

PRESS RELEASE

- **THE BOARD OF DIRECTORS OF INTEK GROUP SPA HAS APPROVED THE HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2021, WITH THE SEPARATE FINANCIAL STATEMENTS SHOWING THE FOLLOWING:**

	IN MILLIONS OF EURO	
	<u>30/06/2021</u>	<u>31/12/2020</u>
▪ NET INVESTMENTS	572.7	570.3
▪ HOLDING COMPANY NET FINANCIAL DEBT	69.5	63.2
▪ SHAREHOLDERS' EQUITY	503.1	507.2
▪ NET PROFIT/(LOSS)	(3.9)	(4.2)*

**Net profit (loss) for the first half of 2020*

– **KME:**

EBITDA AS AT 30 JUNE 2021 OF EURO 47.6 MILLION; 17.4% HIGHER COMPARING TO THE FIRST HALF OF 2020 (EURO 40.6 MILLION)

AGREEMENT WITH EREDI GNUTTI METALLI EXECUTED FOR THE ACQUISITION OF THE ITALIAN ROLLED PRODUCTS BUSINESS

DISPOSAL OF 55% OF THE SPECIAL PRODUCTS BUSINESS AND ACQUISITION OF THE AURUBIS ROLLED FLAT PRODUCT BUSINESS CURRENTLY BEING FINALISED

– **CULTI MILANO:**

CONSOLIDATED EBITDA OF EURO 1.7 MILLION (EURO 1.0 MILLION IN THE FIRST HALF OF 2020 ON A LIKE-FOR-LIKE BASIS)

CHINESE JOINT VENTURE BEGINS OPERATING

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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 2021.

As at 30 June 2021, the net investments held by the Company amounted to Euro 572.7 million (Euro 570.3 million at the end of 2020), of which 89% in the “copper” sector and the remainder in financial and real estate assets.

The Company maintains a sound financial structure: Shareholders' Equity as at 30 June 2021 amounted to Euro 503.1 million compared to Euro 507.2 million as at 31 December 2020. The change is to be attributed primarily to the result for the period, negative by Euro 3.9 million (loss of Euro 4.2 million in the first half of 2020) in the absence of income from equity investments.

Following are the main events that have characterised the Intek activities and those of its subsidiaries in the first half of 2021:

(i) Copper sector

In this business sector, significant transactions are being 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 where it intends to focus its energy and future growth, given the appealing growth rates expected for the main reference markets.

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

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

Also in the Copper sector, a term sheet was signed in August for the acquisition of part of the flat rolled products 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), Dolný Kubín (Slovakia) and Mortara (Italy), for total turnover of roughly Euro 280 million and 360 employees. The final agreement is expected to be signed in the coming months and the finalisation of the transaction will be subject to several conditions precedent, including approval by the competent competition authorities.

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

(ii) Culti Milano S.p.A.

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

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

(iii) Extraordinary finance transactions

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

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

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The main equity data of Intek as at 30 June 2021, compared with those as at 31 December 2020, are summarised in the following table.

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

Notes:

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

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Shareholders' Equity

The holding company's shareholders' equity amounted to Euro 503.1 million, compared to Euro 507.2 million as at 31 December 2020; the change, net of the buyback of treasury shares for Euro 0.1 million, was caused solely by the result for the year. Shareholders' equity per share was Euro 1.164 (Euro 1.175 as at 31 December 2020).

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

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

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

Financial management

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

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

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

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

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

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Performance of primary investments

“Copper” sector

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

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

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

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

In addition to this result, there was a positive effect of Euro 21.5 million, net of taxes, from the valuation of inventories and forward agreements and a negative effect for Euro 13.3 million from non-recurring expenses. In the first half of 2020, these effects were instead both negative to the tune of Euro 28.3 million and Euro 10.0 million, respectively.

The KME Group's consolidated net loss (net of the profit/(loss) of non-controlling interests) amounted to Euro 6.3 million (compared to a loss of Euro 46.6 million in the first half of 2020).

The negative net financial position came to Euro 290.5 million as at 30 June 2021 (negative by Euro 270.7 million as at 31 December 2020). The increase can be attributed primarily to working capital, impacted by seasonal considerations and metal prices, and for around Euro 5.3 million to the effects of the classification of the Special Products business as an asset held for disposal. The Group is continuing to adopt measures to optimise working capital requirements.

Culti Milano

The main consolidated indicators can be summarised as follows:

- total consolidated sales of Euro 9.1 million, up 102% compared to 30 June 2020 when they stood at Euro 4.5 million. The increase in sales recorded by the parent company CULTI Milano as well as by BAKEL also benefitted, for Euro 1.5 million, from the consolidation of SCENT Company as of the second half of 2020 and for Euro 1.3 million from the contribution to sales of the Chinese subsidiaries, which began operating in February 2021;
- Consolidated **EBITDA** of Euro 1.7 million (+183% compared to the first half of 2020, when it amounted to Euro 1.0 million on a like-for-like basis);
- **EBIT** of Euro 1.5 million (+200% compared to the first half of 2020, when it amounted to Euro 0.5 million);
- positive net financial position of Euro 2.2 million, down slightly compared to Euro 2.3 million as at 31 December 2020. Moreover, during the half-year the Asian joint venture was established with an investment of Euro 300 thousand and a contractual earn-out was recognised relating to the investment in the controlling share of BAKEL, for Euro 187 thousand.

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Intek Group Consolidated Financial Statements

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

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The Manager in charge of Financial Reporting, Giuseppe Mazza, hereby declares that, pursuant to article 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: +39 02-806291; e-mail: info@itk.it) and on the authorised "eMarket STORAGE" system operated by Spafid Connect SpA at www.emarketstorage.com.

Milan, 23 September 2021

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 2021

Annex 1) Statement of financial position – Assets

<i>(in thousands of Euro)</i>	<i>30-Jun-21</i>	<i>31-Dec-20</i>
Investments in equity interests and fund units	567,446	567,446
Non-current financial assets	616	134
Property, plant and equipment	3,758	3,925
Investment property	140	140
Intangible assets	14	7
Other non-current assets	3	3
Deferred tax assets	2,751	3,037
Total non-current assets	574,728	574,692
Current financial assets	33,336	26,480
Trade receivables	5,025	4,534
Other current receivables and assets	5,233	4,122
Cash and cash equivalents	739	15,415
Total current assets	44,333	50,551
Non-current assets held for sale	-	-
Total assets	619,061	625,243

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 2021

Annex 1) Statement of financial position – Liabilities

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

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 2021

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

<i>(in thousands of Euro)</i>	<i>1st half 2021</i>	<i>1st half 2020</i>
Net income from investment management	(55)	(188)
Guarantee fees	433	442
Other income	116	903
Employment costs	(926)	(983)
Amortisation, depreciation, impairment and write-downs	(325)	(516)
Other operating costs	(2,006)	(2,195)
Operating profit/(loss)	(2,763)	(2,537)
Finance income	208	191
Finance expense	(1,994)	(2,588)
<i>Net finance expense</i>	<i>(1,786)</i>	<i>(2,397)</i>
Profit/(loss) before taxes	(4,549)	(4,934)
Current taxes	874	633
Deferred taxes	(256)	(292)
Total income taxes	618	341
Net profit/(loss) for the year	(3,931)	(4,593)
Other comprehensive income:		
<i>Measurement of employee defined benefits</i>	<i>11</i>	<i>2</i>
Items that will not be reclassified to profit or loss	11	2
<i>Net change in cash flow hedge reserve</i>	<i>-</i>	<i>(58)</i>
<i>Taxes on other comprehensive income</i>	<i>-</i>	<i>14</i>
Items that may be reclassified to profit or loss	-	(44)
Other comprehensive income, net of tax effect:	11	(42)
Total comprehensive income for the year	(3,920)	(4,635)
Profit/(loss) for the period attributable to:		
- non-controlling interests	-	-
- owners of the Parent	(3,931)	(4,593)
Profit/(loss) for the period	(3,931)	(4,593)
Total comprehensive income attributable to:		
- non-controlling interests	-	-
- owners of the Parent	(3,920)	(4,635)
Total comprehensive income for the period	(3,920)	(4,635)

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 2021

Annex 3) Statement of cash flows – indirect method

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

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