

# INTEK GROUP

Registered office: 20121 Milan (MI) - Foro Buonaparte 44  
Share capital Euro 335.069.542,94, fully paid-up  
Tax Code and Milan Companies Register no. 00931330583  
www.itkgroup.it

## PRESS RELEASE

### STRATEGY FOR THE INDUSTRIAL MANAGEMENT OF THE COPPER SECTOR VOLUNTARY PUBLIC EXCHANGE OFFERS ON ORDINARY SHARES, SAVINGS SHARES AND WARRANTS - INTEK GROUP 2021-2024

- Today, the Board of Directors of Intek Group S.p.A. issued the following resolutions:
  - focus on the industrial management of KME SE, in the light of the growth expectations of the copper and copper alloy rolled sector and the strengthening of the overall competitive position resulting from the extraordinary operations carried out in recent years. In this scenario, Intek Group will carry out a process of valorisation of other investments in the portfolio within the timeframe deemed most appropriate;
  - three voluntary public exchange offers: two partial on the Intek Group ordinary shares (for a unit cost of Euro 0.60) and on the Intek Group Warrants 2021-2024 (for a unit cost of Euro 0.20) and a whole on the Intek Group savings shares (for a unit cost of Euro 0.80), for a maximum total of Euro 107.7 million with consideration represented by Intek Group Bonds 2022-2027 newly issued for a period of 5 years from the date of issue, that will accrue interest on an annual basis equal to at least 4%, intended for listing on the MOT.

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**MILAN, 22 APRIL 2022** - The Board of Directors of Intek Group ("Intek" or the "Issuer"), meeting today, resolved to focus its activities on the industrial management of KME SE, providing for the progressive enhancement as well, in times and ways instrumental to achieving the best results for the Company, of additional assets in the portfolio. The Board of Directors also resolved to make three voluntary public exchange offers on Intek Group ordinary shares, Intek Group savings shares and Intek Group Warrants 2021-2024.

#### **1. Strategy for the industrial management of investments in KME SE.**

In recent years, Intek Group's activities have focused on the management of the shareholding in KME SE and its subsidiaries, carrying out several acquisitions and disposal *operations* that have created a new strategic configuration of the copper sector, focused mainly on the copper and copper alloy rolled products ("*Copper*"). At the same time, these transactions have led to a significant reduction in debt of the KME Group, which has paid back Euro 190 million out of Euro 300 million of the *bond* issued in 2018.

The *Copper* sector also offers interesting development prospects, both in terms of profitability and cash generation, reinforced by the increased competitive positioning of KME SE, in line with the expectations of most relevant markets.

Other investments included the one in Culti Milano SpA, although of less significant size, which has reached interesting levels both in terms of profitability and cash generation that are not yet fully reflected in the listing of the stock on the EGM market (formerly AIM Italy).

Similarly, the stock market prices of the Intek shares do not reflect the significant progress of the two investments described and are misaligned, by a significant amount, from the equity value.

The Intek Board of Directors, in the context described, believes that the best way to enhance the Company's assets is to focus on the management of the shareholding in KME SE, which will adopt strategic and lasting value compared to other investments.

According to Intek's Board of Directors, this path is the best way to benefit from the favourable prospects of the *Copper* sector described above and thus maximise the creation of value for shareholders.

The other investments (Culti Milano SpA, Ducati Energia SpA and those indirectly held through Intek Investimenti SpA) will subsequently be directed towards an enhancement through disposal to third parties or assignment to the shareholders of Intek Group.

In such a renovated configuration of the strategic arrangements, it is considered that the new structure of the Group, even with the expected increased cash generation capacity, requires a lower level of capital endowment.

In this context, three exchange offers have been envisaged which will allow the holders of the financial instruments covered by the offers themselves to benefit - without distinction and on equal terms - from transforming their current investment, represented by Ordinary Shares, Savings Shares and/or Warrants, in a financial instrument characterized by a lower degree of risk and a value that incorporates a premium compared to the average prices of securities in the recent months.

Joining the three exchange offers would thus allow the holders to benefit from the Intek Group's increased value, not reflected in the stock market, as a result of the extraordinary transactions described and the positive market expectations in the *Copper* segments managed by KME.

The new bond issue, to serve the three public exchange offers, will be added to the one currently outstanding ("*Intek Group S.p.A. 2020 - 2025*" bonds, ISIN code: IT0005394884) amounting to Euro 92.8 million, which expires in February 2025, which represents, in plain words, the only debt Intek currently has.

The overall level of potential liability arising from the transaction is assessed by *management* as being broadly balanced in the light of the Company's level of net worth, the expected capacity to produce financial resources and exploiting non-strategic activities.

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## 2. Public Exchange Offers

The public exchange offers that will be promoted by Intek, with the support of the financial *advisor* Equita SIM S.p.A., include:

- a voluntary partial public exchange offer on 133,674,937 Intek Group S.p.A. outstanding ordinary shares (the "**Ordinary Shares**"), with consideration consisting of a maximum of 80.2 million new "*Intek Group 2022 - 2027 Bonds*" (the "**2022 Bonds**"), for a total of Euro 80.2 million to be listed on the MOT (the "**Exchange Offer on Ordinary Shares**");
- a voluntary tender public exchange offer on 16,325,063 Intek Group S.p.A. savings shares outstanding ("**Savings Shares**"), with consideration represented by approximately maximum 13.1 million Bonds 2022 for a total value of Euro 13.1 million, which will be listed on the MOT ("**Exchange Offer on Savings Shares**");
- a public offer of partial voluntary exchange on a maximum of 72,000,000 "Intek Group S.p.A. Warrants 2021-2024" in circulation ("**Warrants**"), with consideration represented by approximately a maximum of 14.4 million Bonds 2022 for a total of Euro 14.4 million, which will be listed on the

MOT ( "**Exchange Offer on Warrants**" and, together with the Exchange Offer on Ordinary Shares and the Exchange Offer on Savings Shares, the "**Exchange Offers**").

The Exchange Offers are not conditional on the realization of a minimum quantity of memberships, except that provided for the listing of bonds on the MOT.

Ordinary Shares and Savings Shares purchased by Intek as part of the respective Exchange Offers will be cancelled.

In the event of subscriptions to the Ordinary Shares Exchange Offer for a total amount of shares exceeding the maximum number of Ordinary Shares covered by this offer, the allotment will take place according to the proportional method, according to which Intek will purchase from all shareholders participating in the Ordinary Shares Exchange Offer the same proportion of Ordinary Shares as they contributed to the offer. The same allotment mechanism will also be provided for the Exchange Offer on Warrants.

Equita SIM SpA will take on the role of intermediary assigned to coordinate the collection of subscriptions for the three Exchange Offers.

### ***2.1. Characteristics of the 2022 Bonds to be issued as consideration for the Exchange Offers***

Intek intends to issue bonds, representing a maximum of 107.7 million Bonds 2022 with a nominal value of Euro 1.00, of which: (i) a maximum of 80.2 million Bonds 2022 to be offered for exchange to the holders of Ordinary Shares participating in the Ordinary Shares Exchange Offer; (ii) a maximum of 13.1 million Bonds 2022 to be offered for exchange to holders of Savings Shares participating in the Exchange Offer on Savings Shares and (iii) a maximum of 14.4 million Bonds 2022 to be offered for exchange to the holders of Warrants participating in the Exchange Offer on Warrants.

The 2022 Bonds will have a duration of 5 years from the issue date and will accrue interest at a fixed annual nominal rate of at least 4%. The fixed annual nominal rate of the 2022 Bonds, to be determined based on market conditions, shall be communicated to the public by the start of the public offer period for the Exchange Offer which Intek intends to carry out at the same time.

Starting from the end of the second year from the issue date, Intek will have the right to fully or partially redeem the 2022 Bonds. The redemption price of the 2022 Bonds (without prejudice to the payment of the interest accrued and not yet paid up to the date of early redemption) will equal: (i) from the end of the second year, 102% of the portion of nominal value subject to redemption; (ii) from the end of the third year, 101% of the portion of the nominal value subject to redemption; and (iii) from the end of the fourth year, 100% of the portion of nominal value subject to redemption.

At the exchange date, the 2022 Bonds will have been issued and listed on the MOT. The 2022 Bonds are not backed by collateral or personal guarantees. No *rating* has been or is expected to be assigned to the 2022 Bonds.

The Fees for the three Exchange Offers are exclusive of stamp duty, registration tax and Italian financial transaction tax, where applicable, and the fees, commissions and expenses that will be payable by Intek. On the other hand, any income tax, withholding tax or substitute tax, if any, on any realised capital gain, will be borne by the members of the Exchange Offers.

### ***2.2. Exchange Offer on Ordinary Shares***

The Exchange Offer on Ordinary Shares will have 133,674,937 Ordinary Shares outstanding, without nominal value, representing 34.34% of the share capital represented by Ordinary Shares and 32.96% of the total capital.

Each participant in the Exchange Offer on Intek Savings Shares is to receive 3 2022 Bonds, with a unit nominal value of Euro 1.00, in exchange for every 5 Ordinary Shares purchased (the "**Consideration for Ordinary Shares**") for a total nominal value of approximately Euro 80.2 million.

The Ordinary Shares Exchange Offer may be increased by the Issuer up to a maximum of 179,441,687 Ordinary Shares, corresponding to a turnover of Euro 107.7 million, in consideration of a potential reduced level of participation to the Exchange Offer on the Saving Shares and to the Offer on the Warrants. In such event, the Ordinary Shares subject to the Offer would represent 46.10% of the share capital of Ordinary Shares and 44.25% of the total capital.

The Consideration for Ordinary Shares incorporates a premium of 24.6% compared to the official price of the Ordinary Shares recorded on 21 April 2022 (last open exchange day prior to the announcement date to the market of the transaction), as well as a premium of 22.0%, 28.4%, 28.6% and 35.7% compared to the weighted average of the official prices of Ordinary Shares respectively in the periods of 1 month, 3 months, 6 months and 12 months before 21 April 2022, as best illustrated in the table below.

<b>Time period before the announcement date</b>	<b>Weighted average prices (Euro)</b>	<b>Implicit premium in Consideration (%)</b>
Official price on the day before the announcement date 21 April 2022	0.4816	24.6%
1 month	0.4918	22.0%
3 months	0.4672	28.4%
6 months	0.4664	28.6%
12 months	0.4420	35.7%

The Exchange Offer on Ordinary Shares will be promoted by Intek, pursuant to art. 102 TUF (Consolidated Law on Financial Intermediation), following the Shareholders' Meeting called to decide on the authorisation to purchase the Ordinary Shares and to cancel them and will be subject to conditions in line with market practice.

As a result of the Offer, no changes to the current control arrangements are foreseen.

### 2.3. Exchange Offer on Savings Shares

The Exchange Offer on Savings Shares will cover a total of 16,325,063 Savings Shares outstanding, without nominal value.

Each participant in the Exchange Offer on Intek Savings Shares will receive 4 2022 Bonds from the Issuer, with a unit nominal value of Euro 1.00, for every 5 Savings Shares purchased (the "**Consideration for Savings Shares**") for a total nominal value of approximately Euro 13.1 million.

The Consideration for Savings Shares incorporates a premium of 28.7% compared to the official price of the Intek Group Savings Shares recorded on 21 April 2022 (last open market day prior to the announcement date to the market of the transaction) as well as a premium of 26.3%, 30.2%, 34.5% and 52.4% compared to the weighted average of the official prices of Savings Shares respectively in the periods of 1 month, 3 months, 6 months and 12 months prior to 21 April 2022, as best illustrated in the table below.

Time period before the announcement date	Weighted average prices (Euro)	Implied premium in Consideration (%)
Official price on the day before the announcement date 21 April 2022	0.6216	28.7%
1 month	0.6332	26.3%
3 months	0.6145	30.2%
6 months	0.5949	34.5%
12 months	0.5248	52.4%

The Exchange Offer on Savings Shares, also aimed at simplifying the capital structure and the withdrawal of these shares from listing on *Euronext Milan*, will be promoted by Intek, pursuant to art. 102 TUF, following the Shareholders' Meeting called to decide on the authorisation to purchase and cancel the Savings Shares and will be subject to conditions in line with market practice.

### 2.4. Exchange Offer on Warrants

The Exchange Offer on Warrants will have 72,000,000 Warrants outstanding, without nominal value, correspondents to approximately 41.8% of the Warrants outstanding.

Each participant in the Exchange Offer on Warrants is to receive 1 2022 Bond, with a unit nominal value of Euro 1.00, in exchange for every 5 Warrants purchased (the "**Consideration for Warrants**") for a total nominal value of approximately Euro 14.4 million.

The Consideration for the Warrants incorporates a premium of 42.0% compared to the official price of the Intek Group 2021/2024 Warrants registered on 21 April 2022 (last open market day prior to the market announcement date of the transaction), as well as a premium of 44.8%, 54.8%, 76.5% and 102.2% compared to the weighted average of the official prices of the Intek Group 2021/2024 Warrants respectively in the periods of 1 month, 3 months, 6 months before 21 April 2022 and from the date of listing of the instruments (28 June 2021) as best illustrated in the table below.

<b>Time period before the announcement date</b>	<b>Weighted average prices (Euro)</b>	<b>Implicit premium in Consideration (%)</b>
Official price on the day before the announcement date 21 April 2022	0.1408	42.0%
1 month	0.1381	44.8%
3 months	0.1292	54.8%
6 months	0.1133	76.5%
Listed - 28 June 2021	0.0989	102.2%

The Exchange Offer on Warrants will be promoted by Intek, pursuant to art. 102 TUF, following the Shareholders' Meeting called to decide on the authorisation to purchase the Ordinary Shares and Saving Shares and to cancel them and will be subject to conditions in line with market practice.

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### **3. Indicative timeline of the operations**

Once the necessary authorisations are obtained, the Exchange Offers which Intek intends to carry out concurrently are expected to be carried out by July 2022.

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*The press release is available on the website [www.itkgroup.it](http://www.itkgroup.it), where it is possible to request information directly from the Company (phone: +39 02-806291; email: [info@itk.it](mailto:info@itk.it)) and on the authorised "eMarket STORAGE" system at [www.emarketstorage.com](http://www.emarketstorage.com).*