615		81,400	
Non-current assets held for sale		-	-	-	-
Total assets		636,183		640,136	

N.B. The auditing of the financial statements has not yet been completed

Intek Group – Consolidated financial statements as at 31 December 2019

Statement of financial position – Liabilities

<i>(in thousands of Euro)</i>	<i>Ref. Note</i>	<i>31-Dec-19</i>	<i>31-Dec-18</i>		
			<i>of which related parties</i>	<i>of which related parties</i>	
Share capital		335,069		335,069	
Other reserves		100,336		79,467	
Treasury shares		(1,820)		(1,820)	
Retained earnings/(accumulated losses)		71,143		71,146	
Other comprehensive income reserve		(225)		(132)	
Profit/(loss) for the period		(1,868)		20,866	
Equity attributable to owners of the Parent	4.11	502,635		504,596	
Non-controlling interests		-		-	
Total equity	4.11	502,635		504,596	
Employee benefits	4.12	354	-	343	-
Deferred tax liabilities	4.20	3,494	-	3,529	-
Non-current financial payables and liabilities	4.13	5,422	-	6,697	-
Bonds	4.14	-	-	101,391	-
Other non-current liabilities	4.15	1,801	-	2,338	-
Provisions for risks and charges	4.16	576	-	1,042	-
Total non-current liabilities		11,647		115,340	
Current financial payables and liabilities	4.17	116,134	3,232	15,391	3,706
Trade payables	4.18	1,399	219	1,308	179
Other current liabilities	4.19	4,368	1,930	3,501	904
Total current liabilities		121,901		20,200	
Total liabilities and equity		636,183		640,136	

N.B. The auditing of the financial statements has not yet been completed

Annex 5) Intek Group – Consolidated financial statements as at 31 December 2019

Statement of profit or loss and other comprehensive income

<i>(in thousands of Euro)</i>	<i>Ref. Note</i>	2019	<i>of which related parties</i>	2018	<i>of which related parties</i>
Net income from investment management	5.1	8,388	-	33,233	-
Guarantee fees	5.2	962	962	1,258	1,259
Other income	5.3	3,732	2,334	1,066	92
Labour costs	5.4	(1,880)	-	(1,993)	-
Amortisation, depreciation, impairment and write-downs	5.5	(1,279)	-	(3,713)	-
Other operating costs	5.6	(7,936)	(948)	(5,204)	(921)
Operating profit/(loss)		1,987		24,647	
Finance income		920	445	1,010	254
Finance expense		(5,885)	(108)	(5,809)	(114)
<i>Net finance expense</i>	5.7	(4,965)		(4,799)	
Profit/(loss) before taxes		(2,978)		19,848	
Current taxes	5.8	977		1,667	
Deferred taxes	5.8	133		(649)	
Total income taxes		1,110		1,018	
Net profit/(loss) for the year		(1,868)		20,866	
Other comprehensive income:					
<i>Measurement of employee defined benefits</i>		(15)		9	
Items that will not be reclassified to profit or loss		(15)		9	
<i>Net change in cash flow hedge reserve</i>		(103)		(17)	
<i>Taxes on other comprehensive income</i>		25		4	
Items that may be reclassified to profit or loss		(78)		(13)	
Other comprehensive income, net of tax effect:		(93)		(4)	
Total comprehensive income for the year		(1,961)		20,862	
Profit/(loss) for the period attributable to:					
- non-controlling interests		-		-	
- owners of the Parent		(1,868)		20,866	
Profit/(loss) for the period		(1,868)		20,866	
Total comprehensive income attributable to:					
- non-controlling interests		-		-	
- owners of the Parent		(1,961)		20,862	
Total comprehensive income for the period		(1,961)		20,862	
Earnings per share (in Euro)					
Basic earnings/(loss) per share		(0.0043)		0.0398	
Diluted earnings/(loss) per share		(0.0043)		0.0398	

N.B. The auditing of the financial statements has not yet been completed

Annex 6) Intek Group – Consolidated financial statements as at 31 December 2019

Cash flow statement

<i>(in thousands of Euro)</i>	2019	2018
(A) Cash and cash equivalents at the beginning of the year	52,556	28,886
Profit/(loss) before taxes	(2,978)	19,848
Amortisation and depreciation	559	404
Impairment of current assets	-	1,210
Impairment/(reversal of impairment) of non-current assets other than financial assets	720	3,307
Impairment/(reversal of impairment) of investments and financial assets	(8,115)	(33,194)
Changes in pension funds, post-employment benefits and stock options	(4)	30
Changes in provisions for risks and charges	(466)	(2,823)
(Increase)/decrease in investments	2,019	1,454
(Increase)/decrease in financial investments and financial assets	2,368	-
Increase/(decrease) in current and non-current financial payables to related companies	(474)	(703)
(Increase)/decrease in current and non-current financial receivables from related companies	(473)	34,975
Dividends received	337	306
(Increase)/decrease in current receivables	(1,393)	5,047
Increase/(decrease) in current payables	958	(3,539)
(B) Total cash flows from/(used in) operating activities	(6,942)	26,322
(Increase) in non-current intangible assets and property, plant and equipment	(661)	(658)
Decrease in non-current intangible assets and property, plant and equipment	999	3
Increase/decrease in other non-current assets/liabilities	(537)	(8)
(C) Cash flows from/(used in) investing activities	(199)	(663)
Increase/(decrease) in current and non-current financial payables	(1,232)	(1,304)
(Increase)/decrease in current and non-current financial receivables	721	(160)
(D) Cash flows from/(used in) financing activities	(511)	(1,464)
(E) Change in cash and cash equivalents	(B) + (C) + (D)	(7,652)
(F) Effect of change in accounting standards	-	(525)
(G) Cash and cash equivalents at the end of the period	(A) + (E) + (F)	44,904
		52,556

N.B. The auditing of the financial statements has not yet been completed