

PRESS RELEASE

- **THE BOARD OF DIRECTORS OF INTEK GROUP SPA:**
 - **HAS APPROVED THE HALF YEAR FINANCIAL REPORT AS AT 30 JUNE 2020, WITH THE SEPARATE FINANCIAL STATEMENTS SHOWING THE FOLLOWING:**

	<u>(IN MILLIONS OF EURO)</u>	
	<u>30/06/2020</u>	<u>31/12/2019</u>
▪ NET INVESTMENTS	553,9	552,9
▪ NET FINANCIAL DEBT	53.0	49.2
▪ NET EQUITY	496.4	500.8
▪ NET PROFIT/(LOSS)	(4.2)	(3.0)

– **KME GROUP:**

EBITDA AS AT 30 JUNE 2020 WAS EURO 40.6 MILLION; 3.0% HIGHER THAN THE FIGURE OF THE FIRST HALF OF 2019 (EURO 39.4 MILLION)

– **CULTI MILANO:**

ITS GROWTH CONTINUES ALSO DUE TO A NEW ACQUISITION (SCENT COMPANY)

- **HAS RESOLVED TO MEET BY AND NOT BEYOND THE FIRST TEN DAYS OF OCTOBER IN ORDER TO CONVENE THE SHAREHOLDERS' MEETING IN PREPARATION FOR THE PUBLIC EXCHANGE OFFER ON INTEK SAVINGS SHARES**

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The Board of Directors of Intek Group SpA (hereinafter also “Intek Group” or the “Company”), a *holding* of diversified investments with the objective of a dynamic management of its holdings, has approved today the half-year financial report as at 30 June 2020.

As at 30 June 2020, the net investments held by the Company amounted to Euro 553.9 million (Euro 552.9 million at the end of 2019), of which about 89% in the “copper” sector and the remaining in financial and real estate assets.

The Company maintains a sound financial structure: Net Equity as at 30 June 2020 amounted to Euro 496.4 million compared to Euro 500.8 million as at 31 December 2019. The change is to be attributed primarily to the results of the period, negative by Euro 4.2 million (negative by Euro 3.0 million in the first half of 2019).

Following are the main events that have characterised the Intek activities and those of its subsidiaries in the first half of 2020:

(I) Bond loan 2020-2025

In February 2020, a bond loan in the amount of Euro 75.9 million, with a 5-year maturity and a 4.5% interest rate was finalised and requests, from the public offer of subscriptions and the exchange offer on the previous Intek bonds, were collected for Euro 92.6 million.

The financial revenue from this issuance have been allocated, together with those from the loan obtained from a credit institution for Euro 25.0 million and with the financial resources already held by Intek, to

the redemption of the Intek Group 2015-2020 bonds, maturing on 20 February 2020 and not used to participate in the Exchange Offer.

This transaction has made possible the optimization of the Intek indebtedness by extending its maturity and decreasing the costs.

(II) KME

Gross operating profit (EBITDA) as at 30 June 2020 was Euro 40.6 million; it was 3.0% higher than the same figure in the first half of 2019 (Euro 39.4 million) Net operating profit (EBIT) amounted to Euro 19.7 million compared to Euro 16.6 million of the first half of 2019.

On 1 July 2020, the legal separation in KME Germany of the “Copper” and “Special” divisions became effective. The activities of the two businesses are now carried out by two separate legal entities, both controlled directly by KME SE: KME Germany GmbH and KME Special Products GmbH.

The situation related to Covid and the focus on the new *legal entity* have led the *management* of the company to pursue an acceleration of the cost optimisation measures adopted by KME Germany GmbH.

(III) Culti Milano SpA

Part of this context is also, after the acquisition of the majority holding of Bakel Srl, the acquisition of Scent Company Srl, a company active in olfactory and sanitisation *branding*, with an investment of Euro 1.8 million.

In the first half of 2020, the consolidated turnover of Culti amounted to Euro 4.5 million, EBITDA reached Euro 0.6 million and EBIT Euro 0.3 million. These results do not include those of Scent Company since it was acquired in June 2020.

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The **investment sectors** of Intek Group are currently:

- the copper sector, which includes the production and marketing of copper and copper-alloy semi-finished products, under the German subsidiary KME SE;
- the “financial and real estate assets” sector which includes the *private equity* business and the management of the receivables (tax receivables, *non-performing* loans and receivables arising from insolvency proceedings) and of real estate properties, as well as the investment in Culti Milano SpA.

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“Copper” sector

The “copper” sector, which refers to the subsidiary KME SE, is the largest investment of the Intek Group.

Due to their wide field of application, the demand for copper and copper-alloy semi-finished products is very closely connected to the general economic performance in the reference markets.

The **Consolidated turnover**, net of the raw material amount, has decreased from Euro 281.5 million to Euro 247.1 million, a 12.2% decline. Gross operating income (**EBITDA**) as at 30 June 2020 was Euro 40.6 million; 3.0% higher than the figure of the first half of 2019 when it stood at Euro 39.4 million. Net operating income (**EBIT**) was Euro 19.7 million (Euro 16.6 million in the first half of 2019). **Profit(loss) net of non-recurrent items** was 0 (negative by Euro 3.9 million in the same period of 2019).

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“Financial and real estate assets” sector

Within this sector, to be noted are the activities of Culti Milano, listed in the AIM market as from July 2017, which has extended its business from a company of fragrance products, within the room-fragrance (home, car, boats, etc.) segment to a company aimed at the well-being of the individual (perfumes, personal hygiene, cosmetics).

Activities aimed at maximising the value of the real estate properties held by the Group, also through Immobiliare Picta, continued.

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The main equity data of Intek as at 30 June 2020, compared with those as at 31 December 2019, are summarised in the following table.

Condensed separate statement of financial position				
<i>(in thousands of Euro)</i>	<i>30 June 2020</i>		<i>31 Dec 2019</i>	
Copper	494,123	89.21%	494,434	89.42%
Financial and real estate assets				
<i>Total Private Equity</i>	<i>1,635</i>		<i>1,580</i>	
<i>Non-operating assets</i>	<i>10,529</i>		<i>9,952</i>	
<i>Real Estate/Others</i>	<i>34,073</i>		<i>33,308</i>	
<i>Culti/Other services</i>	<i>13,325</i>		<i>13,427</i>	
Total financial and real estate assets	59,562	10.75%	58,267	10.54%
Other assets/liabilities	213	0.04%	222	0.04%
Net investments	553,898	100.00%	552,923	100.00%
<i>Outstanding bonds (*)</i>	<i>(76,427)</i>		<i>(106,000)</i>	
<i>Net cash from third parties</i>	<i>18,951</i>		<i>53,914</i>	
Net financial debt of the holding company to third parties	(57,476)	10.38%	(52,086)	9.42%
Total equity	496,422	89.62%	500,837	90.58%

Notes:

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

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Equity

The net equity of the *holding* stands at Euro 496.4 million compared to Euro 500.8 million as at 31 December 2019; the change is to be attributed to the results for the period. Net equity by share amounted to Euro 1.15, unchanged versus the same figure as at 31 December 2019.

The **Share Capital** as at 30 June 2020 was unchanged compared to the same figure as at 31 December 2019, standing at Euro 335,069,009.80, divided into 389,131,478 ordinary shares and 50,109,818 savings shares. None of the shares have a nominal value.

As at 30 June 2020, Intek held 6,555,260 ordinary treasury shares (1.68% of the shares in this category), an increase of 841,688 securities following acquisitions carried out in March 2020. Also as at 30 June 2020, Intek held 11,801 savings shares (i.e. 0.024% of the capital in this category).

Financial management

Net financial debt of the holding company to third parties (excluding intra-group loans and leasing liabilities) totalled Euro 57.5 million as at 30 June 2020. The balance as at 31 December 2019 was Euro 52.1 million.

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Intek Group Consolidated Financial Statements

The profit/(loss) for the period, without any significant results from “Net income from investment management” was a negative Euro 4.6 million due primarily to net financial charges.

The **consolidated financial position** can be summarised as follows:

Consolidated net invested capital		
<i>(in thousands of Euro)</i>	<i>30 June 2020</i>	<i>31 Dec 2019</i>
Net non-current assets	553,468	554,061
Net working capital	11,228	11,130
Net deferred tax	1,309	1,587
Provisions	(710)	(930)
Net invested capital	565,295	565,848
Total equity	497,807	502,635
Net financial position	67,488	63,213
Sources of finance	565,295	565,848

The change in net equity relates almost entirely to the results for the period.

The details of the “*Net financial position*” are the following:

Reclassified consolidated net financial position		
<i>(in thousands of Euro)</i>	<i>30 June 2020</i>	<i>31 Dec 2019</i>
Short-term financial payables	7,124	111,971
Medium to long-term financial payables	5,091	4,996
Financial payables to Group companies	401	3,232
(A) Financial payables	(A) 12,616	120,199
Cash and cash equivalents	(19,742)	(44,904)
Other financial assets	(291)	(9,661)
Financial receivables from Group companies	(282)	(2,421)
(B) Cash and current financial assets	(B) (20,315)	(56,986)
(C) Consolidated net financial position (net of outstanding securities)	(A) + (B) (7,699)	63,213
(D) Outstanding debt securities (net of interest)	75,187	-
(E) Consolidated net financial position	(C) + (D) 67,488	63,213
(F) Non-current financial assets	(2,664)	(2,664)
(G) Total net financial debt	(E) + (F) 64,824	60,549

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Public exchange offer on Intek Group Savings Shares

The Board of Directors, at the meeting of 28 September, after acknowledging the Intek Group and its subsidiaries performance, also subsequent to the extraordinary circumstances related to Covid-19, has resolved to meet by and not beyond the first ten days of October in order to decide on the convening of the Ordinary and Extraordinary Shareholders' Meeting in preparation for the promotion, pursuant to art. 102 of the TUF, of the Public Exchange Offer on the Savings Shares of the Intek Group.

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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 authorised "eMarket STORAGE" system operated by Spafid Connect SpA at www.emarketstorage.com.

Milan, 28 September 2020

The Board of Directors

Annexes:

- 1) Consolidated Statement of financial position
- 2) Consolidated Income statement
- 3) Consolidated Statement of cash flows

Intek Group – Consolidated condensed half-year financial statements as at 30 June 2020

Statement of financial position – Assets

<i>(in thousands of Euro)</i>	<i>30-June-20</i>	<i>31-Dec-19</i>
Investments in equity interests and fund units	524,040	524,418
Non-current financial assets	27,542	3,090
Investment property	14,602	14,817
Property, plant and equipment	12,148	12,148
Intangible assets	8	8
Other non-current assets	6	6
Deferred tax assets	4,767	5,081
Total non-current assets	583,113	559,568
Current financial assets	1,444	13,013
Trade receivables	14,147	13,482
Other current receivables and assets	4,836	5,216
Cash and cash equivalents	19,742	44,904
Total current assets	40,169	76,615
Non-current assets held for sale	-	-
Total assets	623,282	636,183

Note The Independent Auditors have not yet completed the audit of the above figures.

Intek Group – Consolidated condensed half-year financial statements as at 30 June 2020

Annex 1) Statement of financial and equity position – Liabilities

<i>(in thousands of Euro)</i>	<i>30-June-20</i>	<i>31-Dec-19</i>
Share capital	335,069	335,069
Profit/(loss) for the period	162,738	167,566
Equity attributable to owners of the Parent	497,807	502,635
Non-controlling interests	-	-
Total equity	497,807	502,635
Employee benefits	369	354
Deferred tax liabilities	3,458	3,494
Non-current financial payables and liabilities	29,969	5,422
Bonds	75,187	-
Other non-current liabilities	1,661	1,801
Provisions for risks and charges	341	576
Total non-current liabilities	110,985	11,647
Current financial payables and liabilities	8,396	116,134
Trade payables	1,722	1,399
Other current liabilities	4,372	4,368
Total current liabilities	14,490	121,901
Total liabilities and equity	623,282	636,183

Note The Independent Auditors have not yet completed the audit of the above figures.

Intek Group – Consolidated condensed half-year financial statements as at 30 June 2020

Annex 2) Statement of profit or loss for the period and other comprehensive income items

<i>(in thousands of Euro)</i>	<i>1st half of 2020 1st half of 2019</i>	
Net income from investment management	(188)	2,683
Guarantee fees	442	488
Other income	903	1,622
Labour costs	(983)	(980)
Amortisation, <i>depreciation, impairment</i> and write-downs	(516)	(679)
Other operating costs	(2,195)	(3,220)
Operating profit/(loss)	(2,537)	(86)
Finance income	191	688
Finance expense	(2,588)	(2,889)
<i>Net finance expense</i>	<i>(2,397)</i>	<i>(2,201)</i>
Profit/(loss) before taxes	(4,934)	(2,287)
Current taxes	633	703
Deferred taxes	(292)	(404)
Total income taxes	341	299
Net profit/(loss) for the year	(4,593)	(1,988)
Other comprehensive income:		
<i>Measurement of employee defined benefits</i>	2	(26)
<i>Tax on other comprehensive income</i>	-	-
Items that will not be reclassified to profit or loss	2	(26)
<i>Foreign currency translation gains/(losses)</i>	-	-
<i>Net change in cash flow hedge reserve</i>	(58)	(157)
<i>Other</i>	-	-
<i>Taxes on other comprehensive income</i>	14	38
Items that may be reclassified to profit or loss	(44)	(119)
Other comprehensive income, net of tax effect:	(42)	(145)
Total comprehensive income for the year	(4,635)	(2,133)
Profit/(loss) for the period attributable to:		
- non-controlling interests	-	-
- owners of the Parent	(4,593)	(1,988)
Profit/(loss) for the period	(4,593)	(1,988)
Total comprehensive income attributable to:		
- non-controlling interests	-	-
- owners of the Parent	(4,635)	(2,133)
Total comprehensive income for the period	(4,635)	(2,133)

Note The Independent Auditors have not yet completed the audit of the above figures.

Intek Group – Consolidated condensed half-year financial statements as at 30 June 2020

Annex 3) Statement of cash flows – indirect method

<i>(in thousands of Euro)</i>	<i>1st half year 2020</i>	<i>1st half year 2019</i>
(A) Cash and cash equivalents at the beginning of the year	44,904	52,556
Profit/(loss) before taxes	(4,934)	(2,287)
Amortisation and depreciation	291	276
Impairment/(reversal of impairment) of non-current assets other than financial assets	225	403
Impairment/(reversal of impairment) of investments and financial assets	378	(2,612)
Changes in pension funds, post-employment benefits and stock options	17	12
Changes in provisions for risks and charges	(235)	-
(Increase)/decrease in investments	-	4,385
(Increase)/decrease in financial investments and financial assets	-	(2,297)
Increase/(decrease) in current and non-current financial payables to related companies	2,139	(196)
(Increase)/decrease in current and non-current financial receivables from related companies	(2,831)	6
(Increase)/decrease in current receivables	348	(3,244)
Increase/(decrease) in current payables	327	2,103
(B) Total cash flows from/(used in) operating activities	(4,275)	(3,451)
(Increase) in non-current intangible assets and property, plant and equipment	(301)	(213)
Decrease in non-current intangible assets and property, plant and equipment	-	175
Increase/decrease in other non-current assets/liabilities	(140)	(122)
(C) Cash flows from/(used in) investing activities	(441)	(160)
(Purchase) sale of treasury shares and similar securities	(192)	-
Increase/(decrease) in current and non-current financial payables	(4,807)	(3,120)
(Increase)/decrease in current and non-current financial receivables	(15,447)	(184)
(D) Cash flows from/(used in) financing activities	(20,446)	(3,304)
(E) Change in cash and cash equivalents	(B) + (C) + (D)	(25,162)
(F) Cash and cash equivalents at the end of the period	(A) + (E)	19,742
(F) Effect of changes in accounting standards	-	(526)

Note The Independent Auditors have not yet completed the audit of the above figures.