Annual Report 2020

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SIMEST
supports "Made in Italy" in the world.

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Ministero degli Affari Esteri
e della Cooperazione Internazionale

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SIMEST SpA
Italian company for enterprises abroad

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Share capital € 164,646,231.88 fully paid-up
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Company subject to direction and coordination activities of SACE SpA

Contents

SIMEST: our role and mission

SIMEST is a joint-stock company of the Cassa Depositi e Prestiti Group with a private share ownership (banks and businesses).
The Company was established in 1991 to promote investments by Italian businesses abroad and to provide them with technical and financial support. Since 1999 SIMEST has managed public-sector financial instruments in support of the international expansion of Italian businesses, primarily for SMEs. Since 2020, this management has been carried out under the guidance and supervision of the Ministry of Foreign Affairs and International Cooperation.
In particular, SIMEST supports businesses in their growth over the entire international expansion life cycle, from the initial assessment of new markets to the expansion through direct foreign investments.

Business lines

Soft loans for international expansion

SIMEST finances:
- participation in international trade fairs held in Italy and abroad, in exhibitions and system missions abroad;
- feasibility studies related to foreign investments;
- technical assistance programmes, personnel training in foreign investment initiatives;
- programmes for entering foreign markets, such as the creation of commercial structures;
- the capitalisation of exporting SMEs and Mid-Caps;
- access to e-commerce through the creation of proprietary IT platforms or by using market places provided by third parties;
- the introduction of professional figures specialised in the implementation of international expansion, innovation and digitalisation projects (Temporary Export Managers, Digital Manager and Innovation Manager).

SIMEST also supports the financial solidity of trade fair bodies and companies that organise international trade fair events.

Equity investments

SIMEST may acquire an equity interest of up to 49% in the share capital of the subsidiaries of Italian companies abroad both through its own resources, and in blending with the Venture Capital Fund, a public subsidy for the promotion of foreign investments promoted by Italian and innovative companies and start-ups. The direct participation allows further SIMEST intervention to be requested through the shareholder loan.
For investments in non-EU countries, in addition to benefiting from the participation of SIMEST and the Venture Capital Fund, Italian companies can also access an interest subsidy, which allows them to reduce the cost of debt in relation to the financing of their own shareholding.
Lastly, SIMEST, with recourse only to its own resources, may acquire minority interests in Italian companies in relation to international expansion and strengthening projects.

Export credit support

SIMEST provides support that allows Italian exporters to offer their foreign clients medium/long-term deferred payment conditions (≥ 24 months) at a fixed subsidised interest rate. This support can be provided in the form of:
- Export Subsidy on Buyer Credit: stabilisation of the interest rate of fixed-rate loans:
- Export Subsidy on Supplier Credit: interest subsidies to support with or without recourse factoring of credit-linked notes issued by the foreign buyer.

Corporate Officers

BOARD OF DIRECTORS

CHAIRMAN
Pasquale Salzano

VICE CHAIRMAN
Roberto Rio

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER
Mauro Alfonso

DIRECTOR
Ilaria Bertizzolo

DIRECTOR
Claudio D'Eletto

DIRECTOR
Anna Mareschi Danieli

DIRECTOR
Gelsomina Vigliotti[1]

BOARD OF STATUTORY AUDITORS

CHAIRMAN
Iacopo Conti

STANDING AUDITOR
Grazia D'Auria

STANDING AUDITOR
Alessandro Redondi

ALTERNATE AUDITOR
Lucia Cecere

ALTERNATE AUDITOR
Cristiano Zanella

DESIGNATED JUDGE OF THE COURT OF AUDITORS (Law 259/1958)

Pio Silvestri[2]

SUPERVISORY BODY

CHAIRMAN
Antonio Bertani

INTERNAL STANDING MEMBER
Mara De Paola

EXTERNAL STANDING MEMBER
Ugo Lecis

INDEPENDENT AUDITORS[3]

Deloitte & Touche SpA

[1] Ceased from office with effect from 23 April 2020.

[2] With a note of 4 December 2020 of the Presidential Council of the Court of Auditors, the assignment to the Director Stefania Petrucci of the functions of Delegate holder to control the financial management of SIMEST as from 1 January 2021 was communicated.
[3] The Shareholders' Meeting of 23 December 2019 resolved to award the independent audit engagement to Deloitte & Touche SpA for the financial years 2020, 2021 and 2022.

Report on Operations

WITH US IN 2020… **“Made in Italy” electric motorbikes are even faster**

Energica Motor Company of Modena has strengthened the international competitiveness of its super sport two-wheelers

“Capitalisation” funding

1. Reclassified financial and operating highlights

(millions of euro)

	2020	2019
RECLASSIFIED BALANCE SHEET		
Total assets	552	585
Receivables for equity investments	523	553
Loans payable	233	270
Equity	305	301
RECLASSIFIED INCOME STATEMENT		
Gross income	35	16
Operating income (costs)	11	(22)
Net income (loss) for the year	5	(27)

NEW LENDING, INVESTMENTS AND MANAGED RESOURCES

(millions of euro)

Amounts for the year	2020	2019
Soft Loans	1,052	290
Equity Loans*	87	271
TOTAL INTERNATIONAL EXPANSION	**1,139**	**560**
Export Credit	3,198	4,702
TOTAL EXPORT	**3,198**	**4,702**
TOTAL NEW AMOUNTS	**4,337**	**5,262**

Year-end balances	2020	2019
Soft Loans	941	434
Equity Loans**	719	743
TOTAL YEAR-END BALANCE	**1,660**	**1,176**

PERFORMANCE HIGHLIGHTS

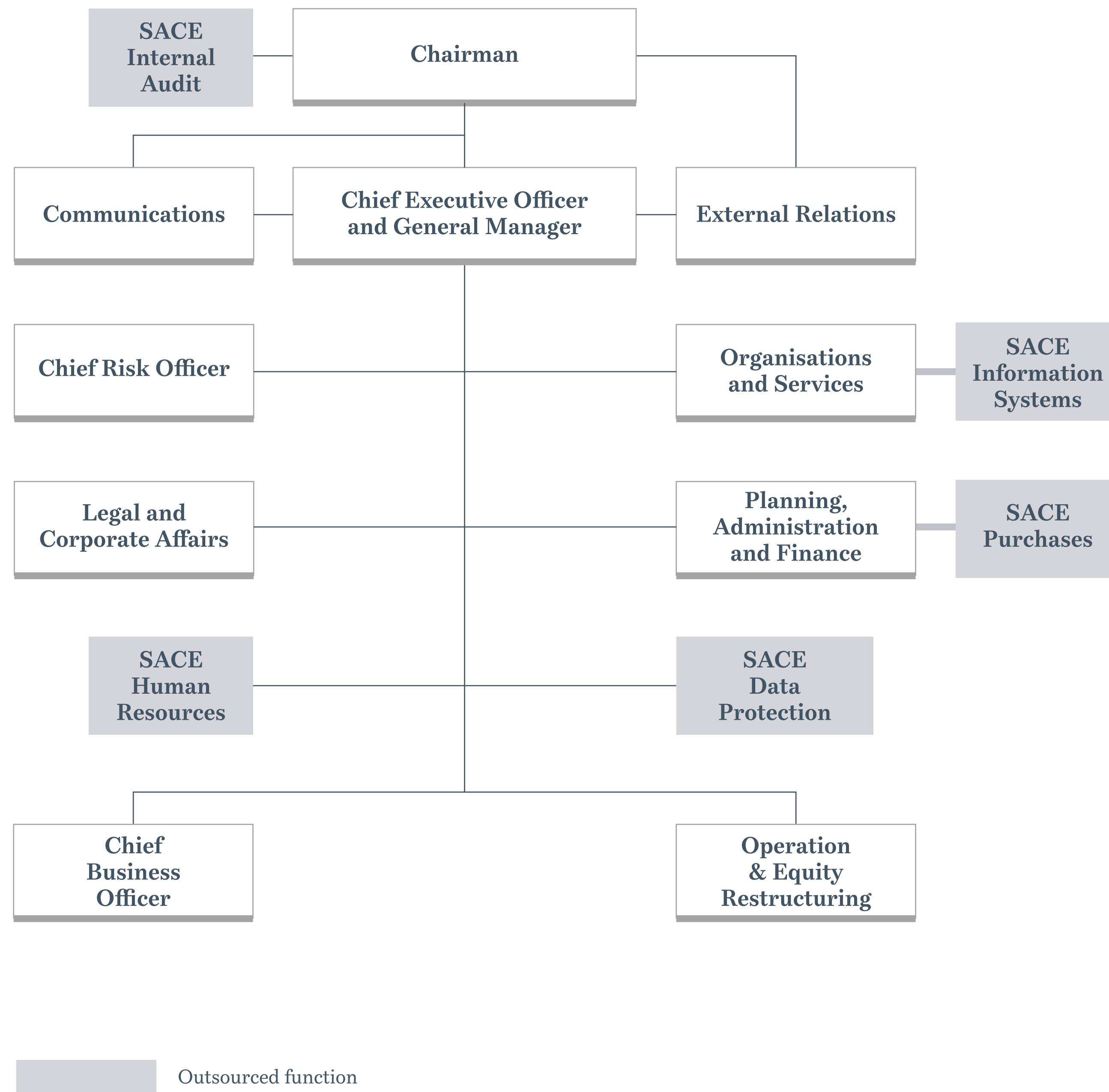
(units; percentages)

	2020	2019
PROFITABILITY RATIOS		
Cost/income ratio (%)	72	144
ROE (%)	2	(9)
OPERATING STRUCTURE		
Average headcount (including secondments)	163	155

	2020	2019
Customers	3,842	1,813
Target countries	112	105

*The item includes: direct equity investments, equity investments of the Venture Capital Fund and interest-rate support on Equity Loans.
**The item includes: direct equity investments and equity investments of the Venture Capital Fund.

2. Organisational structure



Note: Functions outsourced by SACE SpA: Internal Audit, Human Resources, Purchasing, Information Systems and Data Protection.

3. Performance forecast for the year 2021

The guidelines of SIMEST operations in 2021 envisage the growth and consolidation of the strategic role of SIMEST in supporting Italian companies in the internationalisation and export processes through: i) expansion of the product offer to consolidate its presence in the SME and Mid-Cap segment; ii) set-up of new operations to support the internationalisation of Italian start-ups; iii) increase in the levels of simplification and digitalisation of processes and products and iv) development of new business lines to support in particular the international growth of Italian SMEs.
The market context is still heavily impacted by the COVID-19 health emergency. The signs of recovery observed after the removal, or the easing, of the lockdowns in many countries between May and June and the massive vaccination campaigns underway lead to forecast for 2021 a global GDP back to the levels of 2019 in a scenario of coexistence with the virus, but significant downward risks remain, mainly linked to the spread of new variants of the virus and the timing of administration of the vaccines.
In this context, SIMEST aims to meet the needs of Italian companies, once the liquidity emergency has been overcome with access to credit, support through risk capital for growth and the international relaunch of growth strategies for external lines in order to seize the opportunities offered by the market and to provide financial support to exporting companies in view of the expected recovery of export flows.

Italian Centre for Export and International Expansion

Among its various initiatives, the Cassa Depositi e Prestiti 2019-2021 Business Plan, approved by the Board of Directors in December 2018, envisaged the creation of a Group "one-stop desk", a single commercial interface representing a point of access for all companies.[4]
The synergies also involved initiatives aimed at disseminating awareness of the products and services offered to Italian companies, and participation in seminars and webinars during which technical support was provided to the participating companies.

[4] SIMEST 2020 Budget approved by the Board of Directors on 23 September 2020.

4. Market context

The international scenario

The pandemic shock has projected the global economy into the deepest recession since the Second World War and the effects of the crisis still underway will also be felt in the years to come. The rapid spread of the virus has forced most governments to impose the closure of national borders and the block of non-essential production activities, with profound economic consequences, even worse than those recorded with the 2008-2009 crisis.
After a first half of 2020 strongly influenced by measures aimed at containing contagion, the macroeconomic data relating to the third quarter were very positive in all the main countries, despite the recession having hit both advanced and emerging economies. The strength of the recovery was greater than expected, but still insufficient to return to pre-crisis levels.
According to recent estimates by the International Monetary Fund,[5] in 2020 the change in world GDP was -3.5% on 2019. In advanced economies, GDP decreased by 4.9%, while emerging and developing economies recorded a decline of 2.4%. World trade in goods and services decreased by 9.6%.
With reference to the main areas, it should be noted that in the United States GDP decreased by 3.4%, thanks to the recovery in the second half of 2020 and the support measures launched at the end of the year, while in the Euro area the crisis is more marked, also due to the already weak growth of the pre-pandemic period. The GDP of the area, in fact, despite having shown a marked economic rebound in the third quarter (+12.6% after -11.8% in the previous quarter), was down 7.2% in 2020.
Among the emerging and developing economies, differentiated trends were recorded, with China where economic activity slowed down, however maintaining positive values (+2.3% in 2020 against +6.0% in 2019) and other countries which experienced more or less significant decreases in GDP compared to 2019 (Russia by -3.6%, India by -8.0%, South Africa by -7.5%, Brazil by -4.5%).
The rapid transmission of the pandemic shock on the global production system has also had a profound impact on the global flows of Foreign Direct Investments (FDI), which recorded a strong contraction in 2020, estimated at 42% on 2019,[6] reaching 859 billion dollars, compared to roughly 1,500 billion dollars in the previous year.
FDI flows to advanced economies reached historic lows, with a 69% decline, from 730 billion dollars in 2019 to 229 billion dollars in 2020, with an impact of 80% on the reduction on global flows. The figure is influenced by the trend of FDI to Europe, which fell to negative values and where the particularly critical performances of the United Kingdom, Italy, Germany, the Netherlands and Switzerland were recorded, but also by flows to the United States, which have halved compared to 2019.
FDI to emerging economies recorded a more limited reduction (-12% on 2019), standing at 616 billion dollars. In detail, investments in Latin America decreased by 37%, down in all the main economies of the area; FDI to emerging Asia recorded a more contained decline (-4%), with flows to China that increased by 4% and reached 163 billion dollars, making the country the first recipient of FDI world-wide, a position first held by the United States.
In Africa, where incoming investments fell by 18% to reach 38 billion dollars, Egypt remains the top recipient of FDI, despite a 39% drop in incoming investments.
The contraction in investment flows from abroad to economies in transition was 77%, with a particularly negative trend in FDI towards Russia, the main economy in the area, where due to the health crisis, incoming investments decreased by 96%.
The drop in production that affected all European countries (such as Germany -5.4%, France -9.0% and Spain -11.1%) led to a sharp decline in investments, albeit very uneven and will be evident, especially in those economic systems more integrated in international production processes and in specific sectors, such as energy, raw materials and transport (especially air and automotive).

[5] See International Monetary Fund, *World Economic Outlook Update*, January 2021.
[6] See UNCTAD, *Global Investment Trends Monitor*, January 2021.

The global outlook for 2021

The first months of 2021 are still marked by the crisis and the forecast scenarios vary according to the evolution that the pandemic will have and the consequent timing of the relaxation of the restrictive measures introduced by governments, although the availability of various vaccines has introduced an element of optimism.
Starting from the first quarter of 2021, a gradual recovery of global GDP is expected, which should accelerate especially in the second half of the year and record a growth of 5.5% on an annual basis.[7] With the recovery of economic activity, global trade should also restart, which is expected to grow by around 8% in 2021.
The emerging Asian markets are those for which a more rapid recovery is expected: according to the IMF, in 2021 these countries will return to a growth of 8.3%, influenced by the positive performance of economic activity in China (+8.1%) and in India (+11.5%).
For the other major economies, forecasts show a slower recovery: in 2021 the USA is expected to grow by 5.1%, the Eurozone by 4.2% and the United Kingdom by 4.5%.
With regard to FDI, UNCTAD[8] predicts that global investment flows will still remain weak in 2021, only to begin to accelerate again in 2022. Despite the expectations of a recovery of the global economy and trade, a strong cautious attitude will prevail on the part of international investors, due to the uncertainties on the evolution of the health situation and on the policies adopted by governments that could have negative impacts on the business environment. Small impulses to global FDI flows may come from mergers and acquisitions, especially in the technology-intensive and medical sectors, rather than from new investments in production assets.
The crisis will leave deep scars, one of which is public and private debt, especially for businesses, supported by the extraordinarily expansive fiscal and monetary policy. This debt has grown significantly to avoid the harmful consequences of the crisis, but at the same time may represent a heavy aftermath for financial stability in the coming years, with an increase in credit risk.

The Italian economy

For Italy, 2020 closed with an estimated drop in GDP of 9.2%.[9] The second wave of the pandemic, the increase in infections, activity restrictions and uncertainty halted the recovery that had been recorded in the third quarter (+15.9%), preventing a strong rebound in economic activity. The pandemic crisis has struck Italy in what was already a phase of stagnation, with a GDP that remained substantially at a standstill from the beginning of 2018 to the end of 2019.
The collapse of world trade, the reduction in international tourist flows and the change in international economic activity led to a significant downsizing of Italian trade of goods and services with foreign countries in the first part of the year, with a further decline in the fourth quarter following the second wave of the pandemic. Exports of "Made in Italy" goods fell by 9.7% in 2020, the worst result since 2009, while imports fell by 12.8%.[10]
The average annual inflation rate in 2020 was -0.2%, reflecting the trend in energy prices and the trend in prices in the service sectors most affected by the crisis.[11] Employment dropped to 58% of the labour force and the unemployment rate, down compared to 2019, stood at 9%.[12]
Industrial production decreased by 11.4% compared to 2019, the second worst result after the fall in 2009. The decline affected all the main industries and, in the case of consumer goods, is the largest ever recorded.[13]
Direct investments abroad amounted to 10.3 billion euro in 2020 compared to 29.1 billion euro in 2019.[14]
According to Confindustria estimates, in October 2020 bank lending to businesses accelerated by +7.4% annually, driven by loans for liquidity covered by public guarantees, which reached around 120 billion. However, the lack of turnover recovery in many sectors could lead to an increase in the weight of debt and financial expenses, draining internal resources and putting investments at risk also for 2021.[15]

[7] See International Monetary Fund, cit.
[8] See UNCTAD, cit.
[9] See Bank of Italy, *Economic Bulletin No. 1/2021*, January 2021.
[10] See ISTAT, *Foreign trade and import prices (December 2020)*, 16 February 2021.
[11] See ISTAT, *Consumer prices. Actual data (December 2020)*, 18 January 2021.
[12] See ISTAT, *Employed and unemployed. Provisional data (December 2020)*, 1 February 2021.
[13] See ISTAT, *Industrial production (December 2020)*, 9 February 2021.
[14] See Bank of Italy, *Balance of payments and financial position abroad*, 19 February 2021.
[15] See Confindustria Study Centre, *Congiuntura flash*, December 2020.

In the macroeconomic scenario envisaged for the 2021-2023 three-year period by the Bank of Italy,[16] Italian GDP would increase by 3.5% in the current year, by 3.8% in 2021 and by 2.3% in 2022, as a consequence of an improved health framework and thanks to the impetus coming from the support and relaunch measures financed by the national budget and European funds, which would boost consumption and investments. Exports would also show a net increase. However, there are still risks linked to the continuation of the pandemic and the consequences that a more gradual relaxation of restrictions may have, inter alia, on international trade, on financial conditions and on the investment decisions of companies. The decisions by Italian companies to postpone or modify already defined development plans abroad will continue to have repercussions on SIMEST's activities aimed at supporting direct investment initiatives abroad, with negative repercussions on both the equity investment portfolio and in terms of resources mobilised to support new international expansion projects.

[16] See Bank of Italy, *Economic Bulletin*, cit.

5. Business performance

5.1 New lending, investments and managed resources

New lending and investments by SIMEST and resources managed through subsidised public funds in 2020 totalled 4,337 million euro. Among the various instruments for international expansion, new lending, investments and managed resources amounted to 1,139 million euro[17] (+103% compared to 2019), with a significant contribution coming from loans for international expansion (Soft Loans) which, in 2020, recorded acceptances for over one billion euros. With reference to the Equity segment, a business line significantly impacted by the COVID-19 emergency, there are a total of 48 million euro of subscribed investments, of which 25 million euro for SIMEST Equity Loans and 23 million euro for the Equity Loan Venture Capital Fund.

New lending, investments and managed resources (2020 flows)

(millions of euro)

Business lines	2020	2019	Change %
Soft Loans	1,052	290	263%
SIMEST Equity Loans	25	131	-81%
Venture Capital Fund Equity Loans	23	14	67%
Interest-rate support on Equity Loans*	39	126	-69%
TOTAL FUNDS FOR INTERNATIONAL EXPANSION	**1,139**	**560**	**103%**
Export credit support*	3,198	4,702	-32%
TOTAL EXPORT CREDIT SUPPORT	**3,198**	**4,702**	**-32%**
TOTAL NEW LENDING, INVESTMENTS AND MANAGED RESOURCES	**4,337**	**5,262**	**-18%**

* Total underlying nominal value.

The balances at the end of 2020 rose by 41% overall compared to 2019, mainly due to the significant contribution from the Soft Loans portfolio (+117%). At 31 December 2020, SIMEST supported 3,842 businesses in their international expansion and export programmes in 112 countries.

New lending, investments and managed resources (balance at the end of 2020)

(millions of euro)

Business lines	2020	2019	Change %
LOANS FOR INTERNATIONAL EXPANSION	**941**	**434**	**117%**
SIMEST Equity Loans	583	615	-5%
Venture Capital Fund Equity Loans	136	128	6%
TOTAL EQUITY INVESTMENTS	**719**	**743**	**-3%**
TOTAL YEAR-END BALANCE	**1,660**	**1,176**	**41%**

[17] Includes SIMEST Soft Loans and Equity Loans, Venture Capital Fund Equity Loans and interest-rate support on Equity Loans.

5.2 International expansion

5.2.1 Soft Loans: loans for international expansion (Law 394/81 Fund, Integrated Promotion Fund and Sustainable Growth Fund)

SIMEST manages the Law 394/81 Revolving Fund to disburse, on behalf of the Ministry of Foreign Affairs and International Cooperation, subsidised loans (Soft Loans) aimed at the international expansion of Italian companies and, starting from 16 June 2020, the section of the Fund for the Integrated Promotion targeted at non-repayable co-financing. In 2020, the Subsidies Committee (the inter-ministerial decision-making body responsible for authorising uses of the Fund) approved 4,047 transactions (of which 3,268 with non-repayable co-financing) for a total of 1,052 million euro (of which 194 million non-repayable), compared with 868 transactions (+366%) totalling 290 million euro (+263%) in 2019.

SOFT LOANS

Approved volumes - by Fund

Funds	Number of transactions*	Millions of euro
Law 394/81 Fund	4,047	858
Integrated Promotion Fund	3,268	194
GRAND TOTAL	**4,047**	**1,052**

* A transaction includes a single application from the Law 394/81 Fund and in some cases also from the Integrated Promotion Fund. For this reason, the general total of transactions always coincides with the total transactions of the Law 394/81 Fund.

SOFT LOANS

Approved volumes - by product (Law 394/81 Fund and Sustainable Growth Fund)

Products	Number of transactions*	Millions of euro
Capitalisation	**2,029**	**775**
of which Law 394/81 Fund	2,029	618
of which Integrated Promotion Fund	1,760	156
Foreign market penetration programmes	**241**	**171**
of which Law 394/81 Fund	241	164
of which Integrated Promotion Fund	101	8
Fairs and exhibitions	**1,483**	**72**
of which Law 394/81 Fund	1,483	51
of which Integrated Promotion Fund	1,175	21
E-commerce	**167**	**22**
of which Law 394/81 Fund	167	16
of which Integrated Promotion Fund	133	6
Feasibility studies and technical assistance programmes	**67**	**7**
of which Law 394/81 Fund	67	5
of which Integrated Promotion Fund	45	2
Temporary Export Manager	**60**	**5**
of which Law 394/81 Fund	60	3
of which Integrated Promotion Fund	54	2
GRAND TOTAL	**4,047**	**1,052**

* A transaction includes a single application from the Law 394/81 Fund and in some cases also from the Integrated Promotion Fund. For this reason, the general total of transactions always coincides with the total transactions of the Law 394/81 Fund.

Soft loans to support international expansion break down as follows: financing for the capitalisation of exporting SMEs amounted to 775 million euro (of which 156 million non-repayable); financing of foreign market penetration programmes, consisting of the creation of permanent commercial establishments, amounted to 171 million euro recorded transactions (of which 8 million euro non repayable), while for attendance to trade fairs and exhibitions amounted to 72 million euro (of which 21 million euro non repayable). Loans for the creation of IT platforms for the promotion and sale of online products (e-commerce) recorded transactions for 22 million euro (of which 6 million euro non-repayable). Loans for feasibility studies and technical assistance programmes related to Italian investments amounted to 7 million euro (of which 2 million euro non-repayable), while loans for the Temporary Export Manager (TEM), aimed at supporting the temporary support of a specialised professional for international expansion projects, amounted to 5 million euro (of which 2 million euro non-repayable). SMEs accounted for 90% of the approved volumes, compared to 94% in the previous year, while the remaining 10% benefited large companies and Mid-Caps.[18]

Compared to 2019, the volume of new loans granted increased due to the emergency and non-emergency measures adopted (Ministerial Decree of 11 June 2020 known as “Intra-EU”, Legislative Decree 18/2020 known as “Cura Italia”, Decree Law 34/2020 known as “Relaunch” and subsequent) during the emergency, relating to health first and then to the economy, which struck Italy from the first quarter of the year. Among the elements that have made subsidised loans more attractive to businesses are: the expansion of the operations of the Law 394/81 Fund to the countries of the EU area, the product changes (among all: the reshaping of the foreign turnover requirement and the capital strength parameters for access to capitalisation, the revision of the structures that can be financed with the Market Entry tool, the revision of the e-commerce product), the right for companies to request exemption from the provision of guarantees (with clear benefit for accessibility to instruments in terms of both volumes and costs, in particular for SMEs), non-repayable co-financing (measure initiated under the *de minimis* aid scheme and subsequently expanded with the transition to the scheme envisaged by the Temporary Framework of State Aid of the European Commission). All this is supported by targeted communication campaigns on digital channels and by customer support through the centralised customer care service.

The benefits shown have generated a growing interest of companies in loans assisted by the Fund. The trend of applications received was so sustained in the second half of 2020 that the available resources were exhausted and large and repeated allocations were required during the year, and by the budget law, in order to provide the necessary financial support to companies who had requested the SIMEST intervention. Overall, in 2020 it was possible to approve resources of over one billion euro, of which 194 million euro with non-repayable co-financing.

[18] Mid-Caps are companies with up to 1,500 employees.

SOFT LOANS (millions of euro)

Approved loans - by country (Law 394/81 Fund and Sustainable Growth Fund)

Main target countries	Capitalisation	Foreign market penetration programmes	Fairs and exhibitions	E-commerce	Feasibility studies and technical assistance programmes	Temporary Export Manager
Italy	775	-	31	3	-	-
United States of America	-	31	4	4	1	1
Albania	-	25	4	1	0.1	0.2
Switzerland	-	13	2	5	1	0.03
Germany	-	4	10	2	-	1
United Arab Emirates	-	11	2	1	1	0.3
China	-	7	2	1	1	0.4
Russia	-	4	3	1	0.3	0.3
Brazil	-	6	0.3	1	0.3	0.1
Kosovo	-	4	2	-	-	-
Other countries*	-	67	12	4	2	2
GRAND TOTAL	**775**	**171**	**72**	**22**	**7**	**5**

* Includes transactions with other countries with total amounts of less than 6 million euro. Among the main ones are Australia, Canada, Serbia, Tunisia, United Kingdom, Morocco, Spain, France, Qatar and Ukraine.

The loans granted involved a total of 90 countries. Foreign market penetration programmes focused on the United States, Albania and Switzerland. Feasibility studies and technical assistance programmes also mainly involved the United States, Switzerland, the United Arab Emirates and China, while the participation of companies in trade fairs and exhibitions was mainly directed towards international events in Italy and Germany. Funding for e-commerce was requested primarily for the Swiss and US markets, while the support of a TEM was mainly requested to for international expansion in the United States, Germany and China. During the year, 3,462 loan contracts for 936 million euro were finalised and approximately 712 million euro disbursed (of which 121 million euro from the Integrated Promotion Fund).

The existing portfolio of loans for international expansion totalled 941 million euro, of which 893 million euro from the Law 394/81 Fund and 47 million euro from the Sustainable Growth Fund.

With regard to the Sustainable Growth Fund, operations continued in 2020 with reference to the management of loans in the portfolio.

5.2.2 Equity investments

SIMEST Equity Loans: direct equity investments

In 2020, SIMEST’s Board of Directors approved 45 transactions, of which:

- 14 new investment projects;
- 2 capital increases in companies already owned;
- 29 changes/revisions of approved or signed equity investment plans.

The companies in which SIMEST approved an equity investment in 2020 required a financial commitment of approximately 36 million euro from SIMEST.

During the year, activity slowed down considerably due to the health emergency linked to the spread of COVID-19. The situation resulting from the spread of the pandemic has significantly affected the development of investment initiatives abroad by companies, in relation to the difficulties deriving from the restrictive measures adopted to deal with its spread (limitations to national and international travel due to the closure of borders, total lockdown

imposed in many countries) and the widespread uncertainty with regard to the general economy.
In this context, there was an overall reduction in the number of transactions and consequently in the volumes allocated, amounting to 36 million euro compared to 142 million euro in 2019.

SIMEST EQUITY LOANS

(millions of euro)

Approved equity investments - by country

*New projects and capital increases**	**SIMEST commitment**
United States of America	22
India	2
China	2
Mauritius	2
Slovenia	2
Poland	2
Mexico	1
Brazil	1
Uganda	1
Spain	1
Djibouti	1
GRAND TOTAL	**36**

* Includes shareholder loans.

Commitments focused in particular on the United States, the destination of 4 investment initiatives for a total commitment of approximately 22 million euro. For the remainder, the interventions are spread over various countries (some of which are traditional investment destinations, such as India, China, Mexico and Brazil, flanked by less frequent destinations such as Djibouti, Uganda and Mauritius), without particular concentrations.

SIMEST EQUITY LOANS

(millions of euro)

Approved equity investments - by industry

*New projects and capital increases**	**SIMEST commitment**
Chemical/Petrochemical	15
Mechanical industry	8
Electronics/IT	3
Renewables	3
Non-financial services	3
Automotive	2
Agri-food	2
Metalworking industry	1
Infrastructure and construction	1
GRAND TOTAL	**36**

* Includes shareholder loans.

In terms of sectoral breakdown, the destination of interventions in sectors characterising the production structure of the country, such as mechanical industry, automotive and agri-food, was confirmed, which were joined by the renewable energy, electronics/IT sectors (with reference to the development of software services for the healthcare sector) and the chemical/petrochemical sector (with the support of a leading national player in a pharmaceutical operation).
During the year, based on the investments approved, SIMEST completed 8 equity investment transactions for a total amount of 25 million euro, of which:

- 6 new equity investments in foreign companies, amounting to approximately 24.4 million euro;
- 2 share capital increases in foreign equity investments, already held at 31 December 2019, for a total of 0.4 million euro.

The above values also include 2 shareholder loans with a financial commitment of approximately 3 million euro.

SIMEST EQUITY LOANS

(millions of euro)

Equity investments acquired - by country

*New projects and capital increases**	**SIMEST commitment**
United States of America	19
Mauritius	2
Colombia	1
China	1
Uganda	1
Brazil	1
GRAND TOTAL	**25**

* Includes shareholder loans.

SIMEST EQUITY LOANS

(millions of euro)

Equity investments acquired - by industry

*New projects and capital increases**	**SIMEST commitment**
Chemical/Petrochemical	13
Mechanical industry	5
Renewables	3
Agri-food	2
Non-financial services	1
Metalworking industry	1
GRAND TOTAL	**25**

* Includes shareholder loans.

The total amount of transactions in equity investments subscribed and shareholder loans during the year amounted to 25 million euro, much reduced compared with 2019.
In 2020, in performance of agreements with the partner companies, 27 equity investments were sold for a total of 56 million euro after impairment. At year end, following portfolio transactions in 2020, SIMEST held equity investments in 215 companies in Italy and abroad for a total of 583 million euro (including the equity investment in FINEST), compared with 615 million euro at the end of 2019 (-5%).

Equity investments of the Venture Capital Fund

The Venture Capital Fund consists of a non-controlling interest – in addition to the direct equity investment by SIMEST and/or FINEST[19] – in the share capital of enterprises established by Italian companies abroad.
From 1 January 2020, the responsibilities regarding the Fund were assigned to the Ministry of Foreign Affairs and International Cooperation (Article 2 of Decree Law 104/2019, converted, with amendments, by Law 132/2019). The transfer of responsibilities was accompanied by the introduction, during the year, of important operational changes with the expansion of the methods of intervention to the shareholder loan (in addition to the traditional equity investment) and the extension of the geographical scope of intervention to all non-EU countries and, from the end of 2020, also to countries in the EU.
With the appointment of the new members of the Steering and Reporting Committee (inter-ministerial decision-making body for the projects presented for the Fund), the operations of the fund were fully resumed starting from July 2020, with the first meeting of the new Committee.
During the year, a total of 29 transactions were approved, of which 16 related to new investment projects and 2 share capital increases in companies already invested in.
More specifically, the approved equity investments result in a total commitment through the Venture Capital Fund of approximately 27 million euro.

VENTURE CAPITAL EQUITY LOANS (millions of euro)

Approved equity investments - by country

New projects and capital increases	**Fund commitment**
United States of America	14
Brazil	2
India	2
China	2
Canada	2
Mauritius	1
Kazakhstan	1
Uganda	1
Bosnia and Herzegovina	1
Djibouti	1
GRAND TOTAL	**27**

The geographical breakdown of the commitments accepted follows the breakdown of the interventions relating to the direct equity investments of SIMEST (and FINEST, limited to the transactions in Kazakhstan and Bosnia and Herzegovina).
In 2020, equity investments subscribed with resources from the Venture Capital Fund totalled about 23 million euro for a total of 14 transactions, broken down as follows:

[19] FINEST is an equity partner and financing shareholder in the international expansion of companies in the North-East of Italy. It acquires non-controlling interests in the share capital of the foreign joint venture and provides foreign direct financing to the company. Pursuant to Law 19/1991, SIMEST holds a 3.9% equity investment in FINEST SpA of Pordenone, a member of the Friulia Group.

- 12 new equity investments – in addition to the shares acquired by SIMEST and/or FINEST – for a total amount of approximately 21 million euro;
- 2 capital increases in a company already owned at 31 December 2019 for around 2 million euro.

The above values also include 2 shareholder loans with a financial commitment of approximately 2 million euro.
The geographical distribution of the Fund's new interventions shows the interest of companies in the United States market, with 5 subscriptions for a total of 13 million euro.
In 2020, in performance of agreements with the partner companies, 23 equity investments were sold for a total of 16 million euro. As a result of the transactions made during the year, the portfolio of equity investments held by SIMEST under the Venture Capital Fund amounted to approximately 136 million euro at the end of 2020 (approximately 128 million euro in 2019) and involved 152 foreign companies.
The trend in acquisitions and the portfolio reflects the policy of the Steering and Reporting Committee concerning the maximum amount per individual equity investment.

Start-Up Fund equity investments

In 2020, the Start-Up Fund, set up by Ministerial Decree no. 102 of 4 March 2011 and managed by SIMEST, continued to operate solely in relation to the management of equity investments in the portfolio. No new investment initiatives were approved during the year, and no new acquisitions or disposals of equity investments were carried out. As a result, the Start-Up Fund's portfolio of equity investments remained unchanged from the previous year and, at the end of 2020, was equal to about 0.8 million euro. At the end of 2018, Law no. 145 of 30 December 2018 (2019 Budget Law) ordered the 'closure' and transitional management of the Start-Up Fund. Subsequently, on 19 March 2019, SIMEST and the Ministry of Economic Development signed the specific agreement envisaged by Law no. 145, referred to above, for the transitional management of the Start-Up Fund.

Interest subsidies for equity investments (Law 295/73 Fund)

In 2020, SIMEST managed interest-rate subsidies in support of international expansion relating to the Law 295/73 Fund, whose responsibilities – from 1 January 2020 – were assigned to the Ministry of Foreign Affairs and International Cooperation, together with the Ministry of Economic Development and the Ministry of the Economy and Finance (Article 2 of Decree Law 104/2019, converted, with amendments, by Law 132/2019).
These subsidies are provided by SIMEST to Italian companies in support of loans granted for the acquisition of equity investments in foreign companies, in which SIMEST has an interest, in countries outside the European Union.
Under a specific agreement, SIMEST also carries out, on behalf of FINEST (the Friuli-Venezia Giulia Region's holding company), all activities related to the application processing and disbursement of subsidies under the Law 295/73 Fund for the operations carried out by FINEST in Central and Eastern European countries, in the Balkans and in Mediterranean countries.
In 2020, the Subsidies Committee approved 10 transactions for a total of 39 million euro (compared with 23 transactions totalling 126 million euro in 2019). Of these, 9 transactions totalling 38 million euro involved equity investments by SIMEST in non-EU countries, and 1 transaction totalling 2 million euro related to an investment in Kazakhstan with the participation of FINEST. The main countries of destination are the United States (79% of volumes), followed by India and China.

INTEREST-RATE SUPPORT ON EQUITY LOANS

(millions of euro)

Deferred principal amount approved - by country

Country	Underlying nominal value
United States of America	31
India	3
China	2
Kazakhstan	2
Morocco	1
Djibouti	1
GRAND TOTAL	**39**

INTEREST-RATE SUPPORT ON EQUITY LOANS

(millions of euro)

Deferred principal amount approved - by industry

Industry	Underlying nominal value
Chemical/Petrochemical	15
Mechanical industry	11
Electronics/IT	5
Agri-food	3
Automotive	3
Non-financial services	2
Infrastructure and construction	1
GRAND TOTAL	**39**

There was also a high degree of concentration specifically in the chemical/petrochemical (39%), mechanical industry (28%) and electronic/IT (12%) sectors.

5.3 Export credit support (Law 295/73 Fund)

The Law 295/73 Fund (Article 3 of Law 295/73, hereinafter the “Fund”), managed by SIMEST on behalf of the Ministry of Economy and Finance in agreement with the Ministry of Foreign Affairs and International Cooperation, is a public fund financed by the State, intended for the disbursement of interventions to support the interest rates of medium/long-term loans (≥ 24 months) to support exports of investment goods and services all over the world.
During 2020 interventions in the form of the stabilisation of interest rates at a subsidised fixed rate (CIRR regulated by the OECD) and the granting of public grants for interest-rate subsidies to the fund were disbursed on buyer credit and supplier credit transactions for a total of 48 subsidised loans for a total amount of 3,198 million euro (compared to 47 subsidised loans for an amount of 4,702 million euro in 2019).

EXPORT CREDIT

(millions of euro)

Deferred principal amount approved - by product

Products	Number of transactions	Underlying nominal value
Buyer credit loans	11	2,948
Supplier credit loans	37	250
GRAND TOTAL	**48**	**3,198**

Of these transactions, 2,948 million euro involved buyer credit loans for contracts between Italian exporters and foreign customers in the shipbuilding (cruise ship segment) and defence industries.
The remaining 250 million euro, in the form of supplier credit loans, related to the financing of machinery and components supplies in the mechanical industry (in relation to agricultural machinery and the metallurgic segments) and in the chemical/petrochemical sectors sold by Italian companies to foreign customers.
With regard to buyer credit and supplier credit transactions, the main target countries of the counterparties abroad recipients of supplies were Bermuda, Egypt, the United Kingdom and Saudi Arabia.

EXPORT CREDIT

(millions of euro)

Deferred principal amount approved - by country

Country	Underlying nominal value
Bermuda	1,264
Egypt	950
United Kingdom	449
Saudi Arabia	249
France	60
Spain	55
Republic of South Africa	46
Ghana	37
United States of America	29
Greece	13
Other	44
GRAND TOTAL	**3,198**

The industry breakdown of export credit volumes mainly concerned contracts in the cruise ship (40%), defence (30%), electrical (14%), aeronautical (8%) and mechanical industry (7%) sectors, with the remainder coming from the infrastructure and construction, chemical/petrochemical, metalworking, automotive, agri-food and textile industries.

EXPORT CREDIT (millions of euro)

Deferred principal amount approved - by industry

Industry	Underlying nominal value
Cruise ship	1,264
Defence	949
Electrical industry	455
Aeronautics	249
Mechanical industry	227
Infrastructure and construction	37
Chemical/Petrochemical	9
Metalworking industry	2
Automotive	1
Agri-food	0.4
Textiles	0.3
Other industries	3
GRAND TOTAL	**3,198**

5.4 Promotion and development activities

Due to the crisis resulting from the spread of COVID-19, Italian companies had to react promptly to balance risk and liquidity and at the same time assess the opportunities deriving from the crisis, in a scenario in which the foreign demand for "Made in Italy" goods was drastically reduced and many new investment initiatives aimed at developing international markets were suspended.
In this context, despite the spread of the pandemic not making it possible to carry out the usual activities in the national territory and abroad, in 2020 numerous actions were promoted using digital platforms and remote meetings.
In 2020, SIMEST intensified this activity in order to promote the various measures that the Government, and in particular the Ministry of Foreign Affairs and International Cooperation, promoting the Pact for Export, introduced to relaunch exports and the international expansion process of Italian companies.
In summary, the promotion and development activities of SIMEST in 2020 were carried out according to the following guidelines: i) commercial action of SIMEST Product Specialists aimed at acquiring knowledge of SIMEST instruments through contacts with companies; ii) monitoring of digital channels and third-party channels and strengthening of communication campaigns for the promotion of loans for international expansion, particularly in light of regulatory changes and extraordinary measures introduced to support Italian companies; iii) mainly synergistic approach of the Group with reference to Export Credit instruments.
In continuity with the previous three years, the actions aimed at promoting and developing SIMEST's activities were carried out in synergy with the other Group companies.
SIMEST has developed its promotional activities through commercial activities and business meetings, face-to-face or online, aimed at:

- intensifying marketing and lead generation initiatives, with a particular focus on smaller companies, also through the promotion of subsidised finance instruments through specific campaigns, relations with third-party channels and support of Group customer care;
- strengthening and improving the collaboration with banks, consulting firms and private equity funds involved in supporting businesses in their international expansion processes;
- identifying and implementing new solutions capable of anticipating and meeting the needs of businesses (e.g. product and process interventions).

Over 1,000 targeted meetings were held in 2020, for a total of approximately 600 companies contacted. Furthermore, External Relations implemented around 130 meetings consisting of workshops and select meetings with banks, financial intermediaries, associations, embassies, advisers and companies. These activities are aimed at consolidating and increasing the number of entities and counterparties that SIMEST can partner with to help SMEs interested in developing their operations in international markets.

6. Risk management

With reference to the identification of risks characterising SIMEST's activity, the Company, while not subject to prudential regulation, adheres to current banking regulations, or the classification scheme adopted by the Basel Committee, which distinguishes between "pillar 1 risks" and "pillar 2 risks".
This classification is contained in the Risk Regulation adopted by SIMEST and by the specific detailed risk policies to ensure that the Company, in coordination with the Parent Company, is able to cover the risks it faces with its own resources. The Regulation essentially contains the same risk management principles adopted by the Parent Company, while taking into account the Company's specific nature and size.
The Company has also adopted a governance system of Company committees (technical-advisory boards) that guarantees an additional effective risk management and control system.
The most significant risks are listed below.
Credit risk: the risk of a deterioration in the economic-financial condition of a counterparty with whom the Company has a credit exposure. The Risk Regulation and the Investment Regulation envisage specific guidelines on underwriting and specific creditworthiness controls, both *ex ante* and *ex post*, referring to each individual counterparty/transaction.
The Regulations govern the operation of the investment and monitoring process and the roles of the organisational units involved. In order to best monitor credit risk, the Company follows specific portfolio assessment, monitoring and management processes through the use of models, operating tools and reporting aimed at analysing and monitoring the risk of investments.
In particular, the monitoring phase consists in adopting rating and early warning models and systems to promptly detect signs of anomaly relating to the exposures assumed, so as to allow management and the responsible structures to implement specific measures to protect its assets and, if necessary, to recover the amount due.
The credit risk associated with the equity investments is generally mitigated through the direct commitments of the Italian partners to repurchase SIMEST's equity investments, partially secured by corporate sureties, collateral and bank or insurance guarantees.
At 31 December 2020, the direct commitments of the Italian partners for the forward purchase of equity investments amounted approximately 453 million euro (472 million euro at 31 December 2019); commitments backed by bank and/or insurance guarantees amounted to around 25 million euro (31 million euro at 31 December 2019); those backed by collateral amounted to 43 million euro (44 million at 31 December 2019).

GUARANTEES

(%; millions of euro)

	2020		2019	
Direct commitments of Italian partners	87%	453	86%	472
Commitments secured by banks and insurance companies	5%	25	6%	31
Commitments secured by collateral	8%	43	8%	44
TOTAL AMOUNT DISBURSED		**521**		**547**

Market risk: the risk arising from market transactions in financial instruments, currency and commodities. With regard to SIMEST, the price risk and the foreign exchange risk are marginal and are in fact almost completely mitigated by contractual clauses which, as a rule, guarantee that the investment will be recovered at the historic price paid in euro for acquisition of the equity investment. The fair value measurement of a portion of the investment portfolio in accordance with the adoption of IFRS 9 exposes the portfolio to value change risks arising from fluctuations in market factors (interest rates and credit spreads).
Operational risk: the risk of loss resulting from inadequate or malfunctioning internal procedures, people and systems or from external events. This context includes losses resulting from fraud, human error, business disruption, system unavailability, breach of contract, and natural disasters. The operational risk control framework provides a structured set of processes, functions and resources for the identification, assessment and monitoring of operational risks. In particular, in accordance with the Parent Company's guidelines, the operational risk control system includes both i) a data collection and storage process (Loss Data Collection) and ii) the assessment of the level of Company exposure to operational risks through a Risk Self-Assessment.
Liquidity risk: risk of default with respect to the Company's payment commitments and includes two forms of risk that are often highly correlated: i) funding liquidity risk (inability/difficulty in raising funds with the risk of not being able to meet its own payment commitments) and ii) market liquidity risk (difficulty in liquidating assets and other assets to settle its financial obligations at maturity, without incurring losses). Liquidity risk is monitored constantly through analysis of expected cash flows, especially for equity investments. During the second half of 2020, the Company adopted a new liquidity risk monitoring framework consistent with prudential regulations, appropriately adapted to the business model and the specific operations of SIMEST, which operates as a medium/long-term investor, supporting Italian companies in export and international expansion activities. The new framework is based on two indicators: i) short-term liquidity indicator and ii) structural liquidity indicator, which aim respectively at verifying and guaranteeing the Company's ability to deal with cash outflows in the short term and the right balance between average duration of funding and lending sources, monitoring and limiting the use of forms of maturity transformation. These indicators are the subject of measurement, monitoring and periodic reporting by the Company's responsible structures. In case of exceeding the defined limits, in terms of process, the activation of the Contingency Funding Plan is provided as remediation action.
Interest rate risk: risk deriving from potential changes in interest rates with respect to differences in maturities and/or in the times of redefinition of the interest rate of the Company's assets and liabilities. The Risk Regulations contain specific limits and operational processes for the control and monitoring of interest rate risk.
Concentration risk: the risk arising from exposures to individual counterparties, groups of connected counterparties, or counterparties belonging to the same economic sector or carrying out the same activity, or belonging to the same geographical area. The Risk Regulations contain specific limits and operational processes for the control and monitoring of concentration risk.
Reputational risk: the current or prospective risk of a fall in profits, penalties, loss of economic value or damage to SIMEST's institutional role, resulting from a negative perception of the Company's image by customers, counterparties, shareholders, investors, regulators or other stakeholders. SIMEST gives the highest priority to preventing and monitoring the occurrence of events of a reputational nature in relation to transactions that are part of its corporate purpose. To this end, it has structured internal controls to mitigate this risk and has adopted specific safeguards to prevent reputational events from occurring in its operations.
Compliance risk: the risk of incurring legal or administrative penalties, losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (e.g. articles of association, codes of conduct). SIMEST has adopted the Group's "Risk Assessment and Control of Compliance Risk" policy, while structuring a compliance risk management process aimed at ensuring that internal processes and procedures are consistent with the objective of preventing the violation of self-governance rules or external provisions.
Within the Risk Regulation the Company also implemented the process of assessing the correspondence between the capital resources available (represented by equity) and the economic capital necessary to cover existing risks, which is measured using the Internal Capital Adequacy Assessment Process (ICAAP) employed by the CDP Group. Results of the assessments have confirmed the full adequacy of capital resources both at present and over time.
Specific controls are also in place for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which the funds are exposed. More specifically, for the Law 295/73 Fund, in order to ensure support for exports through a more efficient allocation of public resources while maintaining adequate control of major risks (foreign exchange and interest rate risk), even in situations of stress, a specific methodology was defined for quantifying the Fund's overall on-balance sheet financial needs with a view to efficiently managing public resources.

7. Internal control system

The internal control system consists of a set of rules, procedures, and organisational structures designed to ensure compliance with applicable regulations, in accordance with corporate strategies and the achievement of targets set by Company management.
To further monitor the Company's risks, in April 2020 SIMEST approved the introduction of a new Chief Risk Officer organizational structure reporting directly to the Chief Executive Officer, to which the Credit, Risk Management, Compliance and Anti-Money Laundering structures report. This new organisational structure makes it possible to have a single and transversal overview, internalising the risk and compliance activities previously managed through external services defined with the Parent Company SACE.
The internal control system envisages:

- first level controls (line controls), built into organisational procedures and designed to ensure that activities are carried out correctly, are conducted by business, operational and administrative structures;
- second level controls (risk management controls) are carried out by the Risk Management Function and the Compliance Function, which are separate organisational units from the previous ones, reporting to the Chief Risk Officer structure, and which aim to ensure that the risk management process is correctly implemented, that the operating limits assigned to the various structures are respected, and that the Company's operations comply with the applicable regulations.

In the context of operational risks, the Risk Management Function monitors the operational risk management framework, with particular reference to: i) the assessment of the level of Company exposure to operational risks (risk self-assessment) and ii) the collection and analysis of internal loss data attributable to operational risk events (loss data collection), also monitoring the effective execution of any actions to mitigate risks identified during the periodic follow-ups.
Lastly, third level controls are implemented by the Internal Audit Function, which ensures the monitoring and periodic assessment of the effectiveness and efficiency of the risk management, control and governance system, with respect to the nature and intensity of the risks.
Internal Audit submits an Audit Plan to the Board of Directors, showing the audit activities planned in connection with the risks associated with activities pursued to meet company objectives. The results of the activities carried out by Internal Audit are presented to the Board of Directors and the Board of Statutory Auditors every six months. However, critical issues identified during examinations are immediately reported to the relevant Company structures so that they can implement corrective actions.
To further monitor SIMEST's risks, the second and third level control structures prepare, with the support of the Organisation Department, an integrated report known as the master plan, integrated with the control structures in order to provide an overall view of the corrective actions identified in the context of the audits carried out, ensuring a periodic update to top management and corporate bodies on the relative implementation.
In the course of 2020, the governance of the internal control system was also further strengthened by revising, in line with the group approach, the composition and operating methods of the Company's committees (technical-advisory boards) ensuring further effectiveness and efficiency of the overall risk management and control system.
In the area of financial reporting, SIMEST has also adopted the Internal Control System for Financial Reporting, based on best practice and in compliance with the applicable regulations (Law 262/2005), in order to strengthen the Company's framework of internal controls on administrative and accounting processes.

8. Governance and support activities

8.1 Communications

In 2020, the economic emergency resulting from the COVID-19 pandemic placed SIMEST at the centre of the Government's strategy to help Italian companies, especially SMEs, that also operate abroad. It was therefore necessary to strengthen the communication activities on the subsidised instruments for international expansion managed by SIMEST on behalf of the Ministry of Foreign Affairs and International Cooperation (MAECI), placing alongside the activity on proprietary channels also the launch of a dedicated advertising campaign, in co-branding with MAECI.
The objective of the campaign, which started in mid-June and ended in mid-December, was first and foremost to create awareness of the resources and the unprecedented commitment that had been put in place to provide liquidity and support for exports and international expansion projects of Italian companies, a concept summarised in the headline: "An extraordinary commitment, to return to running in the world". In the various forms – warnings, native, displays, etc. – the campaign therefore provided detailed information on the enhancement of the facilities offered, especially with regard to loans for international expansion: from the elimination of the obligation to present bank guarantees, to the non-repayable portion; from the extension of the limits and types of expenditure that can be financed, to the extension also to projects in countries of the European Union.
Media planning involved national and regional press, radio and digital media; this effective media mix resulted in a greater and more widespread knowledge of SIMEST and of the promoted instruments, and a significant increase in demand for the latter.
In particular, digital media was entrusted with the goal of lead generation: the website's landing page – one of the gateways to the operating portal for businesses – recorded over 85 thousand unique views during the campaign period. Moreover, with regard to the local press, a particular focus was dedicated to that of the South of Italy.
Also in terms of proprietary channels, the results were very positive, with a clear increase in visibility: media relations generated an increase of around 90% in press reports compared to the previous year; the traffic recorded by the website and the follow-up achieved on social channels was supported.
Lastly, some wide media relevance events, in which the top management of SIMEST took part, deserve particular mention. Among the main ones: "Made in Italy – The Restart" organized by Sole24Ore and the Financial Times; Family Business Festival, organized by Corriere della Sera; Motore Italia, organized by the Class Editori Group.

8.2 Human resources and organisation

Organisational structure and workforce

During 2020, some revisions of the Company organisational structure were carried out with a view to a further rationalisation of activities and the segregation of responsibilities as well as a gradual reduction in the number of direct reports to the Chief Executive Officer, a greater specialisation in the supervision of the risks and alignment of business strategies and Company operations with market requirements.
In March 2020, the Function Chart was amended in order to formalise roles/responsibilities as described below:

- the Legal and Corporate Affairs Department was assigned the activities relating to the management of relations with the Board of Directors from the Corporate and Legislative Department to the Head of Legal and Corporate Affairs. In addition, the Head of Legal and Corporate Affairs was assigned the definition of the powers granted by the Board of Directors to the Chairman and Chief Executive Officer/General Manager and the support to the competent structures in updating the powers granted by the Chief Executive Officer/General Manager to the Company structures. In line with the above, the "Corporate and Legislative" Department was renamed "Legislative and Corporate Support";
- the Business Development & Marketing Department was assigned the activities regarding the role of Project Manager for the management of all business and strategic projects identified as significant by the Chief Executive Officer;

- the common and/or transversal activities of the Debtor and Partner Management, Soft Loans, Export Credit & International Expansion, Loans and Planning, Administration and Finance Functions were adjusted and harmonised;
- the activities of the outsourced Functions were adjusted in line with the provisions of the SACE Function Chart. As a result, the "Compliance" Department was renamed "Compliance and Anti-Money Laundering" Department.

In June 2020, the new SIMEST's organisational structure came into force, which envisaged the introduction of the First Line Chief Risk Officer (CRO) structure, reporting directly to the Chief Executive Officer, to which the Risk Management, Compliance and Anti-Money Laundering and Loans organisational units report.
With the introduction of the aforementioned structure, the Functions responsible primarily for risk management were internalised, specifically: i) Risk Management and ii) Compliance and Anti-Money Laundering.
In order to strengthen operating synergies at Group level, the following activities were outsourced to the Parent Company SACE:

- privacy activities;
- activities in the area of operational risks, without prejudice to the responsibility of the Head of Risk Management.

The Chief Risk Officer structure acts as a summary point to strengthen risk management and is consistent with what is already present in the organisational structure of the Parent Company and the Ultimate Parent Company, and makes it possible to guarantee the applicability of a lean organisational model characterised by high responsiveness to business requirements and to achieve the objective of reducing the number of direct reports to the Chief Executive Officer.
The transfer of the activities pursuant to Article 4 of Law 100/90 and Law 19/91, relating to subsidised interest subsidy transactions, under the Law 295/73 Fund by the Export Credit & International Expansion Structure has also been implemented:

- to the Equity Execution structure for the preliminary and approval phase of transactions;
- to the Export Credit Administration structure for the transaction management phase.

Following the above-mentioned transfer of activities, the "Export Credit & International Expansion" Department was renamed "Export Finance" and the "Export Credit Administration" Department the "Internationalization & Export Finance Administration" Department.
In July 2020, SIMEST's organisational structure was further modified with the introduction of the First Line Chief Business Officer (CBO) structure reporting directly to the Chief Executive Officer, to which the following organisational units report: i) Business Development & Marketing; ii) Equity Investment; iii) Export Finance; and iv) Soft Loans.
The aforementioned organisational units, operating in the business area, including marketing and product development, were brought back to a single steering and coordination organisational unit.
The new structure makes it possible to: i) align business strategies and Company operations with market needs, requests and timing; ii) achieve the objective of reducing the number of direct reports to the Chief Executive Officer (from 11 to 8 organisational units).
At the same time, the following changes were made to the Export Finance organisational structure:

- following the new distribution of activities by product line and no longer by industry, the "Oil & Gas, Energy & Industrial" organisational unit was renamed "Trade Finance" and the "Transport & Infrastructure" organisational unit was renamed "Corporate & Structured Finance";
- a new organisational unit, "Export Finance Management & Monitoring", was set up in order to centralise activities relating to the monitoring of the performance of export transactions in the portfolio and the management of "non-ordinary" changes in the same.

In November 2020, the First Line "Debtor and Partner Management" Department was renamed "Operations & Equity Restructuring" to better represent the activities that the Department deals with, also with respect to the outside world.
With regard to safety, in February 2020, the Certification of the Management System for Health and Safety in the workplace was renewed and at the same time the OHSAS 18001:2007 certification was migrated to the new ISO 45001:2018 standard.
The year 2020 was characterised by the health emergency due to the pandemic for the COVID-19 virus, therefore, in the field of safety, the necessary activities were carried out to protect the health of employees, in compliance with the "Shared protocol regulating measures to combat and contain the spread of the COVID-19 virus in the workplace", signed in April 2020.
The main objective of the interventions was to combine the continuation of activities with the guarantee of health and safety conditions of the working environments, of the working methods and of the workers themselves.
The main action strategy was the adoption of smart working methods; activities were carried out in constant coordination with the Parent Company SACE and the Ultimate Parent Company CDP, with the involvement of the Prevention and Protection Service Manager (PPSM), the Company Doctor and the Workers' Safety Representative (WSR) and providing information to the trade unions on the measures and Protocol adopted.
The measures adopted by SIMEST, in addition to fulfilling the provisions of current legislation, were aimed at further strengthening in order to raise internal safety standards.
The main measures adopted include:

- sanitation of all the premises through treatments with saturated steam at 180 °C and chemical nebulisation that allow to reduce microbiological contamination (viruses, bacteria, fungi, spores) from any surface;
- posting in the access areas and in the strategic places of brochures and signs that remind personnel of behaviours, precautions and conducts to be adopted;
- positioning of dispensers of sanitising solutions at strategic points in the building;
- procurement and distribution of masks for employees;
- installation of a thermal imager at the entrance turnstile;
- preparation of an Internal Protocol indicating the conduct to be followed in case of access to the headquarters;
- identification of paths to follow and affixing of specific signs;
- performing continuous cycle interventions of cleaning and sanitising of door handles and common areas;
- implementation of testing campaigns, with participation on a voluntary basis, with molecular swabs and serological tests for employees.

At 31 December 2020, the Company's workforce consisted of the following:

COMPANY WORKFORCE*

	Workforce at 31/12/2020	Workforce at 31/12/2019
Senior management	13	10
Middle management	83	81
Non-managerial personnel	75	63
TOTAL	**171**	**154**

* Includes SIMEST personnel seconded to other companies (no. 5 resources) and personnel from other companies seconded to SIMEST (no. 21).

8.3 Legal disputes

There were two legal disputes pending before the courts at 31 December 2020 concerning amounts claimed for professional fees totalling 287,000 euro. The first instance proceedings in one of the cases ended in 2018 with a decision ordering SIMEST to pay approximately 80,000 euro. In 2019, the first instance proceedings in the second dispute were concluded, with the rejection of the claim. Appeals are currently under way in both proceedings.

8.4 Corporate governance

Control and Risk Committee

In the course of 2020, the SIMEST Board of Directors, in line with the best practices on corporate governance, resolved to set up an internal "Control and Risk" Board Committee, with the task of assisting and supporting the Board of Directors in assessments and decisions on internal controls and corporate risk management, and in the monitoring activities of the equity investment portfolio, with an investigation and advisory function and without assignment of operating powers. At the meeting of 21 December 2020, the Board of Directors determined a composition of the Control and Risk Committee with three members, appointing the Deputy Chairman Roberto Rio, the Director Claudio D'Eletto and the Director Anna Mareschi Danieli.

Organisational model pursuant to Legislative Decree 231/2001

SIMEST adopted the "Organisation, Management and Control Model" pursuant to Legislative Decree 231/2001 (231 Model), which identifies the Company areas and operations that are most exposed to the risk of criminal activity as defined in the decree, along with the principles, rules and regulations for the control system introduced to supervise significant operating activities, which is subject to update.
The Supervisory Body is tasked with overseeing the operation of and compliance with the Model and with updating its content, and assisting the competent corporate bodies in the task of implementing the Model correctly and effectively. SIMEST's Supervisory Body consists of three members, an expert in criminal law, an expert in business economics and the Chief Audit Officer of CDP or another employee of the CDP Group designated by them with extensive experience in Internal Control Systems.
During 2020, the Supervisory Body was supported by the Internal Audit Function to provide ongoing, independent monitoring of the proper functioning of corporate processes, as well as of the Internal Control System as a whole.
On 20 December 2018, the Board of Directors appointed the members of the Supervisory Body for the three-year period from 2019 to 2021, and during 2020 the Supervisory Body met 7 times.
During 2020, activities were initiated to update SIMEST's Organisation, Management and Control Model pursuant to Legislative Decree 231/01, which was approved by the Company's Board of Directors at the meeting of 27 January 2021.

Code of Ethics

In accordance with the provisions of the Regulation on Exercise of Management and Coordination Activities, at its meeting of 21 June 2017 the Board of Directors of SIMEST approved the Code of Ethics of Cassa Depositi e Prestiti SpA and of the companies subject to management and coordination ("Code of Ethics") issued on 10 March 2017 by CDP.
The Code of Ethics – which is an integral part of the 231/2001 Model – provides guidelines with regard to those with whom SIMEST has relations and requires that the principles, values and rules contained therein, in addition to applying to persons within SIMEST (corporate officers, senior managers, whether employees or non-employees, and persons reporting to senior managers), also apply to persons outside the Company and all those who, directly or indirectly, have relations of any kind with SIMEST.
SIMEST also promotes awareness of and compliance with the 231 Model and the Code of Ethics by way of specific contractual clauses that include specific measures to be taken in the event of violation of the established shared values. An internal control system has been implemented that detects, measures, and monitors risks resulting from failure to follow the Code of Ethics. Both the Code of Ethics and the General Part of SIMEST's Organisation, Management and Control Model pursuant to Legislative Decree 231/01 may be found on the Company's website.
In accordance with the "Regulation on Exercise of Management and Coordination Activities with regard to companies of the CDP Group" approved by CDP on 23 March 2016, SIMEST has been subject to management and coordination by SACE SpA since 15 November 2016. Pursuant to Article 3, paragraph 2, lett. c), of Decree Law no. 23 of 8 April 2020, converted, with amendments, by Law no. 40 of 5 June 2020, SACE SpA is no longer subject to the management and coordination of CDP SpA Paragraph 3 of the same article specified that the powers of the Minister of Foreign Affairs and International Cooperation remain valid with respect to SIMEST pursuant to Law no. 100 of 24 April 1990.

Internal committees

In March 2020, the Company's Committees were updated with reference to the Management Committee, the main changes of which concerned: i) the renaming of the Management Committee to Executive Committee and ii) the change in the composition of the aforementioned committee with the inclusion of the External Relations Manager and the Communication Manager.
In July 2020, following the introduction of the new First Line Chief Risk Officer structure, the following changes were made to the Company's Committees: i) alignment with the new organisational structure; ii) adjustment of SIMEST's Risks Committee to SACE's Risks Committee in relation to the duties and composition and transformation of the Operations Committee into the Risk Evaluation Committee in order to ensure alignment with the SACE's governance committees; iii) adjustment of the Monitoring and Restructuring Committee in accordance with the framework of the Risk Evaluation Committee and iv) revision of the composition of the Kick Off Committee.

Related parties

With regard to relations with the majority shareholder, SACE SpA, and the companies of the CDP Group, and in accordance with Article 2428 of the Italian Civil Code, we hereby report that there is an agreement between SIMEST, CDP and SACE – known as the "Export Bank Agreement" – which establishes that CDP is to provide financial support and SACE is to provide guarantees in operations to finance the international expansion and export efforts of Italian businesses.
In relations with the majority shareholder SACE SpA, during the 2020 financial year, professional services received were recognised as part of a contract relating to the adjustment of certifications with regard to the standards of occupational safety and environmental management systems. In addition, following the creation of the Centre for Export and International Expansion, with a view to centralising functions and achieving operational synergies, outsourcing agreements were established with SACE SpA to manage the following services:[20] General Services, Human Resources, ICT, Purchasing, Compliance, Internal Audit and Risk Management.
At the end of 2020, thirteen SACE SpA employees were seconded to SIMEST, and three SIMEST employees were seconded to SACE SpA.
Also of note is the lease payment made for the use of offices in Mestre, Bologna, Palermo and Naples, and the payment for the lease of IT hardware.
With regard to the other companies in the Group, in 2020 credit lines provided by Cassa Depositi e Prestiti (CDP), both individually and in a pool with other lenders, were drawn down.
Also, again with regard to relations with CDP, in 2020 remuneration was paid for the members of the SIMEST Board of Directors appointed from among CDP's senior managers.
At the end of 2020, eight employees were seconded from CDP.
With regard to tax items, the payable to CDP relates to the Group's Fiscal Consolidation.
Also, one SIMEST employee was seconded to Fintecna SpA.
Also worth noting are contracts with SACE SRV Srl (a subsidiary of SACE SpA) for info-provider, personal data and anti-mafia management, customer care and debt collection services. One SIMEST employee has also been seconded to SACE SRV Srl.
In addition, at 31 December 2020, following the update of the map of the CDP Group, the related-party transactions included the receivable due to SIMEST from Ansaldo Energia SpA in relation to the investment in Ansaldo Energia Switzerland AG and a receivable for interest income due to be collected.
These related-party transactions have all been conducted at arm's length.

[20] The Risk Management and Compliance Services ended on 31 May 2020.

9. Sustainability

9.1 Corporate Social Responsibility

In 2020, SIMEST continued its commitment to supporting corporate welfare and workplace safety initiatives, in addition to activities aimed at reducing its environmental impact.

Initiatives for employees

In a year as particular as 2020, SIMEST was able to respond to the new requirements imposed by the pandemic crisis, remaining close to its employees, 100% involved in a prolonged smart working regime. In this context, a remote telephone counselling service was activated to help colleagues manage the concerns and fears generated by the pandemic situation. During 2020, the activity of listening to the needs of internal customers continued, through management interviews carried out by the HR Business Partners. Colleagues from all departments were contacted, mainly digitally, and they had the opportunity to discuss their professional and personal situation with Human Resources in the difficult context we are experiencing.

During 2020, the E-Learning portal was revised in terms of its layout, reorganised and equipped with a Virtual Classroom. Also with a view to digitalisation, the “Digital Human Innovation Project” should be mentioned, with the aim of seeking innovative and sustainable solutions from an environmental point of view, which led to paperless management of mandate management processes; at the same time, the distribution of meal vouchers, previously on paper, is now carried out exclusively electronically.

Again with a view to dematerialisation, the TRS (Total Reward Statement) was also distributed in paperless mode. This document aims to give each employee a clear and comprehensive view of their remuneration package, including all the fixed and variable elements, benefits and services that the Company offers to its employees.

Also for 2020, SIMEST has made available a flexible benefit plan with a view to strengthening Company welfare, bringing benefits in terms of greater purchasing power for the beneficiaries. The plan envisages as a source of financing both the possibility of converting production bonuses and the recognition of one-off amounts (e.g. for the renewal of supplementary contracts).

In 2020, the new Supplementary Business Agreement (CIA) of SIMEST was signed, with the aim of favouring a progressive harmonisation of treatments among the Group companies and characterised by the strengthening of institutions with greater social value: health policy, life policy, check-ups, supplementary pensions, parenting support.

During 2020, the ECP (Early Career Programme), a programme for young people based on the principles of fairness, competitiveness and performance, saw the implementation of all the programme initiatives: project work on strategic-corporate issues, assessment of potential and training courses on soft skills and also the first edition of Mentoring, a project aimed at combining an ECP employee with a high-seniority mentor, with the aim of supporting and accelerating professional development and integration in the Company of ECP young people.

In 2020, Diversity and Inclusion activities continued, regarding the following streams: parenting, sexual orientation, age difference, disability. With regard to the age difference stream, a generational Reverse Mentoring initiative was launched, which involved employees under 30 and over 50, to foster a constructive dialogue for personal and professional enrichment.

In addition, thanks to the contribution made by the Company, SIMEST employees were given the opportunity to access the SACE CRAL (Employee Recreation Centre) and take advantage of leisure activities offered through special agreements and discounts.

Lastly, SIMEST renewed all the employee insurance policies and made related services available on the dedicated portal.

SIMEST supported the Leonardo Committee for the eleventh consecutive year, helping to reward rising talents who, in their studies and in their graduate theses, analysed “Made in Italy” success stories. This initiative also led to internship opportunities in the Company. Due to the pandemic, the award ceremony was postponed to 2021.

Environmental impact management

During 2020, SIMEST gave an even greater impetus to the activities for the reduction of the environmental impact, through the progressive optimisation of energy consumption and the continuation of the digitalisation process with the consequent reduction of the number of cabinets, with the elimination of the same from corridors. The replacement of the neon lamps with the new, higher-performance LED lamps continued at an even faster pace. In addition, in July, drinking water dispensers, for both still and sparkling water, were installed on all floors in order to reduce the use of plastic bottles. With the adoption of smart working, the use of paper and toner for printing was considerably reduced, in addition to lower emissions of polluting gases due to the use of vehicles to reach the workplace. As part of the activities carried out for the health emergency, SIMEST arranged for the purchase of reusable cotton masks treated with Carbon Nanoclusters in order to reduce the use of more polluting surgical masks, to be distributed to personnel. During the year, the diesel-fuelled thermal plant was replaced with a new methane plant.

10. Balance sheet and income statement figures

An analysis of the financial statements at 31 December 2020 is provided below. Both the balance sheet and the income statement have been reclassified based on operational criteria.

10.1 Reclassified balance sheet

The assets in the reclassified balance sheet at 31 December 2020 included the following items:

(millions of euro)

ASSETS ITEMS	31/12/2020	31/12/2019
Cash and cash equivalents	0.01	0.01
Financial assets measured at fair value through other comprehensive income	5.2	5.2
Receivables for equity investments	523.2	553.5
Other financial receivables	4.0	4.1
Property, plant and equipment	5.1	6.3
of which right of use of buildings	*4.5*	*5.7*
Intangible assets	0.6	0.7
Tax assets	1.3	2.7
a) current	*0.3*	*1.4*
b) deferred	*1.0*	*1.3*
Other assets	12.6	12.2
TOTAL ASSETS	**552.0**	**584.7**

At 31 December 2020, total assets amounted to 552.0 million euro (584.7 million euro at 31 December 2019), a decrease of about 32.7 million euro from the previous year.
The decrease in assets is mainly due to the decrease in the total value of "Receivables for equity investments", which amounted to 523.2 million euro (553.5 million euro at 31 December 2019). This is the main Asset item, accounting for about 95% of the total. As a result of application of the International Financial Reporting Standards, the allocation of these amounts to "Receivables for equity investments" takes account of the characteristics of SIMEST's operations in assisting Italian partners for a specified period of time where the partners' obligation to repurchase the stake at maturity qualifies the transaction, under those standards, as a receivable from the partners, even though they relate to subscribed equity investments.
The decrease of 30.3 million euro in this item was due to the trend in payments of equity investments (26.7 million euro), collections (45.7 million euro), net income from receivables for equity investments measured at fair value, including individual write-downs of critical positions (-10.2 million euro) and credit risk adjustments to equity investments measured at amortised cost (-1.1 million euro).
"Financial assets measured at fair value through other comprehensive income" at 31 December 2020 amounted to 5.2 million euro, unchanged from 31 December 2019, and represent the equity investment in FINEST (which is not an associate).
"Other financial receivables", amounting to 4.0 million euro (4.1 million euro at 31 December 2019), refer to mortgage and personal loans granted to employees.
Of note was the decrease in "Property, plant and equipment", which stood at 5.1 million euro at 31 December 2020 (6.3 million euro at 31 December 2019). This item takes into account the adoption, with effect from 1 January 2019, of the new accounting standard IFRS 16. In particular, the amount includes approximately 4.5 million euro relating to the right of use of the leased building housing the Company headquarters in Rome.
"Tax assets" totalled 1.3 million euro (2.7 million euro at 31 December 2019), of which 1.0 million euro for deferred tax assets recognised on income components that will become taxable in future tax periods and 0.3 million euro for greater advance taxes paid.
Lastly, "Other assets", totalling 12.6 million euro (12.2 million euro at 31 December 2019), mainly include trade receivables in respect of the agreement to manage public funds in the amount of 11.5 million euro (9.8 million euro at 31 December 2019) and advances to suppliers and other assets in the amount of 1.1 million euro.

(millions of euro)

LIABILITIES AND EQUITY	31/12/2020	31/12/2019
Loans payable measured at amortised cost	233.2	270.3
Other liabilities and tax liabilities	10.7	8.9
Staff severance pay	1.9	2.1
Provisions for risks and charges	1.1	2.7
Equity	305.1	300.5
TOTAL LIABILITIES AND EQUITY	**552.0**	**584.7**

At 31 December 2020, "Loans payable measured at amortised cost" amounted to 233.2 million euro (270.3 million euro at 31 December 2019) and refer to the use of loans and credit lines granted by CDP and banks that are shareholders of SIMEST, aimed at supporting net flows of funding and the related increase in the investment portfolio.
At 31 December 2020, this item also included payables (4.7 million euro) arising from rights of use acquired under leases, based on the new IFRS 16.
"Other liabilities and tax liabilities", totalling 10.7 million euro (8.9 million euro at 31 December 2019), mainly include trade payables and other items in the amount of 8.1 million euro (7.0 million euro at 31 December 2019), amounts due to employees and related social security contributions and other liabilities in the amount of 2.6 million euro (1.9 million euro at 31 December 2019).
"Staff severance pay", amounting to 1.9 million euro (2.1 million euro at 31 December 2019), reflects the amounts due to employees under the specific legal and contractual provisions in force at 31 December 2020. These amounts are recognised in the financial statements in accordance with IAS 19.
"Provisions for risks and charges", amounting to 1.1 million euro (2.7 million euro at 31 December 2019), represent provisions for likely liabilities, stated at current values, including future charges in respect of employees.
At 31 December 2020, "Equity" amounted to 305.1 million euro (300.5 million euro at 31 December 2019) and represented approximately 55% of total liabilities.

10.2 Reclassified income statement

The economic performance of SIMEST was analysed using the income statement layout reclassified on the basis of management criteria:

(millions of euro)

INCOME STATEMENT	31/12/2020	31/12/2019
Income from equity investments	28.2	29.2
Interest expense and similar expense	(2.4)	(2.6)
Commission income	19.0	17.3
Net profit (loss) on assets mandatorily measured at fair value through profit or loss	(10.2)	(27.5)
Gross income	**34.6**	**16.4**
Net adjustments/recoveries for credit risk on assets measured at amortised cost	(1.1)	(16.6)
Administrative expenses and other expenses and income	(22.8)	(21.7)
Other operating (charges) and income	0.0	0.0
Operating income	**10.7**	**(21.9)**
Net provisions for risks and charges	0.5	(1.4)
Net adjustments/recoveries on property, plant and equipment and intangible assets	(2.0)	(1.9)
Income (Loss) before tax	**9.2**	**(25.2)**
Income tax for the year	(4.6)	(1.9)
NET INCOME (LOSS) FOR THE YEAR	**4.6**	**(27.1)**

The income statement shows that in 2020 SIMEST posted a net income of 4.6 million euro (net loss of 27.1 million euro in 2019) after provisions for taxes (current and deferred) of 4.6 million euro.
On the revenue side, "Income from equity investments" totalled 28.2 million euro (29.2 million euro in 2019) and includes fees, interest on deferred payments and default interest on equity investments. The average annual return on the equity investment portfolio was about 5.2% (5.3% in 2019). "Interest expense and similar expense" amounted to 2.4 million euro (2.6 million euro in 2019) and refers to interest expense on financial payables. In addition, at 31 December 2020, this item included the interest expense on lease payments recognised on the basis of the IFRS 16 (0.1 million euro). The average annual cost of debt for 2020 was approximately 0.9%, down compared to 2019 (approximately 1.0%).
"Commission income" totalled 19.0 million euro (17.3 million euro in 2019) and essentially concerns fees received for management of the Venture Capital Fund, the Law 394/81 Fund, the Sustainable Growth Fund, and the Law 295/73 Fund.
"Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss" refers to the fair value measurement of some of the receivables for equity investments that did not pass the SPPI Test (under IFRS 9) and amounts to a negative 10.2 million euro, which takes into account individual write-downs (in terms of principal, fees and default interest net of value reversals) applied to critical positions of approximately 9.0 million euro and the negative measurement of the change in fair value of approximately 1.2 million euro. It is also to be noted that, within the fair value and impairment model (IFRS 9), the Ultimate Parent Company CDP has updated the sets of values for the Point in Time Probability of Default (PD) in order to capture the impacts on the economy related to the pandemic deriving from COVID-19.
"Gross income" for 2020 amounted to 34.6 million euro.
"Net adjustments/recoveries for credit risk on assets measured at amortised cost" amounted to 1.1 million euro and refer to adjustments made to the portion of receivables for equity investments.
"Administrative expenses" amounted to 22.8 million euro (21.7 million euro in 2019).
The balance of operating income and costs for 2020 was therefore a positive figure of 10.7 million euro.
"Net provisions for risks and charges", equal to approximately 0.5 million euro, refer to the positive absorption relating to the reversal of a previous provision on an application for a IRAP receivable.
As a result of the above, there was "Income before tax" of 9.2 million euro (loss of 25.2 million euro in 2019).

11. COVID-19 disclosure

11.1 Management impacts

In 2020 SIMEST's operations were impacted by the effects of the current health emergency. Indeed, initial signs of a slowdown can be confirmed in the international expansion operations of Italian companies, with repercussions both on the performance of the companies already in SIMEST's portfolio and on the feasibility of any new equity investments due to be made during the year. With regard to the public funds managed by SIMEST, given that these essentially operate on the basis of foreign investments and exports, a slowdown in terms of new lending, investment and managed resources has been recorded. The instruments under the Law 394/81 Fund, affected by the extraordinary measures introduced in order to mitigate the consequences of the epidemiological emergency, are an exception.
With reference to SIMEST's equity investments, the SIMEST Board of Directors of 27 May 2020 provided for the possibility for the partner companies in the portfolio to adhere to the moratorium for the capital and the interest portion. The moratorium, in line with what is already done by the banking system, is intended exclusively for performing parties.
With reference to the equity investments in the Venture Capital Fund, the moratorium was presented for approval at the first meeting of the Steering and Reporting Committee (SRC), reconstituted in June 2020.
In order to increase the Venture Capital Fund's ability to support the international development strategies of Italian companies, responding to their actual needs with reference to some markets of primary importance, the geographical operations of the fund were extended to all foreign countries.
It should be noted that the restrictive measures imposed by the spread of COVID-19 affected the performance of the volumes acquired by the SIMEST Equity Loan, which are strongly correlated with the performance of the investments of Italian companies. There are several cases of companies that have suspended expansion and acquisition projects with significant impacts on the SIMEST Equity Loan project pipeline. In this scenario, companies have focused more on the need to ensure their operational continuity and on the need to preserve available liquidity. It should also be noted that the sectors driving SIMEST operations (automotive, mechanical and metalworking industries) are among the sectors most impacted by the economic situation, severely limiting the opportunities for new investments.
With reference to Soft Loans, Article 58 of Decree Law 18/2020 also provided for the suspension for up to 12 months of the payment of the capital amount and the interest of the instalments due in 2020, with the consequent transfer of the amortisation plan for a corresponding period. In addition, new regulatory measures were introduced to support Italian SMEs in the difficult economic situation, which increase the capacity of the Law 394/81 Fund to support the international growth strategies of Italian companies:

- expansion of operations to intra-EU countries and further optimisation of all credit lines (Subsidies Committee of 15 June 2020);[21]
- new instrument for the non-repayable co-financing of the subsidised loans of the Law 394/81 Fund, previously up to a maximum of 40% co-financing of the non-repayable fund, under the *de minimis* regime (Subsidies Committee of 28 April 2020) and, subsequently, up to a maximum of 50% of non-repayable co-financing for a maximum amount of 800 thousand euro in aids, within the Temporary framework defined by the European Commission;
- further product changes mainly represented by the increase in the maximum amounts that can be financed (Subsidies Committee of 15 June 2020) and reduction of guarantees;
- support for the capitalisation of trade fair entities (Subsidies Committee of 27 October 2020) and of companies whose main activity is the organization of internationally significant trade fairs (Subsidies Committee of 26 November 2020).

A support measure is also being finalised for the operators of the trade fair system through non-repayable grants commensurate with the uncovered fixed costs incurred as from 1 March 2020.
As part of the measures to support the economy, the allocation of the Law 394/81 Fund was increased by 2,485

[21] The optimisations mainly refer to a better and wider accessibility to the capitalisation of exporting companies, new structures that can be financed with the inclusion in foreign markets, opening to international trade fairs in Italy, introduction of after-sales assistance programs, expansion of accessibility and e-commerce.

million euro, referring to: i) Article 54-*bis* of Decree Law 18/2020 converted by Law 27/2020 “Cura Italia”; ii) Article 48, paragraph 2, lett. a) of Decree Law 34/2020 “Relaunch”; iii) Decree Law “Ristori” Article 6-*bis*, paragraph 14 and Decree Law 137/2020 converted, with amendments, by Law no. 176 of 18 December 2020; iv) 2021 Budget Conversion Draft Law; v) Decree Law “August”, Decree Law no. 104 of 14 August 2020, converted, with amendments, by Law no. 126 of 13 October 2020.
Allocated resources for the non-repayable co-financing of 1,272 million euro, referring to: i) Article 72, paragraph 1, lett. d), of Decree Law no. 18 of 17 March 2020, converted by Law no. 27 of 24 April 2020 and Decree of 9 April 2020 for the allocation of the PI Fund; ii) Article 48, paragraph 1, lett. a), point 1, of Decree Law 34/2020 “Relaunch”; iii) Decree Law “Ristori” Article 6-*bis*, paragraph 14 and Decree Law 137/2020 converted, with amendments, by Law no. 176 of 18 December 2020; iv) 2021 Budget Conversion Draft Law; v) Decree Law “August”, Decree Law no. 104 of 14 August 2020, converted, with amendments, by Law no. 126 of 13 October 2020.

Lastly, with regard to export support products (buyer credit and supplier credit), the performance of operations was impacted by the general downturn in the segment mainly due to the COVID-19 emergency. Exporters and foreign customers initiated renegotiations or postponements of the commercial terms and this circumstance had an impact on the performance of the products managed under the Law 295/73 Fund. In particular, as a result of the export contribution on buyer credit, many orders in the pipeline were severely slowed down/suspended. Among the most impacted sectors is the cruise sector, whose existing loans are subject to a capital moratorium (without prejudice to the payment of interest) for a period of 12 months (i.e. until April 2021), implemented by the European ECAs in order to support the sector recovery, presented to the Subsidies Committee on 28 April 2020.
With reference to the export contribution on supplier credit, the product was revised in its operating characteristics in January 2020. Despite the fact that the product’s reference target, SMEs and Mid-Caps, was strongly impacted by the measures adopted in Italy and in the main countries of destination of Italian exports, volumes for SIMEST were higher than in 2019.

11.2 Disclosure on significant uncertainties, continuity and risks related to COVID-19

Risks

During 2020, in a macroeconomic scenario already characterised by a slowdown in growth, the rapid spread at international level of COVID-19 and its variants and the continuation of the containment measures adopted by the authorities of the individual countries determined a significant economic, financial and social impact, characterised by a high degree of uncertainty regarding the magnitude and duration of the recessionary effects and on the ability of economies to fully recover pre-crisis GDP levels.
In this context, a new growth of Non-Performing Loans is expected for the banking system accompanied by the persistence of a low profitability due mainly to a context of negative interest rates and no growth forecast in the short term, with probable tightening of conditions and of the credit granting criteria.
SIMEST, as a medium/long-term investor, has further strengthened, in the current context of crisis, its commitment to support the restart and/or relaunch of the country’s production sector through the granting of equity investments and the management of public funds (i.e. Law 394/81 Fund), in support of small and medium-sized enterprises engaged in export and international expansion activities.
The reference context and the effects linked to the pandemic also confirm some potential impacts for SIMEST in terms of: i) credit risk due to the possible deterioration of creditworthiness (deterioration of the expected default rating/growth), higher provisions and/or concession moratoria; ii) operational risks, cyber risks, organisational impacts, healthcare facilities, business continuity; iii) economic-financial risks related to budget reviews, forecasts, mobilised resources, risk provisions, impairment; iv) fraud and anti-money laundering risks also linked to operations of public resources managed in significant growth.
In order to better monitor the risks associated with the historical reference context, the control functions, according to a general principle of proportionality, continued their activities, consolidating the controls and monitoring framework in all phases of the lending process, in order to understand, even more promptly, any changes in the scenario in terms of credit, liquidity and other risks and ensuring reactivity and ability to adapt.
As a further guarantee and effectiveness of the risk management and control system, starting from the second half of 2020, the Company introduced the organisational structure of the Chief Risk Officer, which includes the Credit, Risk Management and Compliance Functions and strengthened the governance system of the Company Committees (technical-advisory boards) to further increase the monitoring of the various phases of the credit process from the preliminary stage to collection.

Credit risk

During 2020, the effects of the COVID-19 crisis on the SIMEST equity loan portfolio, as it is happening for the entire financial system, have not yet fully manifested, also due to the support measures for businesses (i.e. contributions and moratoria).
The general slowdown of economic variables (albeit with differentiated intensity for some sectors) was partly mitigated by government interventions that guaranteed, among other things, the injection of liquidity into the system for companies. This trend, not accompanied by a programme of structured investments due to the presence of the pandemic crisis, led to an increase in the levels of debt of companies with the prospective effects of an increase in the rate of impairment/entry into non-performance of the same.
In this context, with reference to credit risk, SIMEST carried out assessments on provisions for both the analytical component and the collective component.
With reference to analytical impairment, assessments are carried out at the level of individual counterparty/transaction according to expected cash flows, the presence of guarantees, the timing and recovery percentages, also in light of the effects of the COVID-19 pandemic.
With regard to the collective component, for the portfolio measured at amortised cost, the Expected Credit Loss values were updated by acknowledging i) the rating changes on the “single name” (whose risk profile, in some cases, deteriorated also as a result of the economic consequences linked to the pandemic) carried out as part of the broader performance monitoring activities and ii) the updating of the forward-looking PD matrices provided in December 2020 by the Ultimate Parent Company after an expert-based analysis by SIMEST of the appropriateness of parameters.
In particular, the Group model, which captures both the effects of the pandemic and the mitigating effect deriving from the economic policies adopted in the major economies, estimated the probability of default taking into account: i) historical information and conservative elements aimed at ensuring its adequacy also in periods of serious crisis in a Through-the-Cycle logic; ii) the cyclical component aimed at producing forward looking estimates of Point-in-Time parameters, incorporating the main macroeconomic drivers and, in the context of the COVID-19 crisis, highlighting a trend consistent with a markedly recessionary phase.
For the portion of the portfolio measured at fair value, the impairment values were calculated also using the appropriately updated market parameters.
The coverage ratio of the performing portfolio at December 2020 was 1.83%, up by 45 bps compared to December 2019 (1.38%), with an impact on the income statement quantified at approximately 1.9 million euro.
In order to better monitor the risk associated with developments in the pandemic, the Company has carried out a more stringent monitoring of the portfolio and of the individual positions (updating of the ratings and verification of the creditworthiness of the counterparties), the results of which were periodically represented in a risk report shared with corporate bodies.

Liquidity risk

Liquidity risk: risk of default with respect to the Company’s payment commitments and includes funding liquidity risk (inability/difficulty in raising funds with the risk of not being able to meet its own payment commitments) and market liquidity risk (difficulty in liquidating assets and other assets to settle its financial obligations at maturity, without incurring losses). This risk is constantly monitored by SIMEST through analysis of expected cash flows, especially for equity investments. The Company’s business model and the characteristics of the financial statements (which involve a limited use of maturity transformation techniques) did not show any impact on SIMEST’s liquidity risk, also in consideration of the lack of need to carry out refinancing or to liquidate assets in the portfolio following the COVID-19 emergency.
The Company, with the aim of strengthening controls, has adopted a new liquidity framework, formulated in accordance with prudential regulations and adequately adapted to the SIMEST’s business model. In particular, two indicators are envisaged, i) short-term liquidity indicator and ii) structural liquidity indicator, which aim, respectively, at verifying and guaranteeing the Company’s ability to face cash outflows in the short term and the right balance between average duration of funding sources and lending, monitoring and limiting the use of

forms of maturity transformation. The limits are subject to periodic measurement, monitoring and reporting by the responsible Company structures and, if they are exceeded, the Contingency Funding Plan is activated as a remediation action in terms of process.

Reputational, fraud and money laundering risk

The current risk control framework also includes monitoring for reputational, fraud and money laundering risks both in the *ex ante* and *ex post* phases of the concession process for own funds and managed resources.
The monitoring of these types of risk in the context of COVID-19 and the general economic slowdown is becoming increasingly important. Therefore, SIMEST has defined the launch of a specific project aimed at strengthening the monitoring of reputational, fraud and money laundering risks with a focus on public funds and in particular on the Law 394/81 Fund, recently affected by increasing operations in terms of number of counterparties and volumes. The activities include a risk assessment on the entire process, benchmarking analysis, gap analysis and strengthening of level I, II and III control system, consolidation actions and planning of short, medium and long-term interventions, with increasing protection of public funds in the current context, characterised by the extraordinary nature and urgency of support interventions.

Other risks

The lockdown linked to the COVID-19 emergency required the activation of a series of specific measures, including the generalised and prolonged application of smart-working for personnel. In this context, three main types of risks emerge:
- operational continuity, in particular due to the need to ensure the correct operation of systems in the remote work phase and to the possible events of unavailability of critical suppliers;
- potential unavailability, also temporary, of part of the personnel in case of spread of the virus;
- cyber risk, managed and monitored at Group level as a function of the centralisation of the Information System, for a potential intensification of attacks at a time when most companies have activated remote working methods that could make them more vulnerable.

These cases have not presented significant critical issues to date and will continue to be continuously monitored, in line with the guidelines and support of the Parent Company.

12. Significant events after the reporting date

There were no significant events after 31 December 2020.

13. Business outlook

In March 2020, the new COVID-19 virus spread to many countries around the world, with the World Health Organization consequently defining the epidemic as a "pandemic situation" on 11 March 2020. Italy was the first European country to be affected by the spread of the virus, mainly in the northern areas, characterised by a dense entrepreneurial network of SMEs and large companies.
In this context, in 2020 and unsurprisingly also for the first part of 2021, SIMEST's operations have been impacted by the effects of the current health emergency situation. Indeed, initial signs of a slowdown can be confirmed in the international expansion operations of Italian companies, with repercussions both on the performance of the companies already in SIMEST's portfolio and on the feasibility of any new equity investments due to be made during the year. With regard to the public funds managed by SIMEST, given that these essentially operate on the basis of foreign investments and exports, a slowdown in terms of new lending, investment and managed resources has been recorded. The instruments under the Law 394/81 Fund, affected by the extraordinary measures introduced in order to mitigate the consequences of the epidemiological emergency, are an exception.

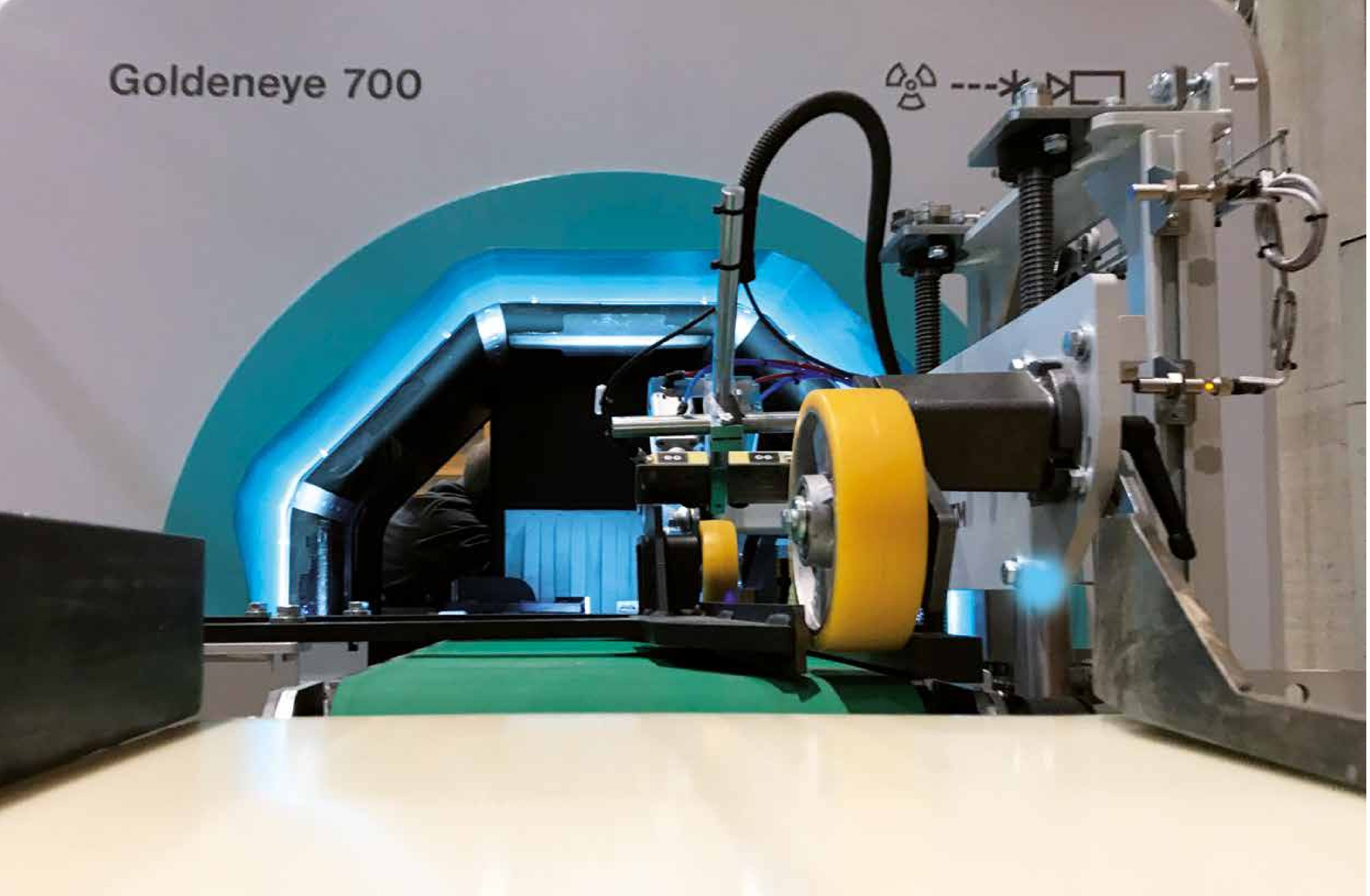
14. Additional information pursuant to Article 2428 of the Italian Civil Code

With reference to the further information required by Article 2428 of the Italian Civil Code, please note that the Company: i) did not engage in research and development activities; ii) does not hold, and did not acquire and/or dispose of during the financial year, treasury shares and/or the shares/quotas of parent companies, either directly or through trust companies or other intermediaries. The Company does not hold any derivative or structured financial instruments for managing financial risk.

for the Board of Directors

the Chairman

Pasquale Salzano



Financial Statements at 31 December 2020

WITH US IN 2020... **cutting US wood with "Made in Italy" technology**

Microtec of Bressanone has strengthened its presence in North America by acquiring one of its main foreign competitors in partnership with SIMEST

Share capital investment

Form and content of the financial statements at 31 December 2020

The financial statements at 31 December 2020 have been prepared in accordance with applicable regulations and consist of:

- Balance sheet
- Income statement
- Statement of changes in equity
- Statement of comprehensive income
- Statement of cash flows
- Notes to the financial statements

Contents of the notes to the financial statements:

Balance sheet

(euro)

Assets	Note	31/12/2020	31/12/2019
Cash and cash equivalents	A.1	13,265	10,056
Financial assets measured at fair value through other comprehensive income	A.2	5,164,569	5,164,569
Financial assets mandatorily measured at fair value through profit or loss:	A.3	217,369,046	257,909,887
- of which: Receivables for equity investments		*217,369,046*	*257,909,887*
Financial assets measured at amortised cost:	A.4	309,819,537	299,709,405
- of which: Receivables for equity investments		*305,801,374*	*295,561,881*
- of which: Other financial receivables		*4,018,163*	*4,147,524*
Property, plant and equipment	A.5	5,152,298	6,299,723
- of which: Right of use on buildings		*4,497,765*	*5,669,988*
Intangible assets	A.6	644,954	667,083
Tax assets	A.7	1,263,618	2,730,588
a) current		*305,884*	*1,421,693*
b) deferred		*957,734*	*1,308,895*
Other assets	A.8	12,567,950	12,173,013
TOTAL ASSETS		**551,995,237**	**584,664,324**

(euro)

Liabilities and equity	Note	31/12/2020	31/12/2019
Loans payable measured at amortised cost	P.1	233,237,750	270,323,994
- of which: Payables relating to rights of use on buildings		*4,588,609*	*5,727,652*
Other liabilities	P.2	10,418,071	8,899,782
Staff severance pay	P.3	1,933,707	2,147,254
Tax liabilities	P.4	144,085	39,158
a) current		*121,340*	-
b) deferred		*22,745*	*39,158*
Provisions for risks and charges	P.5	1,128,565	2,739,143
c) other provisions		*1,128,565*	*2,739,143*
Share capital	P.6	164,646,232	164,646,232
Share premium reserve	P.7	1,735,551	1,735,551
Reserves	P.8	134,139,229	161,258,497
- of which: FTA Reserve		*63,526,684*	*63,526,684*
- of which: IFRS 9 FTA Reserve		*9,454,490*	*9,454,490*
- of which: Retained earnings/(losses carried forward)		*(27,125,287)*	-
Net income (loss) for the year (+/-)	P.9	4,612,047	(27,125,287)
TOTAL LIABILITIES AND EQUITY		**551,995,237**	**584,664,324**

Income statement

(euro)

Items	Note	31/12/2020	31/12/2019
Income from equity investments	C.1	28,111,858	29,178,904
Interest expense and similar expense	C.2	(2,410,894)	(2,637,686)
Commission income	C.3	19,012,535	17,294,743
Net profit (loss) on assets mandatorily measured at fair value through profit or loss	C.4	(10,156,633)	(27,527,595)
Other financial income	C.5	110,131	45,564
Gross income		**34,666,997**	**16,353,930**
Net adjustments/recoveries for credit risk on assets measured at amortised cost	C.6	(1,168,047)	(16,581,741)
Administrative expenses	C.7	(22,179,380)	(21,452,953)
a) staff costs		*(14,117,482)*	*(14,859,939)*
b) other administrative expenses		*(8,061,898)*	*(6,593,014)*
Other operating income (costs)	C.8	-	-
Operating income		**11,319,570**	**(21,680,764)**
Net provisions for risks and charges	C.9	(83,024)	(1,601,915)
Net adjustments/recoveries on property, plant and equipment	C.10	(1,462,517)	(1,348,111)
Net adjustments/recoveries on intangible assets	C.11	(558,589)	(566,562)
Income (loss) before tax		**9,215,440**	**(25,197,352)**
Income tax for the year	C.12	(4,603,393)	(1,927,935)
NET INCOME (LOSS) FOR THE YEAR		**4,612,047**	**(27,125,287)**

Statement of changes in equity: current financial year

(euro)

	Balance at 31/12/2019	Allocation of net income (loss) for previous year: Reserves	Allocation of net income (loss) for previous year: Dividends and other allocations	Changes for the year: Changes in reserves	Equity transactions: Issue of new shares	Equity transactions: Purchase of treasury shares	Equity transactions: Special dividend distribution	Equity transactions: Change in equity instruments	Equity transactions: Derivatives on own shares	Equity transactions: Stock options	Comprehensive income for 2020	Equity at 31/12/2020
Share capital:												
a) ordinary shares	164,646,232											164,646,232
b) preference shares												
Share premium reserve	1,735,551											1,735,551
Reserves:												
a) income	156,370,028											156,370,028
b) other	5,164,569											5,164,569
c) retained earnings (losses carried forward)		(27,125,287)										(27,125,287)
Revaluation reserves:												
a) available for sale												
b) cash flow hedges												
c) other reserves	(276,102)										6,019	(270,083)
Equity instruments												
Treasury shares												
Net income (loss) for the year	(27,125,287)	27,125,287	-								4,612,047	4,612,047
TOTAL EQUITY	**300,514,993**	**27,125,287**	**-**								**4,618,066**	**305,133,059**

Statement of changes in equity: previous financial year

(euro)

	Balance at 31/12/2018	Allocation of net income (loss) for previous year: Reserves	Allocation of net income (loss) for previous year: Dividends and other allocations	Changes for the year: Changes in reserves	Equity transactions: Issue of new shares	Equity transactions: Purchase of treasury shares	Equity transactions: Special dividend distribution	Equity transactions: Change in equity instruments	Equity transactions: Derivatives on own shares	Equity transactions: Stock options	Comprehensive income for 2019	Equity at 31/12/2019
Share capital:												
a) ordinary shares	164,646,232											164,646,232
b) preference shares												
Share premium reserve	1,735,551											1,735,551
Reserves:												
a) income	155,164,174	1,205,854										156,370,028
b) other	5,164,569											5,164,569
Revaluation reserves:												
a) available for sale												
b) cash flow hedges												
c) other reserves	(202,272)										(73,830)	(276,102)
Equity instruments												
Treasury shares												
Net income (loss) for the year	1,205,854	(1,205,854)	-								(27,125,287)	(27,125,287)
TOTAL EQUITY	**327,714,109**	**-**	**-**								**(27,199,117)**	**300,514,993**

Statement of comprehensive income

(euro)

Items	31/12/2020	31/12/2019
Net income (loss) for the year	**4,612,047**	**(27,125,287)**
Other comprehensive income net of taxes not transferred to income statement		
Cash flow hedges		
Non-current assets held for sale		
Defined benefit plans	6,019	(73,830)
Total other comprehensive income net of taxes	**6,019**	**(73,830)**
COMPREHENSIVE INCOME	**4,618,066**	**(27,199,117)**

Statement of cash flows (indirect method)

(euro)

	31/12/2020	31/12/2019
A. OPERATING ACTIVITIES		
1. Operations	**13,881,652**	**21,670,230**
- Net income for the year (+/-)	4,612,047	(27,125,287)
- Net profit (loss) on financial assets mandatorily measured at fair value through profit or loss (Revenues)/Costs	10,156,633	27,527,594
- Income and commissions not yet collected (-)	(2,258,113)	2,299,266
- Net adjustments/recoveries for credit risk on assets measured at amortised cost (+/-)	1,168,086	16,581,740
- Net adjustments/recoveries on property, plant and equipment and intangible assets (+/-)	2,021,105	1,914,673
- Net provisions for risks and charges and other costs/revenues (+/-)	(1,818,106)	472,244
2. Cash generated by/used in financial assets	**22,436,136**	**(34,476,775)**
- Financial assets measured at fair value and at amortised cost	19,455,625	(32,304,173)
of which: Receivables for equity investments	19,455,625	(32,304,173)
- Other current assets	2,980,511	(2,172,602)
3. Cash generated by/used in financial liabilities	**1,623,217**	**(458,215)**
- Other current liabilities	1,623,217	(458,215)
Cash generated by/used in operating activities	37,941,005	(13,264,760)
B. INVESTING ACTIVITIES		
1. Cash generated by		-
- Property, plant and equipment		
- Sale of intangible assets		-
2. Cash used in	**(851,552)**	**(7,939,435)**
- Purchase of property, plant and equipment	(315,092)	(7,269,214)
- Purchase of intangible assets	(536,460)	(670,221)
Cash generated by/used in investing activities	(851,552)	(7,939,435)
C. FINANCING ACTIVITIES		
- Issue/Purchase of equity instruments (payment/repayment of share capital and reserves)		-
- Dividend distribution and other allocations		-
Cash generated by/used in financing activities	-	-
Cash generated/used during the year	37,089,453	(21,204,195)
RECONCILIATION		
Opening cash and cash equivalents/(financial payables)	(270,313,938)	(249,109,743)
Total cash generated/used during the year	37,089,453	(21,204,195)
CLOSING CASH AND CASH EQUIVALENTS/(FINANCIAL PAYABLES)	**(233,224,485)**	**(270,313,938)**

for the Board of Directors

the Chairman

Pasquale Salzano

Notes to the financial statements

INTRODUCTION

Information about the Company

For information about the Company please refer to the report on operations.

General preparation principles

I. Declaration of compliance with the International Financial Reporting Standards

The financial statements of SIMEST have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) endorsed by the European Commission as established by Regulation (EC) 1606/2002.
Starting from 2015, SIMEST has exercised the option provided for by Legislative Decree no. 38 of 28 January 2005 (IAS Decree), as amended by Decree Law 91/2014 (Competitiveness Decree), which extended the option to prepare financial statements in accordance with the international accounting standards (IAS/IFRS) to all companies, other than those that must prepare their financial statements in accordance with the IAS/IFRS or are permitted to prepare condensed financial statements pursuant to Article 2435-*bis* of the Italian Civil Code (Article 4, paragraph 6 of Legislative Decree 38/2005).

II. Basis of preparation

SIMEST's financial statements consist of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and these notes to the financial statements. They are accompanied by the Board of Directors' report on operations.
The notes to the financial statements provide all of the information required by law, as well as any supplemental information deemed necessary to give a true and fair view of the Company's financial performance and standing.
With regard to disclosures on the going concern basis and in compliance with the requirements on the same issue contained in the revised IAS 1, the Company has conducted an assessment of its ability to continue to operate as a going concern, considering all available information over a medium-term time horizon. Based on an analysis of the information and the results achieved in previous financial years, the Company believes that it is appropriate to prepare its financial statements on a going concern basis.
The financial statements and accompanying notes show the figures for the reporting period, as well as the comparative figures at 31 December 2019.
The financial statements use the euro as the reporting currency. The financial statements are expressed in euro, whereas the amounts shown in these notes to the financial statements are expressed in thousands of euro, unless otherwise stated.

III. Other issues

STANDARDS IN FORCE FROM 2020 AND NEW STANDARDS NOT YET IN FORCE

New international accounting standards endorsed and in force from 2020

The Regulations of the European Commission that have endorsed new international accounting standards, or amendments to already applicable accounting standards, whose application has become mandatory starting from 1 January 2020, are reported below:

- Commission Regulation (EU) 2019/2014 of 29 November 2019, published by the Official Gazette issue 318

of 10 December 2019, which amends Regulation (EC) 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 1 and 8. Companies apply these amendments at the latest from the start date of their first financial year beginning on or after 1 January 2020.
- Commission Regulation (EU) 2019/2075 of 29 November 2019, published in Official Gazette issue 316 of 6 December 2019, which amends Regulation (EC) 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and Council as regards International Accounting Standards (IAS) 1, 8, 34, 37 and 38, International Financial Reporting Standards (IFRS) 2, 3 and 6, interpretations of the International Financial Reporting Interpretations Committee (IFRIC) 12, 19, 20 and 22 and interpretation of the Standing Interpretations Committee (SIC) 32. Companies apply these amendments at the latest from the start date of their first financial year beginning on or after 1 January 2020.
- Commission Regulation (EU) 2020/34 of 15 January 2020, published by the Official Gazette issue 12 of 16 January 2020, which amends Commission Regulation (EC) 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard IAS 39 and International Financial Reporting Standards (IFRS) 7 and 9. Companies apply the amendments referred to in Article 1 at the latest from the start date of their first financial year beginning on or after 1 January 2020. The main changes concern the reform of the reference indices for determining interest rates.
- Commission Regulation (EU) 2020/551 of 21 April 2020, published in the Official Gazette issue 127 of 22 April 2020, which amends Regulation (EC) 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 3 (Business combinations). Companies apply the amendments referred to in Article 1 at the latest from the start date of their first financial year beginning on or after 1 January 2020.
- Commission Regulation (EU) 2020/1434 of 9 October 2020, published in the Official Gazette issue 331 of 12 October 2020, which amends Commission Regulation (EC) 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 16.[22]

New accounting standards and interpretations already issued and approved by the European Union but not yet in force

Listed below are the new standards and interpretations already issued and endorsed, but not yet in force and therefore not applicable to the preparation of the financial statements at 31 December 2020:
- Commission Regulation (EU) 2020/2097 of 15 December 2020, published in the Official Gazette issue 425 of 16 December 2020, which amends Regulation (EC) 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 4.

Accounting standards, amendments and interpretations not yet endorsed by the European Union at the reference date of 31 December 2020

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union at the date of preparation of this annex:
- IFRS 17 Insurance Contracts (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (issued 14 May 2020);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2 (issued on 27 August 2020).

[22] Amendment not applied.

IV. Use of estimates and assumptions

ACCOUNTING ESTIMATES

The application of International Financial Reporting Standards in preparing the financial statements requires the Company to make accounting estimates for certain balance sheet items that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, and the disclosures on contingent assets and liabilities at the reporting date, as well as the amounts reported for revenues and costs for the reporting period. Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on future results.
The estimates made at the reporting date relate mainly to financial assets connected with receivables for equity investments, in order to verify whether there is evidence indicating that the value of such assets may be impaired, in addition to estimates related to current and deferred taxes.

FAIR VALUE MEASUREMENT

The fair value is the amount for which an asset (or liability) could be exchanged in a hypothetical transaction between independent counterparties that have a reasonable degree of knowledge of market conditions and the relevant facts related to the item being traded.
In the definition of fair value, a key assumption is that an entity is fully operational and does not have the urgent need to liquidate or significantly reduce a position. Among other factors, the fair value of an instrument reflects its credit quality as it incorporates the default risk associated with the counterparty or the issuer.
There are three possible ways of determining the fair value of financial instruments:
- in the case of instruments quoted on active markets, prices on financial markets are used (Level 1);
- in the case of instruments not quoted on active markets, recourse is made, where possible, to valuation techniques that use observable market inputs other than quoted prices for the financial instrument but connected with its fair value by non-arbitrage relationships (Level 2);
- in other cases, recourse is made to internal valuation techniques that also use unobservable market inputs that are therefore inevitably subjective to some degree (Level 3).

A market is considered active if prices are readily and regularly available on regulated markets, organised trading facilities, brokers, intermediaries, pricing services, and if those prices can reasonably be considered to be representative of actual and regular market transactions executed close to the valuation date.
In the case of financial instruments that are not quoted on active markets, valuation using Level 2 inputs requires the use of valuation techniques that process market inputs at different levels of complexity. For example, valuation techniques may involve, in addition to interpolations and extrapolations, the specification of stochastic processes that represent market dynamics and the use of simulations or other numerical techniques to determine the fair value of the instruments being measured. SIMEST takes the following into consideration when selecting the Level 2 valuation models:
- simpler valuation techniques are preferred to more complex techniques, all other conditions being equal and as long as they represent all of the relevant characteristics of the product, ensuring that they are reasonably in line with the practices and results of other sector operators;
- valuation techniques are applied consistently over time to consistent categories of instruments, unless objective grounds for replacement emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and implemented in the Company's systems.

The market parameters used as inputs for Level 2 valuations are selected on the basis of non-arbitrage relationships or comparative relationships that define the fair value of the financial instrument being measured as the relative fair value compared with that of financial instruments listed on active markets. In some cases, in determining the fair value it is necessary to have recourse to valuation techniques that call for inputs that cannot be drawn directly from observable market variables, statistical or "expert-based" estimates by those carrying out the valuation (Level 3).

Level 3 valuation techniques are also applied consistently over time to consistent categories of instruments, unless objective grounds for replacement emerge. Similarly, parameters that cannot be drawn directly from observable market variables are applied consistently over time.

MAIN ACCOUNTING POLICIES

The following pages provide a description of the accounting policies adopted in preparing the financial statements of SIMEST at 31 December 2020.

Cash and cash equivalents

"Cash and cash equivalents" are measured at fair value. Cash refers to cash on hand and the balance on accounts held with banks returning market rates. The amount of the item is increased by the interest accrued on cash and cash equivalents, even if not yet settled.

Financial assets measured at fair value through profit or loss

This item includes all financial assets that are not classified in the portfolio of financial assets measured at fair value through other comprehensive income, or the portfolio of financial assets measured at amortised cost.
In particular, this item includes:

- financial assets held for trading, represented by debt and equity securities and the positive value of derivative contracts held for trading;
- financial assets mandatorily measured at fair value, represented by the financial assets which do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not provide solely for payments of principal and interest on the principal amount outstanding (i.e. those financial assets that do not pass the SPPI TEST), or financial assets not held within a business model whose objective is to hold assets in order to collect contractual cash flows (the "Hold to Collect" business model), or whose objective is achieved by both collecting contractual cash flows and selling financial assets (the "Hold to Collect and Sell" business model);
- financial assets designated at fair value, i.e. those financial assets defined as such at the time of initial recognition and where the conditions are met. In such a case, at initial recognition an entity has the option to irrevocably designate a financial asset as measured at fair value through profit or loss if, and only if, this will eliminate or significantly reduce a recognition inconsistency.

In SIMEST's financial statements, this amount includes receivables from partner companies resulting from investment transactions in investees which, under IFRS 9, do not pass the SPPI Test "Solely payments of principal and interest on the Principal Amount Outstanding" and therefore must be measured at fair value.
In particular, the relationships between SIMEST, its partner companies and its investees are considered financial assets ("linked transactions") whereby SIMEST is entitled to receive a contractually defined amount of money from the companies which is not less than the amount disbursed, thereby substantiating the relationship with the partner within the context of the linked transaction. These relationships, regardless of their legal form, are classified as loans and receivables.

Financial assets measured at fair value through other comprehensive income

This item includes financial assets that meet both of the conditions listed below:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Hold to Collect and Sell" business model);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. those financial assets that pass the "SPPI Test").

The item also includes equity instruments, not held for trading purposes, for which the option to be designated at fair value through other comprehensive income was exercised at the time of initial recognition.
Therefore, this item includes all financial assets (debt securities, equity securities and loans) classified in the portfolio measured at fair value through other comprehensive income.

Financial assets measured at amortised cost

This item includes debt securities and loans classified in the portfolio of assets measured at amortised cost.
Financial assets that meet both of the following conditions are therefore included:

- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows ("Hold to Collect" business model);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. those financial assets that pass the "SPPI Test").

In SIMEST's financial statements, this amount includes receivables from partner companies resulting from investment transactions in investees which, having passed the SPPI Test, are measured at amortised cost.
The relationships between SIMEST, its partner companies and its investees are considered financial assets ("linked transactions") whereby SIMEST is entitled to receive a contractually defined amount of money from the companies which is not less than the amount disbursed, thereby substantiating the relationship with the partner within the context of the linked transaction. These relationships, regardless of their legal form, are classified as loans and receivables.
In particular, IFRS 9 states that if the contractual cash flows involve characteristics other than the payment of principal and interest on the notional amount, the SPPI Test is deemed to have been passed if these additional characteristics only have a *de minimis* effect, i.e. if this effect may be considered "insignificant" at each reporting date and cumulatively over the life of the instrument, it has no impact on the classification of that financial instrument.
With regard to SIMEST, the agreements with the partners establish a floor on the exit price of the equity investment equal to the purchase price and a cap on the realisable capital gain. The threshold value for applying the *de minimis* concept was determined based on an in-depth analysis. Consequently, a portion of the portfolio relating to receivables for equity investments held by SIMEST which falls within this threshold is classified and measured at amortised cost, in accordance with the characteristics of the instrument.

Property, plant and equipment

"Property, plant and equipment" refers to non-current assets which are consistently used in the course of the Company's business. Property, plant and equipment are recognised at purchase cost, including incidental expenses. The financial statements report the carrying value of property, plant and equipment net of depreciation, which is calculated using the rates that are deemed to reflect the remaining useful economic lives of each asset. Newly acquired assets are depreciated as from the period in which they enter service. Assets whose use or nature classifies them as capital equipment are depreciated on a straight-line basis over their remaining useful lives. Maintenance and repair costs that do not increase the utility and/or useful lives of assets are charged directly to profit or loss for the year.

Intangible assets

"Intangible assets" are governed by IAS 38. Intangible assets are recognised at purchase or development cost including incidental expenses and are amortised over their estimated useful lives, which, at the end of each financial year, is subject to impairment testing in order to verify the appropriateness of the estimates. An intangible asset is only recognised in the assets section of the balance sheet under the following conditions:

- the company can control the future economic benefits generated by the asset;
- future economic benefits from the asset are expected to flow to the entity;
- the cost of the asset can be measured reliably.

Intangible assets are therefore derecognised when sold or when future economic benefits are not expected. Costs incurred for the purchase and development of software by third parties are amortised on a straight-line basis over the residual useful lives of the assets, which is no greater than three years.

Current and deferred taxes

Tax assets and liabilities are recognised in the balance sheet respectively under the asset item “Tax assets” and the liability item “Tax liabilities”. The accounting entries related to current and deferred taxes include: i) current tax assets, consisting of tax paid in advance and receivables for withholding taxes incurred; ii) current tax liabilities, consisting of tax payables to be settled according to applicable tax regulations; iii) deferred tax assets, consisting of the amounts of tax recoverable in future years in view of deductible temporary differences; and iv) deferred tax liabilities, consisting of payables for tax to be paid in future periods as a result of taxable temporary differences. Current taxes, consisting of corporate income tax (IRES) and regional tax on business activities (IRAP), are recognised on an accruals basis using a realistic estimate of the negative and positive tax components for the year. They are calculated on the basis of applicable tax rates. Deferred tax assets and liabilities are recognised according to the tax rate that, under the legislation in force at the reporting date, is expected to apply in the year when the asset is realised or the liability is settled, and are periodically reviewed to take account of any changes in legislation. The term deferred tax refers, in particular, to the recognition, in terms of tax, of the temporary differences between the value assigned to an asset or liability for statutory accounting purposes and the corresponding value for tax purposes. Deferred taxes are recognised: i) under tax assets, if they relate to deductible temporary differences, which means the differences between statutory and tax values that will give rise to deductible amounts in future financial years, to the extent that they are likely to be recovered; and ii) under tax liabilities, if they relate to taxable temporary differences representing liabilities because they are related to accounting entries that will become taxable in future tax periods. In particular, with regard to IRES, following the CDP Group’s decision to participate in the National Fiscal Consolidation and in accordance with both the Regulation governing consolidation and prevailing tax theory and practice, the Company determined its “potential” liability, recognising as balancing entry a payable to the consolidating entity that, in accordance with the new scheme, is the only entity obliged to settle transactions with the tax authorities.

Staff severance pay

“Staff severance pay” covers the entitlement accrued by employees at the end of the financial year, as provided by law (Article 2120 of the Italian Civil Code) and applicable employment agreements. In accordance with IAS 19, the staff severance pay is a “Defined benefit plan” and, therefore, at the reporting date the liability is represented by the present value of expected future payments due to employees for the benefits accrued in the current year, and the present value of future payments deriving from the amounts accrued in previous years.

Provisions for risks and charges

“Provisions for risks and charges” consist of the allowances set aside to cover specific types of liabilities whose existence is certain or probable, but whose amount or timing were uncertain at the reporting date. Therefore, a provision is made under “Provisions for risks and charges” only when:

- there is a present (legal or constructive) obligation resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

The provisions are used only to cover the costs for which they were originally recognised.

Income from equity investments and interest expense

“Income from equity investments and interest expense” is recognised in the income statement on a *pro rata* basis over time for all instruments based on the contractual interest rate or at the effective interest rate if the amortised cost method is applied.

Commission income (expense)

“Commission income (expense)” is recognised in the income statement on an accrual basis. The commissions considered within the amortised cost for the purpose of determining the effective interest rate are excluded and are included under interest.

Costs

“Costs” are recognised on an accruals basis.

INFORMATION ON THE BALANCE SHEET

(thousands of euro)

Assets

A.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents: breakdown

Items	31/12/2020	31/12/2019
Banks	7	5
Cash	6	5
TOTAL	**13**	**10**

This item represents bank deposits at 31 December 2020, which include interest income credited by banks and cash on hand at the same date, in euro and in foreign currencies.

A.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income

Items	31/12/2020	31/12/2019
Financial assets measured at fair value through other comprehensive income	5,165	5,165
TOTAL	**5,165**	**5,165**

This item refers to the equity investment that SIMEST holds in FINEST SpA (which is not an associate).

Financial assets measured at fair value through other comprehensive income: breakdown by type

Items	31/12/2020			31/12/2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities			**5,165**			**5,165**
2.1 At fair value						
2.2 At cost			5,165			5,165
3. Units in collective investment undertakings						
4. Loans						-
TOTAL	**-**	**-**	**5,165**	**-**	**-**	**5,165**

The table also shows that there are no changes compared to the previous year.

A.3 FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

This item refers to receivables from partner companies resulting from investment transactions in investees which, under IFRS 9, do not pass the SPPI Test “Solely Payments of Principal and Interest on the Principal Amount Outstanding” and therefore must be measured at fair value.
In particular, the relationships between SIMEST, its partner companies and its investees are considered financial assets (“linked transactions”) whereby SIMEST is entitled to receive a contractually defined amount of money from the companies which is not less than the amount disbursed, thereby substantiating the relationship with the partner within the context of the linked transaction. These relationships, regardless of their legal form, are classified as loans and receivables.

Financial assets mandatorily measured at fair value through profit or loss: breakdown by debtor/issuer

	31/12/2020	31/12/2019
1. Equity securities	**-**	**-**
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	-	-
2. Debt securities	**-**	**-**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
3. Units in collective investment undertakings	**-**	**-**
4. Loans	**217,369**	**257,910**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	217,369	257,910
f) Households	-	-
TOTAL	**217,369**	**257,910**

The reduction in this item is essentially due to the trend in loan repayments during the year and the net result of loans for equity investments measured at fair value, including analytical write-downs on critical positions.

Financial assets mandatorily measured at fair value through profit or loss: breakdown by type

Items/Values	31/12/2020			31/12/2019		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Units in collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	217,369	-	-	257,910
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
TOTAL	**-**	**-**	**217,369**	**-**	**-**	**257,910**

Items	31/12/2020			
		Non-performing		
	Bonis	Purchased	Other	Total
Receivables due from:				
a) Governments				
b) Other public bodies				
c) Other parties	181,640		35,729	217,369
TOTAL	**181,640**		**35,729**	**217,369**

Financial assets mandatorily measured at fair value through profit or loss: breakdown by maturity

Items	Past due	up to 3 months	up to 12 months	up to 5 years	over 5 years	Total
Financial assets mandatorily measured at fair value	26,337	4,535	48,296	132,196	6,005	217,369
TOTAL						**217,369**

A.4 FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost, of which Receivables for equity investments: breakdown by debtor/issuer

Items/Values	31/12/2020			31/12/2019		
	First and second stage	Third stage	of which: purchased or originated credit-impaired financial assets	First and second stage	Third stage	of which: purchased or originated credit-impaired financial assets
1. Debt securities	-	-	-	-	-	-
a) Public administrations	-	-	-	-	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**296,960**	**8,841**	-	285,950	9,612	-
a) Public administrations	-	-	-	-	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	296,960	8,841	-	285,950	9,612	-
d) Households	-	-	-	-	-	-
TOTAL	**296,960**	**8,841**	**-**	**285,950**	**9,612**	**-**

This item refers to receivables from partner companies resulting from investment transactions in investees which, having passed the SPPI Test, are measured at amortised cost.

Financial assets measured at amortised cost, of which Receivables for equity investments: gross value and accumulated impairment

	Gross value				Accumulated impairment			
	First stage	of which: instruments with low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	Accumulated partial write-offs
Debt securities	-	-	-	-	-	-	-	-
Loans	289,728	-	11,544	35,995	4,158	154	27,154	-
TOTAL	**289,728**	**-**	**11,544**	**35,995**	**4,158**	**154**	**27,154**	**-**

Other financial receivables: breakdown

The item refers to mortgage and personal loans granted to employees.

Items	31/12/2020	31/12/2019
Mortgage loans for employees	3,832	3,923
Loans for employees	186	225
TOTAL	**4,018**	**4,148**

The following table provides a breakdown by maturity:

Items	up to 3 months	up to 12 months	up to 5 years	over 5 years	Total
Receivables for mortgage loans to employees	75	213	1,135	2,409	3,832
Receivables for loans to employees	42	47	97		186
TOTAL					**4,018**

A.5 PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment: breakdown of assets measured at cost

Items	31/12/2020	31/12/2019
1. Owned assets	**571**	**489**
a) land		
b) buildings		
c) furniture	332	340
d) electronic equipment	239	149
e) other		
2. Rights of use acquired through leasing	**4,581**	**5,810**
a) land		
b) buildings	4,498	5,670
c) furniture		
d) electronic equipment		
e) other	83	140
TOTAL	**5,152**	**6,300**

This item also includes assets deriving from rights of use acquired under leases, based on the IFRS 16, amounting to around 4.6 million euro at 31 December 2020.

Operating property, plant and equipment: changes for the year

	Furniture	Electronic equipment	Buildings (rights of use)	Motor vehicles (rights of use)	Other assets (rights of use)	Total
A. Gross opening balance	**1,679**	**2,210**	**6,909**	**113**	**47**	**10,958**
A.1 Total net impairments	(1,338)	(2,061)	(1,239)	(20)	-	(4,658)
A.2 Net opening balance	341	149	5,670	93	**47**	**6,300**
B. Increases	**43**	**155**	**112**	**25**	**-**	**335**
B.1 Purchases	43	155	112	25	-	335
C. Decreases	**(51)**	**(65)**	**(1,284)**	**(37)**	**(45)**	**(1,482)**
C.1 Sales	-	-	-	-	(20)	(20)
C.2 Depreciation	(51)	(65)	(1,284)	(37)	(25)	(1,462)
D. Net closing balance	**333**	**239**	**4,498**	**81**	**2**	**5,152**
D.1 Total net impairments	(1,389)	(2,126)	(2,523)	(57)	(45)	(6,140)
D.2 GROSS CLOSING BALANCE	**1,722**	**2,365**	**7,021**	**138**	**47**	**11,292**

Depreciation is calculated on a straight-line basis at a rate determined in relation to the use of the assets and their residual useful lives.
Purchases during the year mainly regarded IT system hardware and furniture and furnishings.
In addition, purchases and the related depreciation also include assets deriving from rights of use acquired under leases, in accordance with the IFRS 16.

A.6 INTANGIBLE ASSETS

Intangible assets: breakdown

Items	31/12/2020	31/12/2019
Software licenses	534	540
Office renovation costs	111	127
TOTAL	**645**	**667**

The item includes the costs for updating IT procedures used to manage Company operations.
Software and the costs incurred in respect of the development plan are amortised on a straight-line basis over three years.

Intangible assets: changes for the year

A. Opening balance	**14,762**
A.1 Total net write-downs	(14,095)
A.2 Net opening balance	667
B. Increases	**536**
B.1 Purchases	536
of which: business combinations	
C. Decreases	**(558)**
C.1 Sales	
of which: business combinations	
C.2 Write-downs	(558)
- Amortisation	(558)
- Write-downs	-
+ Equity	
+ Income statement	
D. Net closing balance	645
D.1 Total net write-downs	(14,653)
E. GROSS CLOSING BALANCE	**15,298**

A.7 TAX ASSETS

Deferred tax assets: breakdown

Items	31/12/2020	31/12/2019
Deferred tax assets recognised in the income statement	**958**	**1,309**
- Provisions for risks and charges	456	807
- Write-downs on receivables	502	502
Deferred tax assets recognised in equity		
TOTAL	**958**	**1,309**

Changes in deferred tax assets

Items	31/12/2020
Opening balance	**1,309**
1. Increases	**363**
1.1 Deferred tax assets recognised during the year	363
1.2 New taxes or increases in tax rates	
1.3 Other increases	-
1.4 Business combinations	
2. Decreases	**(714)**
2.1 Deferred tax assets derecognised during the year	(714)
a) reversals	(714)
b) write-downs due to uncollectability	-
c) due to change in accounting policies	
d) other	-
2.2 Reduction in tax rates	
2.3 Other decreases	
2.4 Business combinations	
CLOSING BALANCE	**958**

A.8 OTHER ASSETS

Other assets: breakdown

Items	31/12/2020	31/12/2019
Trade receivables and advances to public entities	12,310	10,647
Advances to suppliers	175	64
Other trade receivables	8	258
Tax receivables from tax consolidation	-	1,132
Accrued income and prepaid expenses	75	72
TOTAL	**12,568**	**12,173**

The item “Trade receivables and advances to public entities” includes receivables for the commissions under the agreement to manage the Law 295/73 Fund, the Law 394/81 Fund, the Sustainable Growth Fund, the Venture Capital Fund and the Start-Up Fund.
It should be noted that the increase in commissions for the year 2020 is due to the greater operability in the management of the Funds, related to the economic effects of the pandemic caused by the COVID-19 (Coronavirus).

Liabilities

P.1 LOANS PAYABLE MEASURED AT AMORTISED COST

Loans payable measured at amortised cost: breakdown

Items	31/12/2020	31/12/2019
Due to banks	158,088	124,844
Due to Cassa Depositi e Prestiti	70,477	139,611
Payables relating to right of use	4,673	5,869
TOTAL	**233,238**	**270,324**

The item refers to the current account overdraft facility provided by the banking system and the use of credit lines to support the cash flows of equity investments.
In addition, this item includes payables arising from rights of use acquired under leases, in accordance with the IFRS 16.

Loans payable measured at amortised cost: breakdown by maturity

Items	31/12/2020	31/12/2019
Loans repayable on demand	15,431	14,985
Term loans and loans repayable with notice	213,134	249,470
Payables relating to right of use	4,673	5,869
TOTAL	**233,238**	**270,324**

The item "Loans repayable on demand" refers to the current account overdraft facility, outstanding at the end of the year, provided by the banking system. The carrying value is equal to the nominal value and includes accrued fees.
The item "Term loans and loans repayable with notice" refers to the payable outstanding at the end of the year in respect of the use of credit lines. It also includes the individual credit lines from Cassa Depositi e Prestiti as well as credit lines pooled with other lenders.
Finally, this item includes payables of approximately 4.7 million euro, determined based on the discounting of the minimum lease payments due up to maturity (IFRS 16).
The following table provides a breakdown by maturity of those payables:

Items/Values	31/12/2020
Lease liabilities	
Total cash outflows for leases within 5 years	**4,613**
Within 1 year	1,353
From over 1 year to 2 years	1,328
From over 2 years to 3 years	1,272
From over 3 years to 4 years	642
From over 4 years to 5 years	18
Total cash outflows for leases beyond 5 years	**60**

P.2 OTHER LIABILITIES

Other liabilities: breakdown

Items	31/12/2020	31/12/2019
Amounts due to employees	1,207	1,227
Trade payables and other items	7,919	6,518
Tax payables	530	457
Due to social security institutions	761	698
TOTAL	**10,418**	**8,900**

The item "Trade payables and other items" includes the payable to Cassa Depositi e Prestiti for tax consolidation of 820 thousand euro.

P.3 STAFF SEVERANCE PAY

Staff severance pay: changes for the year

	31/12/2020	31/12/2019
A. Opening balances	**2,147**	**2,234**
B. Increases	**48**	**103**
B.1 Provision for the year	5	30
B.2 Other increases	43	73
C. Decreases	**261**	**190**
C.1 Severance payments	261	190
C.2 Other decreases	-	-
D. CLOSING BALANCE	**1,934**	**2,147**

Post-employment benefits are divided into:
- defined contribution plans, in which the Company pays fixed contributions into a separate entity (a fund). In this case, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee.
- defined benefit plans, in which the Company undertakes to provide agreed benefits to current and former employees, thereby essentially assuming the actuarial and investment risks associated with the plan.

Accounting treatment of defined contribution plans

The plan's costs are recognised in the income statement under staff costs without taking into account the present value of the obligation. Starting 1 January 2007 (the date the supplementary pension reforms introduced by Legislative Decree 252 of 5 December 2005 came into force), for companies with more than 50 employees, the portion of staff severance paid into pension funds and the INPS Treasury Fund falls under the definition of "defined contribution plan" without requiring any actuarial valuation. Conversely, the existing portion, which will continue to be held by the Company until the final date of disbursement of the severance pay to the employee, will continue to be treated as a "defined benefit plan". Specifically, only the recognition of interest from discounting and the disbursements made will affect this portion.

Accounting treatment of defined benefit plans

The cost recognised with respect to a defined benefit plan should be recalculated based on demographic and statistical assumptions and on wage trends. More specifically, the portion of staff severance pay that remains with the Company and which falls under the definition of a defined benefit plan, is calculated based on the present value of accrued and accruing obligations (respectively, the present value of the expected future payments related to benefits accrued during the current financial year and the present value of future payments resulting from amounts accrued in previous financial years). The costs of servicing the plan are recognised under staff costs, while actuarial gains and losses are recognised in the valuation reserves in equity. The actuarial valuation was conducted in accordance with the revised IAS 19, as amended by the IASB on 16 June 2011 and approved with Regulation (EU) 475/2012 of 5 June 2012.

With reference to the above-mentioned accounting standard, the following have been calculated:
- Defined Benefit Obligation (DBO): average present value at 31 December 2020 of defined benefit obligations accrued by employees in service at the valuation date for service in the current and previous years;
- Current Service Cost (CSC): the average present value at 31 December 2020 of obligations in respect of staff severance pay accrued by employees in service at 31 December for service during the year. In this regard, it should be noted that, in accordance with the regulations in force, the benefits connected with staff severance pay for the employees of the company in question must be considered fully accrued, therefore the CSC has been zero since 1 July 2007;
- Expected Future Working Life of Active Membership: average residual working life of employees in service and an indicator for the period on the basis of which any amortisation charges to be recognised in the income statement for the year will be determined;
- Net Interest: interest on the net liability (difference between DBO and the Plan assets at fair value) at the beginning of the year, calculated using the assumed rate at the same date, while also taking into account any changes arising from the payment of contributions and benefits (in the specific case of staff severance pay, there are no contributions or assets represented by identifiable securities used solely for the disbursement of the staff severance pay, and therefore the Plan assets at fair value amount to zero).

The following were the main actuarial assumptions made in calculating staff severance pay:

Accounting treatment of defined contribution plans and defined benefit plans

Economic and financial parameters	2020	2019	2018
Nominal annual discount rate	0.3%	0.7%	1.20%
Annual inflation rate	2.00%	1.50%	1.50%

Demographic parameters	2020
Removal from service – Death	Equal to those of the Italian population in 2019 (Source ISTAT – Italian Statistical Yearbook 2020) reduced by 30%, differentiated by age and gender
Removal from service – Other causes	Equal to 3% up to 54 years of age and equal to 5% for subsequent ages
Retirement age	Provisions of Law 214/2011 and of Decree Law 4/2019

Reconciliation of liabilities 01/01/2020 - 31/12/2020

(euro)

Past service liability 01/01/2020	**2,147,254**
Total pension cost	14,225
Uses	(221,753)
Actuarial (gains)/losses	(6,019)
PAST SERVICE LIABILITY 31/12/2020	**1,933,707**

The actuarial loss is shown in the statement of comprehensive income as an adjustment to Equity without going through the income statement.

P.4 TAX LIABILITIES

Tax liabilities: breakdown

Items	31/12/2020	31/12/2019
Tax liabilities for direct taxes		
a) current	121	-
b) deferred	23	39
TOTAL	**144**	**39**

The item "Deferred tax liabilities" refers to the IRES tax payable related to accounting entries that will become taxable in future tax periods.

P.5 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges: breakdown

Items	31/12/2020	31/12/2019
1. Company pension funds		
2. Provisions for risks and charges	**1,129**	**2,739**
2.1 Legal disputes	50	100
2.2 Staff costs	1,079	2,076
2.3 Other	-	563
TOTAL	**1,129**	**2,739**

Provisions for risks and charges: changes for the year

Items	31/12/2020	31/12/2019
A. Opening balances	**2,739**	**2,106**
B. Increases	**1,079**	**3,565**
B.1 Provision for the year	1,079	3,565
B.2 Changes due to the passage of time		
B.3 Changes due to amendments in the discount rate		
B.4 Other changes		
C. Decreases	**2,689**	**2,932**
C.1 Use during the year	2,689	2,932
C.2 Changes due to amendments in the discount rate		
C.3 Other changes		
D. CLOSING BALANCE	**1,129**	**2,739**

Equity

P.6 SHARE CAPITAL

Share capital: breakdown

Items	31/12/2020	31/12/2019
Share capital subscribed and paid in	164,646	164,646
TOTAL	**164,646**	**164,646**

At 31 December 2020, share capital amounted to 164,646 thousand euro, fully subscribed and paid in, represented by 316,627,369 shares with a nominal value of 0.52 euro each.

Share capital - Number of shares of the Company: changes for the year

Items	Ordinarie	Altre
A. Shares at the start of the year	**316,627,369**	**-**
- fully paid	316,627,369	
A.1 Treasury shares (-)		
A.2 Outstanding shares: opening balance	316,627,369	
B. Increases		
B.1 New issues		
B.2 Sale of treasury shares		
B.3 Other changes		
C. Decreases		
C.1 Cancellation		
C.2 Purchase of treasury shares		
C.3 Disposal of companies		
C.4 Other changes		
D. Outstanding shares: closing balance	**316,627,369**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares at the end of the year	316,627,369	-
- fully paid	316,627,369	-

P.7 SHARE PREMIUM RESERVE

Share premium reserve

Items	31/12/2020	31/12/2019
Share premium reserve	1,736	1,736
TOTAL	**1,736**	**1,736**

The share premium refers to a total of 22,403,298 shares.

P.8 RESERVES

Reserves

At 31 December 2020, the Company reported the following "Reserves":

Items	31/12/2020	31/12/2019
Capital reserves:	**5,165**	**5,165**
Reserve pursuant to Article 88(4) of Presidential Decree 917/86	5,165	5,165
Income reserves:	**128,974**	**156,093**
Legal reserve	22,535	22,535
Other reserves	60,583	60,577
First Time Adoption reserve	63,527	63,527
IFRS 9 FTA reserve	9,454	9,454
Retained earnings (losses carried forward)	(27,125)	-
TOTAL	**134,139**	**161,258**

The reserve pursuant to Article 88(4) of Presidential Decree 917/86 regards the capital grant received from the Ministry of Economic Development to subscribe to the equity investment in FINEST SpA of Pordenone, as established by Law no. 19 of 9 January 1991. "Other reserves", based on the second paragraph of Article 6 of Legislative Decree 38/2005, include restricted reserves of 7,218 thousand euro for unrealised fair value gains recognised through profit or loss.

INFORMATION ON THE INCOME STATEMENT

(thousands of euro)

C.1 INCOME FROM EQUITY INVESTMENTS

Income from equity investments: breakdown

Items	31/12/2020	31/12/2019
Income from equity investments	28,112	29,179
TOTAL	**28,112**	**29,179**

The item refers to the fees deriving from equity investments (26,119 thousand euro) and also includes interest on deferred payment (8 thousand euro) and default interest (1,985 thousand euro).

C.2 INTEREST EXPENSE AND SIMILAR EXPENSE

Interest expense and similar expense: breakdown

Items	31/12/2020	31/12/2019
Interest expense and similar expense	(2,411)	(2,638)
TOTAL	**(2,411)**	**(2,638)**

The item refers to the interest expense accrued on the current account overdraft facility provided by the banking system and the credit lines used to support the cash flows of equity investments. This item includes interest expense on lease payments, based on IFRS 16.

C.3 COMMISSION INCOME

Commission income: breakdown

Items	31/12/2020	31/12/2019
Commission income (expense)	19,013	17,295
TOTAL	**19,013**	**17,295**

This item refers to fees received for managing the Venture Capital Fund (4,455 thousand euro), the Law 394/81 Fund (8,966 thousand euro), the Sustainable Growth Fund (280 thousand euro) and the Law 295/73 Fund (5,295 thousand euro).
It should be noted that the increase in commissions for the year 2020 is due to the greater operability in the management of the Funds, related to the economic effects of the pandemic caused by the COVID-19 (Coronavirus).

C.4 NET PROFIT (LOSS) ON ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Net profit (loss) on assets mandatorily measured at fair value through profit or loss: breakdown

Transactions/Income components	Gains (A)	Gains on disposal (B)	Losses (C)	Losses on disposal (D)	Net gain (loss) ((A + B) - (C + D))
1. Financial assets held for trading	**5,697**	**384**	**(16,238)**	**-**	**(10,157)**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 Units in collective investment undertakings	-	-	-	-	-
1.4 Loans	5,697	384	(16,238)	0	(10,157)
2. Financial assets: exchange rate differences	**-**	**-**	**-**	**-**	**-**
TOTAL	**5,697**	**384**	**(16,238)**	**-**	**(10,157)**

Within the fair value measurement model (IFRS 9), the sets of values for the Point in Time Probability of Default (PD) have been updated to include the possible impacts on the economy related to the spread of COVID-19 (Coronavirus).

C.5 OTHER FINANCIAL INCOME

Other financial income: breakdown

Items	31/12/2020	31/12/2019
Other financial income	110	46
TOTAL	**110**	**46**

This item mainly refers to interest income deriving from other financial receivables for mortgage loans and personal loans granted to employees.

C.6 NET ADJUSTMENTS/RECOVERIES FOR CREDIT RISK ON ASSETS MEASURED AT AMORTISED COST

Net adjustments/recoveries for credit risk on assets measured at amortised cost

	Write-downs			Write-backs		
	First and second stage	Third stage		First and second stage	Third stage	
Transactions/Income components		Write-offs	Other			Total
A. Receivables from banks	**-**	**-**	**-**	**-**	**-**	**-**
- Loans	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-
of which: purchased or originated credit-impaired	-	-	-	-	-	-
B. Receivables from customers	**(726)**	**-**	**(615)**	**158**	**15**	**(1,168)**
- Loans	(726)		(615)	158	15	(1,168)
- Debt securities	-	-	-	-	-	-
of which: purchased or originated credit-impaired	-	-	-	-	-	-
TOTAL	**(726)**	**-**	**(615)**	**158**	**15**	**(1,168)**

Within the impairment model (IFRS 9), the sets of values for the Point in Time Probability of Default (PD) have been updated to capture a baseline of possible impacts on the economy related to the pandemic caused by Covid-19 (Coronavirus).

C.7 ADMINISTRATIVE EXPENSES

Administrative expenses: breakdown

Items	31/12/2020	31/12/2019
a) Staff costs	(14,117)	(14,860)
b) Other administrative expenses	(8,062)	(6,593)
TOTAL	**(22,179)**	**(21,453)**

Staff costs: breakdown

Items	31/12/2020	31/12/2019
1) Employees	**(11,470)**	**(11,839)**
a) Wages and salaries	(7,536)	(7,347)
b) Social security costs	(19)	(19)
c) Staff severance pay - payments and accruals	(555)	(539)
d) Pension costs	(2,281)	(2,134)
e) Payments to external supplementary pension funds:	(299)	(238)
- defined contribution	*299*	*(238)*
f) Other employee benefits	(780)	(1,562)
2) Other personnel in service	**(2,366)**	**(2,731)**
3) Directors and Statutory Auditors	**(281)**	**(290)**
TOTAL	**(14,117)**	**(14,860)**

Other employee benefits: breakdown

Items	31/12/2020	31/12/2019
Meal vouchers	(240)	(237)
Insurance policies	(479)	(454)
Leaving incentives	(8)	(761)
Other benefits	(53)	(110)
TOTAL	**(780)**	**(1,562)**

Other administrative expenses: breakdown

Items	31/12/2020	31/12/2019
Professional and financial services	(1,725)	(955)
Outsourcing	(1,856)	(1,631)
Information services	(451)	(699)
Advertising and marketing expenses	(1,325)	(118)
General services	(911)	(1,241)
Utilities, duties and other expenses	(1,721)	(1,850)
Expenses for other corporate bodies	(73)	(98)
TOTAL	**(8,062)**	**(6,593)**

The increase in the item "Professional and financial services" is mainly due to consultancy activities related to the support of the Law 394/81 Fund, for the management of the economic effects of the pandemic caused by COVID-19 (Coronavirus).
With regard to the item "Outsourcing", the increase for the year 2020 is mainly due to the introduction of a control service, carried out by SACE SRV Srl (a subsidiary of SACE SpA), again connected to the greater operations of the Funds managed.

Lastly, the increase in the item “Advertising and marketing expenses” refers to the SIMEST Communication Plan to promote the new commercial initiatives linked to the managed Funds, in response to the pandemic caused by COVID-19.

Expenses for 2020 relating to services provided by the Independent Auditors are as follows:

(euro)

Items	Service provider	Fees for the year
Statutory audit and financial statements	DELOITTE & TOUCHE SpA	59,992
Annual and half-yearly Audit Reporting Package for the Parent Company and Ultimate Parent Company	DELOITTE & TOUCHE SpA	17,034
TOTAL		**77,026**

C.9 NET PROVISIONS FOR RISKS AND CHARGES

Net provisions for risks and charges: breakdown

Items	31/12/2020	31/12/2019
Net provisions for sundry expenses for personnel	(624)	(1,967)
Net provisions for sundry expenses for legal disputes	541	365
TOTAL	**(83)**	**(1,602)**

The item includes the provision for charges relating to employees and the positive absorption relating to the reversal of a previous provision on an application for an IRAP receivable. Compared to the previous year, no provisions were defined for voluntary redundancy incentives for employees.

C.10 NET ADJUSTMENTS/RECOVERIES ON PROPERTY, PLANT AND EQUIPMENT

Net adjustments recoveries on property, plant and equipment: breakdown

Items	Depreciation (a)	Value adjustments for impairment (b)	Write-backs (c)	Net balance (a + b - c)
A. Property, plant and equipment				
A.1 Owned	(116)			(116)
- For operations	(116)			(116)
- For investment				
A.2 Acquired under lease	(1,347)			(1,347)
- For operations	(1,347)			(1,347)
- For investment				
TOTAL	**(1,463)**	**-**	**-**	**(1,463)**

C.11 NET ADJUSTMENTS/RECOVERIES ON INTANGIBLE ASSETS

Net adjustments/recoveries on intangible assets: breakdown

Items	Depreciation (a)	Value adjustments for impairment (b)	Write-backs (c)	Net balance (a + b - c)
A. Intangible assets				
A.1 Owned	(559)			(559)
- Other	(559)			(559)
A.2 Acquired under lease				-
TOTAL	**(559)**	**-**	**-**	**(559)**

C.12 INCOME TAX FOR THE YEAR

Income tax for the year on continuing operations: breakdown

Items	31/12/2020	31/12/2019
1. Current taxes (-)	(4,202)	(2,770)
2. Changes in current taxes from previous years (+/-)	-	(110)
3. Reduction in current taxes for the year (+)		
4. Changes in deferred tax assets (+/-)	(417)	887
5. Change in deferred taxes (+/-)	16	65
6. INCOME TAX FOR THE YEAR (-) (-1 +/- 2 + 3 +/- 4 +/- 5)	**(4,603)**	**(1,928)**

In 2020, provisions were made for current and deferred tax totalling 4,603 thousand euro. For deferred tax items, a receivable of 958 thousand euro with respect to deferred tax assets and a payable of 23 thousand euro with respect to deferred tax liabilities were recognised on the basis of the calculation of assets and liabilities at 31 December 2020.

The following tables provide a reconciliation of the theoretical tax liability and the actual tax liability.

	31/12/2020
Gross income (loss) before tax	**9,215**
Theoretical IRES tax (rate 27.5%)	**2,534**
Increases	
- Temporary changes	722
- Permanent changes	3,779
Decreases	
- Dividends	(1,644)
- Gains on equity investments	(154)
- Other changes	(1,475)
Changes in the previous year	**-**
IRES EFFECTIVE TAX ON FINANCIAL STATEMENTS	**3,762**

	31/12/2020
Difference between value and cost of production	**9,918**
Theoretical IRAP tax charge (rate 5.57%)	**552**
Increases in taxes	-
Decreases in taxes	(113)
Changes in the previous year	**-**
IRAP EFFECTIVE TAX ON FINANCIAL STATEMENTS	**439**

INFORMATION ON RISKS AND HEDGING POLICIES

In order to identify the risks to be managed, SIMEST, while not subject to prudential regulation, adheres to current banking regulations or the classification scheme adopted by the Basel Committee, which distinguishes between "pillar 1 risks" and "pillar 2 risks".
This classification is contained in the Risk Regulation adopted by SIMEST to ensure that the Company, in coordination with the Parent Company SACE, is able to cover the risks it faces with its own resources. Thus, the Regulation contains the same risk management principles adopted by the Ultimate Parent Company, while taking into account the Company's specific nature and size.
The most significant risks are listed below.
Credit risk: the risk of a deterioration in the economic-financial condition of a counterparty with whom the Company has a credit exposure. The Risk Regulation and the Investment Regulation have been supplemented by specific guidelines on subscriptions and dedicated credit rating control functions, both *ex ante* and *ex post*, for each counterparty: the Regulations govern the operation of the investment and monitoring process and the roles of the organisational units involved. For performance monitoring purposes, logics, processes and operational tools for analysing the risk profile of investments have been implemented. The objective of the monitoring consists in promptly detecting signs of anomaly relating to the exposures assumed, so as to allow management to implement specific measures to protect its assets and, if necessary, to recover the amount due. The credit risk associated with the equity investments is mitigated through the direct commitments of the Italian partners to repurchase SIMEST's equity investments, partially secured by corporate sureties, collateral and bank or insurance guarantees.
At 31 December 2020, direct commitments of Italian partners for the repurchase of the equity investments totalled approximately 453 million euro (472 million euro at 31 December 2019). Repurchase commitments secured by bank and/or insurance guarantees amounted to approximately 25 million euro (31 million euro at 31 December 2019), while those secured by collateral amounted to 43 million euro (44 million euro at 31 December 2019).

GUARANTEES

(%; millions of euro)

	2020		2019	
Direct commitments of Italian partners	86%	453	86%	472
Commitments secured by banks and insurance companies	6%	25	6%	31
Commitments secured by collateral	8%	43	8%	44
TOTAL AMOUNT DISBURSED		**521**		**547**

Market risk: the risk arising from market transactions in financial instruments, currency and commodities. Price risk and foreign exchange risk are in part mitigated by contractual clauses which as a rule guarantee that the investment will be recovered at the historic price paid in euro for acquisition of the equity investment. The fair value measurement of a portion of the investment portfolio resulting from the adoption of IFRS 9 exposes the portfolio to market risks arising from fluctuations in market factors (interest rates and credit spreads).
Operational risk: the risk of loss resulting from inadequate or malfunctioning internal procedures, people and systems or from external events. This definition includes losses resulting from fraud, human error, business disruption, system unavailability, breach of contract, and natural disasters.
Liquidity risk: the risk that the Company will not be able to liquidate investments and other assets to settle its financial obligations at maturity without incurring losses. Liquidity risk and interest rate risk are monitored constantly through analysis of expected cash flows, especially for equity investments. Furthermore, specific operational limits for risk management and monitoring have been set out in the Risk Regulation.
Concentration risk: the risk arising from exposures to individual counterparties, groups of connected counterparties, or counterparties belonging to the same economic sector or carrying out the same activity, or belonging to the same geographical area. Specific operational limits for risk management and monitoring have been set out in the Risk Regulation.
Reputational risk: the current or prospective risk of a fall in profits, penalties, loss of economic value or damage to SIMEST's institutional role, resulting from a negative perception of the Company's image by customers, counterparties, shareholders, investors, regulators or other stakeholders. SIMEST gives the highest priority to preventing and monitoring the occurrence of events of a reputational nature in relation to transactions that are part of its corporate purpose. To this end, it has structured internal controls to mitigate this risk and has adopted specific safeguards to prevent reputational events from occurring in its operations.
Compliance risk: the risk of incurring legal or administrative penalties, losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (e.g. articles of association, codes of conduct). SIMEST has adopted the CDP Group's "Risk Assessment and Control of Compliance Risk" policy, while structuring a compliance risk management process aimed at ensuring that internal processes and procedures are consistent with the objective of preventing the violation of self-governance rules or external provisions.
Within the Risk Regulation the Company also implemented the process of assessing the correspondence between the capital resources available (represented by equity) and the economic capital necessary to cover existing risks, which is measured using the Internal Capital Adequacy Assessment Process (ICAAP) employed by the CDP Group. Results of the assessments have confirmed the full adequacy of capital resources both at present and over the period covered by the Business Plan.
Specific controls are also in place for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which the funds are exposed. More specifically, for the Law 295/73 Fund, in order to ensure support for exports through a more efficient allocation of public resources while maintaining adequate control of major risks (foreign exchange and interest rate risk), even in situations of stress, a new methodology was approved and implemented for quantifying the Fund's overall on-balance sheet financial needs with a view to efficiently managing public resources.

TRANSACTIONS WITH RELATED PARTIES

Since 30 September 2016, the Company has been 76% owned by SACE SpA, a company that exercises management and coordination over SIMEST.
With regard to relations with the majority shareholder, SACE SpA, and the companies of the CDP Group, and in accordance with Article 2428 of the Italian Civil Code, we hereby report that there is an agreement between SIMEST, CDP and SACE – known as the "Export Bank Agreement" – which establishes that CDP is to provide financial support and SACE is to provide guarantees in operations to finance the international expansion and export efforts of Italian businesses.
In relations with the majority shareholder SACE SpA, during the 2020 financial year, professional services received were recognised as part of a contract relating to the adjustment of certifications with regard to the standards of occupational safety and environmental management systems (12 thousand euro). In addition, following the creation of the Centre for Export and International Expansion, with a view to centralising functions and achieving operational synergies, outsourcing agreements were established with SACE SpA to manage the following services:[23] General Services, Human Resources, ICT, Purchasing, Compliance, Internal Audit and Risk Management (1,127 thousand euro). At the end of 2020, thirteen SACE SpA employees were seconded to SIMEST, and three SIMEST employees were seconded to SACE SpA.
Also of note is the lease payment made for the use of offices in Mestre, Bologna, Palermo and Naples (23 thousand euro) and the payment for the lease of IT hardware (37 thousand euro).

Transactions with other related parties

With regard to the other companies in the Group, in 2020 credit lines provided by Cassa Depositi e Prestiti (CDP), both individually and in a pool with other lenders, were drawn down (1,099 thousand euro).
Also, again with regard to relations with CDP, in 2020 remuneration was paid for the members of the SIMEST Board of Directors appointed from among CDP's senior managers (54 thousand euro).
At the end of 2020, eight employees were seconded from CDP.
With regard to tax items, the payable to CDP relates to the Group's Fiscal Consolidation.
Also, one SIMEST employee was seconded to Fintecna SpA.
Also worth noting are contracts with SACE SRV Srl (a subsidiary of SACE SpA) for info-provider, personal and anti-mafia data management, customer care and debt collection services (692 thousand euro). One SIMEST employee has also been seconded to SACE SRV Srl.
In addition, at 31 December 2020, following the update of the map of the CDP Group, the related-party transactions included the receivable due to SIMEST from Ansaldo Energia SpA in relation to the investment in Ansaldo Energia Switzerland AG and a receivable for interest income due to be collected.
These related-party transactions have all been conducted at arm's length.

Directors' and Statutory Auditors' remuneration

	Directors		Auditors	
	Amount accrued	Amount paid	Amount accrued	Amount paid
Short-term benefits	202	177	79	68
TOTAL	**202**	**177**	**79**	**68**

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There were no significant events after 31 December 2020.

[23] The Risk Management and Compliance Services ended on 31 May 2020.

PROPOSAL FOR ALLOCATION OF THE NET RESULT FOR THE YEAR

We hereby submit for shareholder approval the Financial Statements for 2020, consisting of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the notes to the financial statements. The financial statements are accompanied by the directors' report on operations.
The 2020 profit for the year of 4,612,047 euro will be allocated, less the allocation of 5% to the Legal Reserve for 230,602 euro, in accordance with the resolutions to be adopted by the Shareholders' Meeting. Furthermore, on the basis of the provisions of the second paragraph of Article 6 of Legislative Decree 38/2005, in application of the IFRS 9 accounting Standard, the fair value profits recognised in the income statement which contributed to the determination of the result for the year amounted to 5,697,487 euro. Consequently, given that the reserves already restricted for this purpose amounted to 7,218,145 euro, it will be necessary to release the restriction on non-distributable reserves of 1,520,658 euro.

for the Board of Directors

the Chairman

Pasquale Salzano

FINANCIAL HIGHLIGHTS OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION

In accordance with Article 2497-*bis*, paragraph 4, of the Italian Civil Code, the following statements provide financial highlights from the most recent financial statements of the Parent Company, SACE SpA, with registered office in Piazza Poli 37-42, Rome, Tax Code and VAT no. 05804521002.

(thousands of euro)

BALANCE SHEET	31/12/2019	31/12/2018
Intangible assets	2,929	1,880
Investments	4,564,617	5,646,098
Reinsurers' share of technical provisions	1,255,814	1,076,303
Loans	730,015	731,709
Other assets	5,178,683	3,048,641
Accrued income and prepaid expenses	26,617	28,273
BALANCE SHEET - ASSETS	**11,758,675**	**10,532,904**
Equity:		
- Share capital	3,730,324	3,730,324
- Share premium reserve	43,305	43,305
- Revaluation reserves		
- Legal reserve	274,023	264,719
- Other reserves	401,499	401,274
- Retained earnings (losses carried forward)	172,441	88,766
- Net income for the year	141,582	186,087
Subordinated liabilities	500,000	500,000
Technical provisions	4,158,861	3,950,098
Provisions for risks and charges	107,828	100,854
Payables and other liabilities	2,210,460	1,249,800
Accrued expenses and deferred income	18,352	17,679
BALANCE SHEET - LIABILITIES	**11,758,675**	**10,532,904**

(thousands of euro)

INCOME STATEMENT	31/12/2019	31/12/2018
Non-life insurance technical account		
Gross premiums	565,449	727,754
Change in the provision for unearned premiums and premiums transferred	(178,045)	(370,550)
Net premiums for the period	387,405	357,204
Change in other technical provisions	(5,225)	(5,225)
Share of profit transferred from the non-technical account	34,339	38,851
Change in the reserve for equalisation	(42,783)	(57,758)
Other technical income and expense	(7,302)	(5,756)
Expenses for claims net of recoveries	(144,672)	(146,424)
Refunds and profit sharing	(820)	(14,895)
Operating expenses	(57,270)	(42,634)
Balance on the non-life insurance technical account	**163,671**	**123,363**
Non-technical account		
Income from investments in non-life insurance	175,509	394,783
Capital losses and financial expense for non-life insurance	(78,889)	(284,111)
Share of profit transferred to the non-life insurance technical account	(34,339)	(38,851)
Other income	55,042	82,279
Other expense	(68,226)	(46,078)
Balance on the non-technical account	**49,097**	**108,022**
Extraordinary income (expenses)	**1,063**	**357**
Income taxes	(72,249)	(45,654)
NET INCOME FOR THE YEAR	**141,582**	**186,087**

for the Board of Directors

the Chairman

Pasquale Salzano

Annex: equity investments at 31 December 2020

WITH US IN 2020… **Basilicata's threshers also heading for New Delhi**

Cicoria in Potenza, which already exports to more than 50 countries, has taken its first steps to enter the Indian market

"Feasibility study" funding
"Exhibitions, fairs and system missions" funding

EUROPE

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
D PRINT EUROPE SH.P.K.	D'AURIA MEDIA GROUP SRL	Albania	Other industries	25%	500,000
		TOTAL ALBANIA			**500,000**
AMA ADRIATIC D.O.O. SARAJEVO	A.M.A. SPA	Bosnia Herzegovina	Mechanical industry	24%	1,000,000
		TOTAL BOSNIA HERZEGOVINA			**1,000,000**
METECNO BULGARIA AD	METECNO - SOCIETÀ PER AZIONI	Bulgaria	Infrastructure and construction	11%	383,081
		TOTAL BULGARIA			**383,081**
BDF SERVIS D.O.O.	BDF INDUSTRIES SPA	Croatia	Mechanical industry	20%	689,135
CRVENA LUKA D.D.	OCTAVIA SRL	Croatia	Non-financial services	22%	2,188,000
		TOTAL CROATIA			**2,877,135**
GRANAROLO FRANCE S.A.S	GRANAROLO SPA ACRONYM G. SPA	France	Agri-food	30%	15,000,000
L'IMAGE RETROUVÉE S.A.S.	L'IMMAGINE RITROVATA SRL	France	Non-financial services	49%	196,000
MARAIS TECHNOLOGIES	TESMEC SPA	France	Metalworking industry	34%	3,999,999
		TOTAL FRANCE			**19,195.999**
MA AUTOMOTIVE DEUTSCHLAND GMBH	MA SRL	Germany	Automotive	20%	5,000,000
WAGON AUTOMOTIVE NAGOLD GMBH	METALMECCANICA TIBERINA SRL	Germany	Automotive	22%	7,000,000
		TOTAL GERMANY			**12,000,000**
FAREST RT	STUDIO LEGALE DE CAPOA GUIDUCCI E ASSOCIATI	Hungary	Non-financial services	25%	21,983
		TOTAL HUNGARY			**21,983**
BUCCI AUTOMATIONS SPA	ROBERTO BUCCI E C. SPA	Italy	Mechanical industry	13%	5,000,000
CONSORZIO CASALASCO DEL POMODORO SOCIETÀ AGRICOLA COOPERATIVA	CONSORZIO CASALASCO DEL POMODORO SOCIETÀ AGRICOLA COOPERATIVA	Italy	Agri-food	25%	15,000,000
FINCASTELLO SRL	ARVEDI TUBI ACCIAIO SPA ACRONYM A.T.A. SPA	Italy	Metalworking industry	41%	15,000,000
GRUPPO PSC SPA OR IN SHORT PSC SPA	PSC PARTECIPAZIONI SPA	Italy	Infrastructure and construction	10%	11,000,000
IMR-INDUSTRIALESUD SPA	IMR-INDUSTRIALESUD SPA; H.G. SRL	Italy	Automotive	19%	7,500,000
INCOMING ITALIA SPA	THE RS HOLDING SRL	Italy	Non-financial services	15%	1,500,000
INGEGNERIA DEI SISTEMI SPA	FINSIS SPA	Italy	Electronics/IT	10%	3,737,999
ITM INDIA SRL	ITALTRACTOR ITM SPA	Italy	Mechanical industry	49%	1,274,000
MA SRL	CLN - *COILS LAMIERE NASTRI SPA ACRONYM C.L.N. SPA	Italy	Automotive	8%	8,000,000
MAGLITAL - SOCIETÀ A RESPONSABILITÀ LIMITATA	FINAC SRL	Italy	Textiles	26%	7,000,000

EUROPE

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
MARNAVI CHEM SRL	MARNAVI SPA	Italy	Non-financial services	44%	4,500,000
MET DEV 1 SRL	MET DEVELOPMENT SPA	Italy	Chemical/ Petrochemical	49%	14,900,000
O.M.A. - OFFICINA METALMECCANICA ANGELUCCI SPA	ANGELUCCI HOLDING SRL	Italy	Mechanical industry	27%	10,000,000
PASTA ZARA SPA	FFAUF ITALIA SPA	Italy	Agri-food	15%	11,000,000
PAYPERMOON ITALIA SRL	AISLIN SRL	Italy	Other industries	14%	600,000
PELLICONI ASIA PACIFIC SRL	PELLICONI & C. - SOCIETÀ PER AZIONI	Italy	Metalworking industry	49%	4,900,000
PROGER SPA	PROGER INGEGNERIA SRL; PROGER MANAGERS & PARTNERS SRL; TIFS PARTECIPAZIONI SRL; MA.LO SRL	Italy	Infrastructure and construction	21%	6,000,000
PROMA SPA	FINPO SRL	Italy	Automotive	6%	11,000,000
RUSTICHELLA D'ABRUZZO SPA	HOPERA SRL; MOLINO MAGRI SRL	Italy	Agri-food	26%	600,000
SOLE COMPONENTS SRL	PRIMA SOLE COMPONENTS SPA	Italy	Automotive	16%	11,000,000
TERRA MORETTI SPA	HOLDING TERRA MORETTI SRL	Italy	Agri-food	14%	12,000,000
VISMARA SPA	FERRARINI SPA; SOCIETÀ AGRICOLA FERRARINI SPA	Italy	Agri-food	13%	5,000,000
PRIMA COMPONENTS EUROPE SRL	PRIMA SOLE COMPONENTS SPA	Italy	Automotive	23%	7,500,000
		TOTAL ITALY			**174,011,999**
ARKOS L.L.C.	R.I. SPA	Kosovo	Infrastructure and construction	21%	412,000
		TOTAL KOSOVO			**412,000**
TRE ZETA MK DOO SKOPJE	TRE ZETA GROUP SRL	Macedonia	Textiles	25%	400,000
		TOTAL MACEDONIA			**400,000**
FERRARINI SP. Z.O.O.	SOCIETÀ AGRICOLA FERRARINI SPA; FERRARINI SPA	Poland	Agri-food	31%	5,000,000
MARCEGAGLIA POLAND SPÒLKA Z O.O.	MARCEGAGLIA CARBON STEEL SPA	Poland	Metalworking industry	8%	2,003,817
		TOTAL POLAND			**7,003,817**
DOROTEX SRL	ANTICA ROCCA FILATI SRL IN LIQUIDATION	Romania	Textiles	25%	980,000
GDS MANUFACTURING SERVICES SA	GLOBAL DISPLAY SOLUTIONS SPA	Romania	Electronics/IT	31%	3,925,000
PARASCHAKIS APOSTOLOS STYL.	ROTER SPA IN LIQUIDATION	Romania	Mechanical industry	22%	1,114,537
S.C. GHIMAR SRL	INTERNATIONAL COMPANY SRL IN LIQUIDATION	Romania	Non-financial services	15%	150,080
		TOTAL ROMANIA			**6,169,617**
AIE RUS OOO	ANAS INTERNATIONAL ENTERPRISE SPA	Russia	Infrastructure and construction	49%	2,402,196

EUROPE

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
CMK OOO	CELLINO SRL	Russia	Metalworking industry	13%	177,867
MACCAFERRI GABIONS CIS OOO	OFFICINE MACCAFERRI - SPA	Russia	Metalworking industry	13%	1,591,796
OLD MILL KHOLDING	OLD MILL HOLDING SPA	Russia	Chemical/ Petrochemical	33%	1,238,000
OOO FONDITAL	FONDITAL SPA	Russia	Mechanical industry	8%	1,007,823
SERIOPLAST RUS, OOO	SERIOPLAST GLOBAL SERVICES SPA	Russia	Chemical/ Petrochemical	34%	1,360,000
		TOTAL RUSSIA			**7,777,683**
NOVI TEKSTILI DOO	NORMAN INTERNATIONAL SPA	Serbia	Textiles	33%	2,000,000
P & T DESIGN D.O.O.	PLADOS SPA; DELTA SRL	Serbia	Infrastructure and construction	14%	387,000
		TOTAL SERBIA			**2,387,000**
CECOMP D.O.O.	CECOMP SPA	Slovenia	Automotive	25%	2,500,000
		TOTAL SLOVENIA			**2,500,000**
BEST SURFACE SOCIEDAD LIMITADA	BEST SURFACE HOLDING SRL	Spain	Mechanical industry	40%	4,000,000
ALERION SPAIN SL	ALERION CLEAN POWER SPA IN ABBREVIATED FORM ALERION SPA	Spain	Renewables	49%	49,000
		TOTAL SPAIN			**4,049,000**
ANSALDO ENERGIA SWITZERLAND AG	ANSALDO ENERGIA SPA	Switzerland	Mechanical industry	10%	10,000,000
		TOTAL SWITZERLAND			**10,000,000**
MARCEGAGLIA TR	MARCEGAGLIA SPECIALTIES SPA	Turkey	Metalworking industry	49%	7,400,000
SERIOPLAST AMBALAJ SANAYI VE TICARET ANINIM SIRKETI	SERIOPLAST GLOBAL SERVICES SPA	Turkey	Chemical/ Petrochemical	29%	2,000,000
		TOTAL TURKEY			**9,400,000**
ZEUS KERAMIK J.S.C.	CERAMICHE SPERANZA SPA	Ukraine	Infrastructure and construction	7%	597,420
		TOTAL UKRAINE			**597,420**
DELMA ENGINEERING UK LIMITED	ICM SPA	United Kingdom	Infrastructure and construction	45%	8,478,891
		TOTAL UNITED KINGDOM			**8,478,891**
TOTAL EUROPE					**269,165,626**

AFRICA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
ETC SURETY SA	ETC INVEST SPA	Benin	Non-banking financial services	19%	74,540
		TOTAL BENIN			**74,540**
INSTANT RENTALS FOR VEHICLES S.A.E.	J.A.Z. INVESTMENT GROUP SRL IN LIQUIDATION; INTERNATIONAL SERVICE DEVELOPMENT SRL IN SHORT I.S.D. SRL IN LIQUIDATION	Egypt	Non-financial services	19%	483,815
INTERNATIONAL ENVIRONMENT SERVICES CO.	GESENU SPA REFUSE COLLECTION SERVICES MANAGEMENT - LIMITED COMPANY	Egypt	Water, Environment, Urban services	5%	240,175
		TOTAL EGYPT			**723,990**
FRI-EL ETHIOPIA FARMING & PROCESSING PLC	ENER.FIN SRL	Ethiopia	Renewables	48%	2,500,000
FUDA MARBLE PLC	FUDA ANTONIO SRL	Ethiopia	Infrastructure and construction	20%	125,000
		TOTAL ETHIOPIA			**2,625,000**
SIMTO LIMITED	TOZZI GREEN SPA	Mauritius Islands	Renewables	40%	6,500,000
		TOTAL MAURITIUS ISLANDS			**6,500,000**
PROMA INDUSTRIE SARL	PROMA SPA; PROMA S.S.A. SRL	Morocco	Automotive	29%	5,182,418
		TOTAL MOROCCO			**5,182,418**
MA AUTOMOTIVE SOUTH AFRICA PTY. LTD	MA SRL	Republic of South Africa	Automotive	6%	6,819,924
MOUNTAIN ORGANIC KIWI COMPANY PTY LTD	AGRICOLLIBIO SRL	Republic of South Africa	Agri-food	17%	500,000
OMH SOUTH AFRICA PTY LTD	OLD MILL HOLDING SPA	Republic of South Africa	Chemical/ Petrochemical	33%	2,000,000
SERIOPLAST SOUTH AFRICA (PTY) LTD	SERIOPLAST GLOBAL SERVICES SPA	Republic of South Africa	Chemical/ Petrochemical	25%	1,000,000
TESMEC SA (PTY) LTD	TESMEC SPA	Republic of South Africa	Mechanical industry	33%	1,955,761
		TOTAL REPUBLIC OF SOUTH AFRICA			**12,275,685**
OMEGA FISHING SA	RIUNIONE INDUSTRIE ALIMENTARI SOCIETÀ A RESPONSABILITÀ LIMITATA	Senegal	Agri-food	24%	366,285
		TOTAL SENEGAL			**366,285**
EUROTRANCIATURA TUNISIA SARL	EURO GROUP SPA	Tunisia	Metalworking industry	37%	3,000,000
GUALINI AFRIQUE SARL	GUALINI SPA	Tunisia	Infrastructure and construction	24%	65,410
SIVAM TUNISIE	SIVAM SRL	Tunisia	Non-financial services	25%	245,000
		TOTAL TUNISIA			**3,310,410**
SIPA HOLDING LTD	P.A.C. SPA - ABBREVIATED FORM PAC SPA	Uganda	Renewables	38%	4,283,033
		TOTAL UGANDA			**4,283,033**
TOTAL AFRICA					**35,341,361**

AMERICA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
C.IMM. SUDAMERICA S.A.	IMILANI SRL	Argentina	Mechanical industry	19%	500,000
GRUPO ECONOMICO SCL AUSTRAL S.A.	SCL ITALIA SPA	Argentina	Chemical/ Petrochemical	28%	1,384,478
MA AUTOMOTIVE ARGENTINA S.A.	MA SRL	Argentina	Automotive	40%	2,500,000
PROMA SSA S.A.	PROMA SPA	Argentina	Automotive	7%	750,000
SIPCAM ARGENTINA SRL	SIPCAM OXON SPA	Argentina	Chemical/ Petrochemical	9%	1,000,000
TIBERINA AUTOMOTIVE ARGENTINA S.A.	TIBERINA HOLDING SRL	Argentina	Automotive	10%	3,000,000
		TOTAL ARGENTINA			**9,134,478**
ABRAMO DO BRASIL	ABRAMO HOLDING SPA	Brazil	Non-financial services	4%	220,000
ADVENTUS DO BRASIL ADMINISTRAÇÃO E PARTICIPAÇÕES LTDA	ADVENTUS INTERNATIONAL SRL	Brazil	Other industries	27%	4,000,000
ALMAVIVA DO BRASIL SA	ALMAVIVA CONTACT SPA	Brazil	Non-financial services	0.4%	10,000,000
ARVEDI METALFER DO BRASIL LTDA	ARVEDI TUBI ACCIAI SPA WITH THE INITIALS A.T.A. SPA; METALFER . SPA	Brazil	Metalworking industry	9%	9,127,000
BONFIGLIOLI REDUCTORES DO BRASIL IINDÚSTRIA E COMÉRCIO LTDA	BONFIGLIOLI SPA	Brazil	Mechanical industry	20%	2,700,000
BRONTE ADMINISTRAÇÃO E PARTICIPAÇÕES LTDA	BOMI ITALIA SPA	Brazil	Non-financial services	36%	4,000,000
DUCATI ENERGIA DO BRASIL LTDA	DUCATI ENERGIA SPA	Brazil	Mechanical industry	24%	515,877
EMIL GROUP DO BRASIL LTDA	CERAMICHE SPERANZA SPA	Brazil	Infrastructure and construction	24%	83,333
EXPRIVIA DO BRASIL SERVIÇOS DE INFORMATICA LTDA	EXPRIVIA SPA	Brazil	Non-financial services	24%	500,000
GASPARINI MERCOSUL INDÚSTRIA E COMÉRCIO DE MAQUINAS LTDA	GASPARINI SPA	Brazil	Mechanical industry	23%	225,000
IMI FABI BRASIL PARTICIPAÇÕES LTDA	IMI FABI SPA	Brazil	Mining	24%	8,000,000
MA AUTOMOTIVE BRASIL LTDA	MA SRL	Brazil	Automotive	5%	4,389,608
MACCAFERRI DO BRASIL HOLDING PARTICIPAÇÕES EMPRESARIAIS E IMOBILIÁRIAS LTDA	OFFICINE MACCAFERRI - SPA	Brazil	Metalworking industry	44%	3,520,000
MAGNAGHI AERONAUTICA DO BRASIL PARTICIPAÇÕES LTDA	MAGNAGHI AERONAUTICA SPA	Brazil	Aeronautics	18%	1,550,000

AMERICA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
MANGINI SOUTH AMERICA PARTICIPAÇÕES E INVESTIMENTOS LTDA	MANGINI INTERNATIONAL SRL	Brazil	Infrastructure and construction	27%	199,828
PMC AUTOMOTIVA DO BRASIL	PROMA SPA	Brazil	Automotive	19%	5,000,000
PROMA DO BRASIL PARTICIPAÇÕES LTDA	PROMA SPA; PROMA S.S.A. SRL	Brazil	Automotive	10%	3,750,000
SCL DO BRASIL IMPORTAÇÃO E COMÉRCIO LTDA	SCL ITALIA SPA	Brazil	Chemical/ Petrochemical	34%	3,145,000
SOILMEC DO BRASIL	SOILMEC - SOCIETÀ PER AZIONI; COLLI DRILL SPA	Brazil	Infrastructure and construction	23%	568,043
SSE SIRIO SISTEMAS ELETRONICOS LTDA	SIRIO SOLUTIONS ENGINEERING SPA IN SIGLA SSE SPA	Brazil	Electrical industry	20%	270,000
STOLA DO BRASIL LTDA	METEC INDUSTRIAL MATERIALS SRL	Brazil	Metalworking industry	18%	4,000,000
TIBERINA AUTOMOTIVE MG - COMPONENTES METALICOS PARA INDÚSTRIA AUTOMOTIVA LTDA	TIBERINA HOLDING SRL	Brazil	Automotive	11%	4,000,000
TIBERINA AUTOMOTIVE PECAS COMPONENTES METALICOS PARA INDÚSTRIA AUTOMOTIVA LTDA	TIBERINA HOLDING SRL	Brazil	Automotive	27%	4,000,000
VERONAFIERE DO BRASIL ORGANIZAÇÃO DE EVENTOS LTDA	VERONAFIERE SPA	Brazil	Non-financial services	25%	653,586
THE PLACEMAKERS DO BRASIL LTDA	METALCO SRL	Brazil	Metalworking industry	25%	693,141
		TOTAL BRAZIL			**75,110,417**
ENTREPRISES IMPORTFAB INC.	LABOMAR SPA	Canada	Chemical/ Petrochemical	17%	2,075,712
FUGESCO INC.	MECCANOTECNICA UMBRA - SPA	Canada	Mechanical industry	5%	1,296,835
IDS NORTH AMERICA	I.D.S. - INGEGNERIA DEI SISTEMI - SPA	Canada	Non-financial services	43%	2,492,544
		TOTAL CANADA			**5,865,090**
BOMI DE CHILE	BOMI ITALIA SPA	Chile	Non-financial services	25%	318,500
METECNO DE CHILE SA	METECNO - SOCIETÀ PER AZIONI	Chile	Infrastructure and construction	21%	778,247
PARQUE TALINAY ORIENTE S.A.	ENEL GREEN POWER SPA	Chile	Renewables	5%	4,922,903
PSC AMERICA SPA	GRUPPO PSC SPA OR ABBREVIATED FORM PSC SPA	Chile	Infrastructure and construction	28%	1,500,000
		TOTAL CHILE			**7,519,649**
BIOMEDICAL DISTRIBUTION COLOMBIA S L LTDA	BOMI ITALIA SPA	Colombia	Non-financial services	15%	1,300,000
		TOTAL COLOMBIA			**1,300,000**

AMERICA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
BROVEDANI REME MÉXICO, S.A. DE C.V.	BROVEDANI GROUP SPA	Mexico	Mechanical industry	26%	2,500,000
EÓLICA ZOPILOAPAN, S.A.P.I. DE C.V.	ENEL GREEN POWER PARTECIPAZIONI SPECIALI SRL	Mexico	Renewables	4%	5,000,000
ETROMEX, S. DE R.L. DE C.V.	I.S.I.L. SRL; C.L.N. - *COILS LAMIERE NASTRI SPA SIGLABILE C.L.N. SPA	Mexico	Mechanical industry	25%	435,762
EURO HIGH TECH MEXICO S.A. DE C.V.	EUROTRANCIATURA SPA	Mexico	Metalworking industry	23%	3,861,066
EUROTRANCIATURA MÉXICO, S.A. DE C.V.	EUROTRANCIATURA SPA	Mexico	Metalworking industry	16%	2,541,181
FLENCO DE MEXICO S.A. DE C.V.	FLENCO FLUID SYSTEM SRL	Mexico	Mechanical industry	7%	383,331
HANDLING HEALTHCARE S. DE R.L. DE C.V.	BOMI ITALIA SPA	Mexico	Non-financial services	23%	498,173
IRRITEC MÉXICO SISTEMAS DE RIEGO, S.A. DE C.V.	IRRITEC SPA	Mexico	Mechanical industry	9%	1,500,000
OLSA SISTEMAS DE ILUMINACION AUTOMOTRIZ S. DE R.L. DE C.V.	OLSA SPA	Mexico	Automotive	10%	1,000,000
OMP MECHTRON MEXICO, S.A. DE C.V.	OMP MECHTRON SRL	Mexico	Electrical industry	22%	191,213
OPERADORA EROGI S.A. DE C.V.	SMALL BUILDING SOCIETÀ A RESPONSABILITÀ LIMITATA, IN SIGLA SMALL BUILDING SRL	Mexico	Non-financial services	30%	611,735
STIPA NAYAA, S.A. DE C.V.	ENEL GREEN POWER PARTECIPAZIONI SPECIALI SRL	Mexico	Renewables	4%	5,000,000
MARCEGAGLIA MEXICO S. DE R.L. DE C.V.	MARCEGAGLIA CARBON STEEL SPA	Mexico	Metalworking industry	41%	5,000,000
		TOTAL MEXICO			**28,522,461**
AGRATI USA CORP.	A. AGRATI SPA	United States of America	Mechanical industry	14%	15,750,000
ASTALDI CONSTRUCTION CORPORATION	ASTALDI SOCIETÀ PER AZIONI OR ABBREVIATED FORM ASTALDI SPA	United States of America	Infrastructure and construction	34%	6,308,883
BDF INDUSTRIES NORTH AMERICA LLC	BDF INDUSTRIES SPA	United States of America	Mechanical industry	48%	517,552
BROADCAST GLOBAL INVESTMENT I, INC.	ELENOS SRL	United States of America	Electronics/IT	49%	1,255,766
BRUSCHI USA INC.	BRUSCHI SPA	United States of America	Metalworking industry	46%	1,893,805
CLABO HOLDING USA INC.	CLABO SOCIETÀ PER AZIONI	United States of America	Other industries	46%	1,754,078
CMS WAYNESBORO LLC	C.M.S. - SOCIETÀ PER AZIONI	United States of America	Automotive	49%	3,453,136
DOXEE USA INC.	DOXEE SPA	United States of America	Electronics/IT	49%	1,121,102
ELDOR HOLDING NORTH AMERICA INC.	ELDOR CORPORATION - SPA	United States of America	Automotive	15%	6,939,460
ENERGIA PACIFICA INC.	E.VA. ENERGIE VALSABBIA SPA	United States of America	Renewables	49%	1,897,827

AMERICA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
ENERRAY GLOBAL SOLAR OPPORTUNITIES INC.	ENERRAY SPA	United States of America	Renewables	49%	9,362,079
EXOR ELECTRONIC RESEARCH AND DEVELOPMENT, INC.	EXOR INTERNATIONAL SPA	United States of America	Mechanical industry	45%	488,924
FAGIOLI INC.	FAGIOLI - SPA	United States of America	Non-financial services	9%	750,000
GEO INVESTMENT HOLDING INC.	EXERGY SPA	United States of America	Renewables	49%	6,312,663
GRASTIM US CO.	GRASTIM J.V. SRL	United States of America	Electrical industry	39%	1,728,090
INGLASS USA, INC.	INGLASS SPA	United States of America	Mechanical industry	49%	5,881,258
KEDRION BIOPHARMA, INC.	KEDRION SPA	United States of America	Chemical/ Petrochemical	3%	7,000,000
KYSOR WARREN EPTA US CORPORATION	EPTA SPA	United States of America	Mechanical industry	16%	3,559,352
M&G LOGISTICS & ENGINEERING	M & G FINANZIARIA SPA	United States of America	Chemical/ Petrochemical	38%	10,843,147
MAGNAGHI AERONAUTICA USA INC.	MAGNAGHI AERONAUTICA SPA	United States of America	Aeronautics	49%	7,000,000
MISCELA D'ORO USA INC.	MISCELA D'ORO SPA	United States of America	Agri-food	49%	597,949
MOLEMAB USA CORP.	MOLEMAB - SPA	United States of America	Metalworking industry	34%	291,947
SERIOPLAST US LLC	SERIOPLAST GLOBAL SERVICES SPA	United States of America	Chemical/ Petrochemical	47%	5,000,000
THESAN USA CORP.	SAVIO THESAN GROUP SPA, OR ABBREVIATED FORMS STG SPA, SAVIO SPA, THESAN SPA	United States of America	Mechanical industry	49%	1,750,000
SFEMBIOPHARMA INC.	SFEM ITALIA SRL	United States of America	Chemical/ Petrochemical	38%	13,000,000
MICROTEC USA INC.	MICROTEC SRL	United States of America	Mechanical industry	26%	4,178.569
VENCHI US INC.	VENCHI SPA	United States of America	Agri-food	17%	1,750,000
		TOTAL UNITED STATES OF AMERICA			**120,385,587**
TOTAL AMERICA					**247,837,682**

ASIA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
RENCO POWER CJSC	RENCO SPA	Armenia	Electrical industry	18%	9,000,000
		TOTAL ARMENIA			**9,000,000**
BONFIGLIOLI DRIVERS (SHANGHAI) CO. LTD	BONFIGLIOLI SPA	China	Mechanical industry	14%	3,158,833
CLABO PACIFIC HOLDING LTD	CLABO SOCIETÀ PER AZIONI	China	Mechanical industry	25%	1,075,000
CMS PRECISION MECHANICAL MANUFACTURING WUJIANG CO. LTD.	C.M.S. - SPA	China	Metalworking industry	11%	735,000
DAMIANI HONG KONG LTD	CASA DAMIANI SPA OR ABBREVIATED FORMS C D SPA, C.D. SPA, DAMIANI SPA	China	Consumer goods	27%	1,871,471
DEUTZ-FAHR MACHINERY CO. LTD	SAME DEUTZ-FAHR ITALIA SPA	China	Automotive	2%	1,500,000
EURO GROUP ASIA LTD	EURO GROUP SPA	China	Metalworking industry	28%	2,273,149
FABI ASIA LIMITED	FABI SPA	China	Textiles	25%	500,000
FERRARINI PACIFIC LTD	SOCIETÀ AGRICOLA FERRARINI SPA; FERRARINI SPA	China	Agri-food	49%	4,970,378
FIAMM AUTOTECH CO. LTD	ELETTRA 1938 SPA	China	Electrical industry	23%	4,000,000
FINNORD SUZHOU AUTO PARTS CO. LTD	MECCANICA FINNORD SPA	China	Mechanical industry	11%	252,000
FLENCO HUASHEN AUTOMOBILE TOOLS CO.	CA SRL	China	Mechanical industry	25%	500,000
FLENCO NINGBO POWER AUXILIARY EQUIPMENT & SYSTEMS CO. LTD	FLENCO FLUID SYSTEM SRL	China	Mechanical industry	13%	500,229
FLUORSEALS ASIA MANUFACTURING CO. LTD	FLUORSEALS SPA	China	Chemical/ Petrochemical	23%	618,714
GIGLIO TV HK LIMITED	GIGLIO GROUP SPA	China	Non-financial services	25%	735,000
HANGZHOU DRAGON LIGHT ELECTRON CO. LTD	WIVA GROUP - SPA	China	Electrical industry	24%	248,411
IMF FOUNDRY MACHINERY (TIANJIN) CO. LTD	I.M.F. IMPIANTI MACCHINE FONDERIA SRL	China	Mechanical industry	25%	625,000
INDIPENDENT (SHENZHEN) CO. LTD	MOTION SPA	China	Mechanical industry	18%	163,979
L'IMMAGINE RITROVATA ASIA LIMITED	L'IMMAGINE RITROVATA SRL	China	Non-financial services	24%	125,634
MACCAFERRI ASIA LIMITED	OFFICINE MACCAFERRI - SPA	China	Metalworking industry	25%	2,849,560
METECNO HOLDING HONG KONG LTD	METECNO - SOCIETÀ PER AZIONI	China	Infrastructure and construction	11%	787,099
PAMA (SHANGHAI) MACHINE TOOLS CO. LTD	PAMA SPA	China	Mechanical industry	22%	2,000,000
PEUTEREY HONG KONG	PTH SOCIETÀ A RESPONSABILITÀ LIMITATA	China	Textiles	28%	1,550,000

ASIA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
SAMP MACHINERY (SHANGHAI) CO. LTD	SAMP SPA	China	Mechanical industry	13%	1,177,753
SAMP MACHINERY (SHANGHAI) CO. LTD	SAMP SPA	China		18%	2,000,000
SECO ASIA LIMITED	SECO SPA	China	Electronics/IT	28%	1,930,000
SHANGHAI CAMOZZI AUTOMATION CONTROL CO. LTD	CAMOZZI AUTOMATION SPA	China	Mechanical industry	12%	1,835,000
SHANGHAI CAMOZZI PNEUMATIC CONTROL COMPONENTS CO. LTD	CAMOZZI AUTOMATION SPA	China	Mechanical industry	12%	945,000
SIRA (TIANJIN) ALUMINIUM PRODUCTS CO. LTD	SIRA INDUSTRIE SPA	China	Metalworking industry	23%	2,382,713
SIRA GROUP TIANJIN HEATING RADIATORS CO. LTD	EMILPRESS GROUP - SRL	China	Mechanical industry	12%	500,153
SITI B&T CERAMIC TECHNOLOGY CO. LTD	SITI - B&T GROUP SPA	China	Mechanical industry	20%	1,179,430
SOILMEC (WUJIANG) MACHINERY CO. LTD	SOILMEC - SOCIETÀ PER AZIONI	China	Infrastructure and construction	25%	1,470,000
TIAN XIN YI GARMENT CO. LTD	SASCH SPA IN LIQUIDATION	China	Textiles	17%	1,303,535
TITAN ITM TIANJIN CO. LTD	ITALTRACTOR ITM SPA	China	Mechanical industry	25%	1,000,000
U.B.C. FAR EAST LIMITED	UNITED BRANDS COMPANY SPA	China	Textiles	24%	202,162
VENCHI GREATER CHINA LTD	VENCHI SPA	China	Agri-food	22%	2,000,000
ZHEJIANG ELLECI NEW MATERIAL CO. LTD	ELLECI SPA	China	Chemical/ Petrochemical	21%	305,000
WUXI GEAR TECH CO. LTD	CAPI GROUP SRL	China	Mechanical industry	11%	770,000
		TOTAL CHINA			**50,040,205**
DECAL IN - ITALIAN GRAPHICS INDUSTRY PRIVATE LIMITED	SERIGRAFIA '76 - SRL	India	Other industries	21%	75,000
DORSOGNA SWEET INGREDIENTS PRIVATE LIMITED	D'ORSOGNA DOLCIARIA SRL	India	Agri-food	20%	250,000
MACCAFERRI ENVIRONMENTAL SOLUTIONS PVT LTD	OFFICINE MACCAFERRI - SPA	India	Metalworking industry	5%	1,750,000
MECCANOTECNICA INDIA PRIVATE LIMITED	MECCANOTECNICA UMBRA - SPA	India	Mechanical industry	27%	1,058,711
METECNO (INDIA) PVT LTD	METECNO - SOCIETÀ PER AZIONI	India	Infrastructure and construction	17%	1,695,072
OLCI ENGINEERING INDIA PVT LTD	O.L.C.I. ENGINEERING SRL	India	Mechanical industry	13%	600,000

ASIA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
SAIRA ASIA INTERIORS	SAIRA EUROPE SRL	India	Infrastructure and construction	24%	1,057,165
SIDERFORGEROSSI INDIA PVT LTD	SIDERFORGEROSSI GROUP SPA	India	Metalworking industry	3%	800,000
STRANICH FANS AND DUSCON INDIA PRIVATE LIMITED	AEROMECCANICA STRANICH SPA	India	Mechanical industry	24%	610,000
TECHNO SYSTEM INDIA PVT LTD	TECNO SYSTEM SPA	India	Electrical industry	24%	544,455
		TOTAL INDIA			**8,440,403**
ARTILE ROOF LTD	CUNIAL ANTONIO I.L.C.A. SRL	Israel	Infrastructure and construction	11%	866,668
ATURA INDUSTRIES LTD	ALBIS INTERNATIONAL SRL	Israel	Consumer goods	24%	1,517,036
		TOTAL ISRAEL			**2,383,704**
MACCAFERRI PHILIPPINES MANUFACTURING INC.	OFFICINE MACCAFERRI - SPA	Philippines	Metalworking industry	46%	1,320,000
		TOTAL PHILIPPINES			**1,320,000**
FAGIOLI ASIA PVT LTD	FAGIOLI - SPA	Singapore	Non-financial services	19%	600,000
		TOTAL SINGAPORE			**600,000**
BELLELLI EMIRATES ENGINEERING GENERAL CONTRACTING LLC	BELLELLI ENGINEERING SRL	United Arab Emirates	Oil & Gas	20%	408,612
BLACK SHARE DMCC	COLEMAN SPA	United Arab Emirates	Non-financial services	49%	2,071,585
ENGINEERING PROJECTS LTD	MONTALBANO SRL UNIPERSONALE	United Arab Emirates	Mechanical industry	49%	455,000
LEGNANO TEKNOELECTRIC COMPANY MIDDLE EAST FZCO	LEGNANO TEKNOELECTRIC COMPANY SPA	United Arab Emirates	Electrical industry	5%	713,366
		TOTAL UNITED ARAB EMIRATES			**3,648,562**
TOTAL ASIA					**75,432,874**

OCEANIA

Company	Italian partner	Country of operation	Sector	% held by SIMEST	Amount in euro
F.P AUSTRALIA HOLDINGS PTY. LIMITED	FARESIN FORMWORK SPA	Australia	Metalworking industry	49%	1,488,000
MORROW SODALI HOLDINGS AUSTRALIA PTY LTD	MORROW SODALI SPA	Australia	Non-financial services	49%	965,768
SERIOPLAST AUSTRALIA PTY LTD	SERIOPLAST GLOBAL SERVICES SPA	Australia	Chemical/ Petrochemical	48%	2,500,000
TESMEC AUSTRALIA PTY LTD	TESMEC SPA	Australia	Mechanical industry	49%	1,843,260
		TOTAL AUSTRALIA			**6,797,028**
TOTAL OCEANIA					**6,797,028**

SHAREHOLDER LOAN

Company	Italian partner	Country of operation	Sector	Amount in euro
SIMTO LIMITED	TOZZI GREEN SPA	Mauritius Islands	Renewables	2,000,000
SIPA HOLDING LTD	P.A.C. SPA - IN SHORT PAC SPA	Uganda	Renewables	696,154
		TOTAL AFRICA		**2,696,154**
DUCATI ENERGIA DO BRASIL LTDA	DUCATI ENERGIA SPA	Brazil	Mechanical industry	8,484,123
		TOTAL AMERICA		**8,484,123**
ALERION TERUEL SL	ALERION CLEAN POWER SPA IN ABBREVIATED FORM ALERION SPA	Spain	Renewables	9,951,000
CECOMP D.O.O.	CECOMP SPA	Slovenia	Automotive	2,500,000
PELLICONI ASIA PACIFIC SRL	PELLICONI & C. - SOCIETÀ PER AZIONI	Italy	Metalworking industry	2,100,000
		TOTAL EUROPE		**14,551,000**
TOTAL SHAREHOLDER LOAN				**25,731,276**
TOTAL EQUITY INVESTMENTS IN COMPANIES IN ITALY AND ABROAD AT 31 DECEMBER 2020 *				**660,305,847**

* Nominal amount of subscription.

Report of the Board of Statutory Auditors

WITH US IN 2020… **cosmetics from Campania make a good impression with women all over the world**

Eurostyle in Naples has increased its sales capacity abroad, also experimenting with e-commerce

"E-commerce" funding
"Capitalisation" funding

Report of the Board of Statutory Auditors on the Financial Statements for the year ended 31 December 2020

Shareholders,

In compliance with the terms set out in the Italian Civil Code, this Report is approved collectively and in time for its filing at the registered office of the Company (hereinafter also "SIMEST") in the 15 days prior to the date of the first call of the Shareholders' Meeting for approval of the financial statements under review.
The Board of Directors thus made available the following documents, approved on 17 March 2021, relating to the year ended 31 December 2020:

- draft financial statements consisting of the balance sheet, income statement, statement of changes in equity for the current year, statement of changes in equity for the previous year, statement of comprehensive income, statement of cash flows and notes to the financial statements;
- Board of Directors' report on operations.

During the year ended 31 December 2020, the Board of Statutory Auditors carried out its supervisory activities in accordance with the provisions of the Italian Civil Code and the statutory provisions, taking into account the code of conduct recommended by the National Council of Accountants and Accounting Experts.
The Board of Statutory Auditors, in office at the date of this report, was appointed by the Ordinary Shareholders' Meeting of 23 December 2019 and is composed of Mr. Iacopo Conti (Chairman), Ms. Grazia D'Auria (Standing Auditor) and Mr. Alessandro Redondi (Standing Auditor). As we will better specify later, during the year 2020 the delegate of the Court of Auditors, Mr. Pio Silvestri, was replaced in his office starting from 2021 by the Director Ms. Stefania Petrucci.
The task of auditing the accounts was entrusted to the company Deloitte & Touche SpA at the ordinary Shareholders' Meeting of 23 December 2019 for the financial years 2020-2022.
The Board of Statutory Auditors received the report of the independent auditors on 1 April 2021 and acknowledges the opinion on the consistency of the report on operations with the financial statements and its compliance with the law, issued pursuant to Article 14, paragraph 2, letter e) of Legislative Decree 39/10.
The 2020 financial year was characterised by the COVID-19 health emergency, which hit the entire country hard since February, alternating lockdown periods with partial reopenings, and marked by provisions on the movement of people in the territory and physical distancing also in the workplace, with a strong negative impact on the turnover of most of the companies, only partially offset by reliefs. The pandemic crisis, recognised as such by the World Health Organization on 11 March 2020, has gradually hit all countries, putting a strain on companies and the international economy. Italian exports also slowed down. Despite the start of the vaccination campaign, the emergency continues also in the current year with increasingly clear and worryingly negative repercussions on the real economy.
The Board recognises an adequate representation in the report on operations and in the notes to the financial statements, carried out by the Administrative Body, of the risks and effects determined by the emergency of the COVID-19 contagion.
With reference to the methods with which the activity pertaining to the Board was carried out after the spread of the COVID-19 epidemic, the Statutory Auditors represent that, as from the end of February 2020, the meetings of the Shareholders' Meeting, of the Board of Directors and, as guests, of the Concessions Committee meetings held during the financial year, were attended exclusively by electronic means and that suitable information was obtained from the Directors on the general performance of operations, on its outlook, as well as on the most significant transactions, in terms of size and characteristics, carried out by the Company; the periodic audits were organised remotely, as required by the Prime Ministerial Decree of 8 March 2020 and the related minutes acknowledged these circumstances; the signing of the statutory auditors on the minutes reported in the book of meetings will be affixed at a later date, in accordance with the provisions of the document of 25 March 2020 from the National Association of Chartered Accountants; the ordinary controls were carried out on the basis of the documentation received electronically by the auditors.
In this particular historical moment, the Board of Statutory Auditors, within the objective limits of remote working conditions, focused its activities on verifying the immediate reaction of the Company to the epidemiological emergency in organisational and health terms, constantly monitoring the impact of the crisis on the economic and financial situation of SIMEST, paying particular attention to the measures adopted by the Administrative Body with a view to managing the crisis situation. Subsequently, following the introduction by the legislator of regulations that substantially affected the operations of the Company, involving tenfold workloads in terms of Law 394/81 Fund transactions to be processed compared to those in 2019 with requests for intervention of 3.6 billion euro, the Board of Statutory Auditors also focused on obtaining the information necessary to verify the adequacy of the organisational system both in terms of internal resources and in terms of outsourced contracts and, in the latter case, compliance with regulations and Company protocols.

We preface our remarks as follows:

A) SIMEST is a joint-stock company indirectly controlled by Cassa Depositi e Prestiti SpA (hereinafter "CDP");
B) the Company has been 76% owned by SACE SpA (hereinafter "SACE") since 30 September 2016 following the transfer of the controlling interest in SIMEST held by CDP to the share capital of SACE;
C) pursuant to the provisions of Article 12 of Law 259/1958, the Company's finance operations are subject to the oversight of the Court of Auditors. To that end, a Judge of the Court of Auditors is designated to participate in the meetings of the Board of Directors and the Board of Statutory Auditors. With a note of 4 December 2020 of the Presidential Council of the Court of Auditors, the assignment to the Director Stefania Petrucci of the functions of delegate holder to control the financial management of SIMEST as from 1 January 2021 was communicated;
D) the Company is subject to management and coordination by the Parent Company SACE in compliance with the "Regulation on the exercise of management and coordination activities", already approved by CDP and adopted by the SIMEST Board of Directors;
E) with Decree Law no. 104, paragraph 2, of 21 September 2019, converted, with amendments, by Law no. 132 of 18 November 2019, the responsibilities for international trade and international expansion, previously held by the Ministry of Economic Development (MISE) were assigned to the Ministry of Foreign Affairs and International Cooperation (MAECI). With regard to SIMEST, the Decree Law transferred to MAECI the exercise of the functions set out in Law no. 100 of 24 April 1990, the law establishing and governing the activities of SIMEST, previously performed by the MISE. The Board of Statutory Auditors acknowledged the amendments to the Articles of Association resolved by the Board of Directors in March 2020 in order to incorporate in the Articles of Association the regulatory changes relating to the transfer of powers over SIMEST to the Ministry of Foreign Affairs and International Cooperation. Also, further non-substantial amendments were also acknowledged, aimed at simplifying the operations of the corporate Bodies;
F) from 1 January 2020, the responsibilities regarding the Law 295/73 Fund and the Law 394/81 Fund previously exercised by MISE were assigned to MAECI and the regulatory competences for the Law 394/81 Fund were assigned to the Ministry of Foreign Affairs and International Cooperation, together with the Ministry of Economic Development and the Ministry of the Economy and Finance;
G) with reference to the organizational structure, the Board highlights that the functions outsourced by SACE SpA include: Internal Audit, Human Resources, Information Systems, Purchasing and Data Protection; the Statutory Auditors acknowledged the changes to the organisational structure in force since June 2020, which envisaged the introduction of the Chief Risk Officer (CRO) Department reporting directly to the Director and the centralisation of the Risk Management, Compliance and Anti-Money-Laundering functions in SIMEST, favourably assessing the efficiency-enhancing elements that should characterize the new organisational model; the Board also noted the Company's commitment to supporting corporate welfare activities, workplace safety and to reducing environmental impact, positively assessing their implementation. In 2020, the new Supplementary Business Agreement (CIA) of SIMEST was signed, with the aim of favouring a progressive harmonisation of the treatments among the Group companies and characterised by the strengthening of the institutions with greater social value: health policy, life policy, check-ups, supplementary pensions, parenting support. Lastly, in consideration of the aforementioned COVID emergency, it should be noted that the organisation of workspaces was revolutionised, first due to the total lockdown and then to guarantee social distancing, with a strong impulse towards employees working from home ("smart working"). To this end, the Board considered it appropriate to dedicate the meeting of 15 May 2020 exclusively to the verification of the measures adopted for safety at work during the pandemic crisis;

H) in October 2020, the Board of Statutory Auditors welcomed the introduction of the Chief Business Officer in the organisational chart, taking into account the legislative changes; this figure was identified as a professional with adequate seniority from the world of financial services to businesses;

I) the Board acknowledged the updates to the Budget for the 2020 financial year with respect to what was presented to the Board of Directors in the disclosure on 20 November 2019 and 22 July 2020, which became necessary following the effects of the health emergency that, affecting SIMEST's operations, had an impact on all business lines;

J) with regard to risk management, the Board of Statutory Auditors notes that SIMEST, while not subject to prudential regulation, adheres to current banking regulations, or the classification scheme adopted by the Basel Committee, which differentiates "pillar 1 risks" from "pillar 2 risks". This classification is contained in the Risk Regulation adopted by SIMEST to ensure that the Company, in coordination with the Parent Company SACE, is able to cover the risks it faces with its own resources. Thus, the Regulation contains the same risk management principles adopted by the Ultimate Parent Company, while taking into account the Company's specific nature and size. The most significant risks are: credit risk, market risk, operational risk, liquidity risk, concentration risk, reputational risk, risk of non-compliance with regulations.
The Statutory Auditors take note of all the measures adopted by the Company to better monitor the risks associated with developments in the pandemic, including:
a) the introduction of the Chief Risk Officer into the organizational structure, which made it possible to further increase the monitoring of the various phases of the credit process, from application to collection;
b) with reference to credit risk, the intensification of portfolio and individual position monitoring activities;
c) the adoption of a new liquidity framework formulated in line with the prudential regulations for the management of liquidity risk;
d) the launch of a specific project aimed at strengthening the monitoring of reputational, fraud and money laundering risks with a focus on public funds and in particular on the Law 394/81 Fund, affected by increasing operations in terms of number of counterparties and volumes;
e) the activation of a series of specific measures related to the COVID-19 emergency, including the generalised and prolonged application of smart working for personnel;

K) the Company, in implementing the provisions set out in the Regulation on Exercise of Management and Coordination Activities and in the Policy regarding the "management of regulations applicable to SACE and its subsidiaries", approved the Policy on "Reputational Risk Assessment of Investments" aimed at establishing adequate monitoring for assessing the level of reputational risk associated with equity investment transactions, with the identification of specific risk indicators (including the risk of relocating production activities). The operational policy on "Rates and conditions" was also approved with the method for pricing risk being updated. The CDP Group and SACE policies were also implemented, among which the "Planning and Control" policy, the "Organisational principles and management of organisational changes" policy, the "Group Corporate Governance Process" policy, the "Sanctions and embargoes" policy, the "Antitrust Compliance" policy, the "Engagement of independent auditors and their networks" policy, and the "Whistleblowing" policy;

L) with regard to the evaluation of data and information for the purposes of a possible report suspicious transactions to the Financial Intelligence Unit (FIU), the Board of Statutory Auditors acknowledges that the Company has appointed the Manager for the evaluation and reporting of suspected money laundering and financing of terrorism transactions pursuant to Article 10 of Legislative Decree 231/2007; it is also observed that SIMEST has adopted the Internal Control System on Financial Information, taking inspirations from the best reference practices and in compliance with the law regulations (Law 262/2005);

M) SIMEST adopted the "Organisation, Management and Control Model" pursuant to Legislative Decree 231/2001 (231 Model), which identifies the Company areas and operations that are most exposed to the risk of criminal activity as defined in the decree, along with the principles, rules and regulations for the control system introduced to supervise "relevant" operating activities, which has been subject to subsequent and recent updates (January 2021);

N) SIMEST's Supervisory Body is composed of three members, one of whom is the Chairman. At the meeting of the Board of Directors of 20 December 2018, the composition of the Supervisory Body was renewed for the 2019-2021 three-year period, in the persons of Mr. Antonio Bertani as Chairman, with high professionalism in economic and business matters, of Mr. Ugo Lecis, external member with high professionalism in legal-criminal matters, of Ms. Mara De Paola, internal standing member, head of the Supervisory Body Support structure of CDP, appointed by the Chief Audit Officer of CDP, with high experience in the field of Internal Control Systems.
The Supervisory Body is tasked with overseeing the operation of and compliance with the 231 Model and with updating its content, and assisting the competent corporate bodies in the task of implementing the Model correctly and effectively;

O) the internal audit, compliance and risk management activities carried out during 2020 were implemented on the basis of specific plans approved by the Board of Directors, and were the subject of specific reports;

P) with reference to the dispute existing at 31 December 2020, the Board acknowledges that two legal proceedings are underway with a total claim of 287,000 euro for the request of professional fees; in 2018 and 2019, the first instance proceedings were concluded which envisaged, for the first dispute, a payment order of 80,000.00 euro and the rejection of the application for the second. Appeals are currently under way for both proceedings;

Q) starting from 2015, SIMEST has exercised the option to prepare financial statements in accordance with the international accounting standards ("IAS/IFRS") provided for by Legislative Decree no. 38 of 28 January 2005 ("IAS Decree"), as amended by Decree Law 91/2014 ("Competitiveness Decree"), which extended the option to all companies, other than those that must prepare their financial statements in accordance with the IAS/IFRS standards or are permitted to prepare condensed financial statements pursuant to Article 2435-*bis* of the Italian Civil Code (Legislative Decree 38/2005, Article 4, paragraph 6); therefore, the financial statements in question were prepared according with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and approved by the European Commission on the basis of the procedure indicated in Regulation (EC) 1606/2002;

R) the notes to the 2020 financial statements indicate the new accounting standards and interpretations issued and endorsed by the European Union that come into force starting from financial years beginning on or after 1 January 2020, including IFRS 16 which provides a new definition of leases and introduces new criteria based on the party that effectively has control of the asset, with the related right of use recognised in the balance sheet assets. In particular, SIMEST, on the basis of this accounting standard, has recognised the value of the right of use of the building housing the Company's headquarters in the balance sheet assets, for an amount of 4.5 million euro, and has included the payables arising from rights of use acquired under leases, totalling 4.7 million euro, under liabilities;

S) following the introduction of Article 162-*bis* of the Consolidated Income Tax Law, on the basis of Article 12 of Legislative Decree 142/2018 (containing a new definition of financial intermediaries), with effect from the year ended 31 December 2018, and also in view of the response received to the query submitted to the Italian Revenue Agency, the Company believes it does meet the requirements to qualify as a financial intermediary and has therefore calculated the provision for taxes in the financial statements in accordance with the provisions applicable to a financial companies;

T) with regard to the additional information and details required by the regulations, the Board of Statutory Auditors acknowledges that the notes to the financial statements contain information providing a true and fair view of the Company's situation. With regard to disclosures on the going concern basis and in compliance with the requirements on the same issue contained in IAS 1 Revised, the Company has conducted an assessment of its ability to continue to operate as a going concern, considering all available information over a medium-term time horizon. Based on an analysis of the information and the results achieved in previous financial years, the Company believes that it is appropriate to prepare its financial statements on a going concern basis;

U) the accurate recognition of operations in the accounts and their representation in the financial statements in accordance with the IAS/IFRS were examined by the independent auditors Deloitte & Touche SpA, as responsible for the activities of independent auditors;

V) the Company approved the Reporting packages at 30 June 2020 and 31 December 2020 for the Ultimate Parent Company CDP and the Parent Company SACE;

Z) the 2020 financial statements show a profit of 4,612,047 euro and shareholders' equity of 305,133,059 euro, including the profit for the year 2020. On the basis of the provisions of the second paragraph of Article 6 of Legislative Decree 38/2006, in application of the IFRS 9 accounting Standard, the fair value profits recognised in the income statement which contributed to the determination of the result for the year amounted to 5,697,487 euro. Consequently, given that the reserves already restricted for this purpose amounted to 7,218,145 euro, the Company will release the restriction on non-distributable reserves of 1,520,658 euro. At 31 December 2020, share capital amounted to 164,646 thousand euro, fully subscribed and paid in, represented by 316,627,369 shares with a nominal value of 0.52 euro each.

In view of the above, the Board of Statutory Auditors, with regard to the issues within the scope of its responsibilities, declares that:

- it has participated in the Shareholders' Meetings, as well as all meetings of the Board of Directors held to date, and received periodic information from the directors on the activities carried out, the business outlook, and the most significant operations, in terms of size and characteristics, conducted by SIMEST, according to the composition detailed in the respective minutes;
- it has encouraged and collected a sufficient amount of information on the general business performance pursuant to Article 2381 of the Italian Civil Code;
- the actions resolved by the Shareholders' Meeting and the Board of Directors comply with the law and the Articles of Association and were not manifestly imprudent or otherwise prejudicial to the integrity of the Company's assets;
- the operations performed also comply with the law and the Articles of Association and are not potentially in conflict with the resolutions of the Shareholders' Meeting or prejudicial to the integrity of the Company's assets;
- it has obtained knowledge of and oversaw the adequacy of the Company's organisational structure and the functioning of the internal control and administrative-accounting systems, as well as the latter's reliability to correctly provide data on operations by collecting information from the heads of the relevant Company functions and from Deloitte & Touche SpA, in addition to the examination of Company records;
- it monitored the adequacy of the controls against risks of non-compliance with the rules and regulations through periodic meetings with the head of the Compliance function;
- it met with the Independent Auditors, Deloitte & Touche SpA, for the purpose of exchanging relevant data and information. The current Board of Statutory Auditors met with the Independent Auditors on 22 July 2020, 16 October 2020 and 13 January 2021;
- it held a meeting with the Board of Statutory Auditors of the Parent Company SACE on 13 April 2021 for the purpose of reciprocal exchange of information relating to the financial year to be approved;
- no complaints were received pursuant to Article 2408 of the Italian Civil Code and no complaints were made pursuant to Article 2409, paragraph 7, of the Italian Civil Code;
- it did not find any significant facts that would require disclosure in this Report and no action had to be taken in relation to omissions by the Board of Directors pursuant to Article 2406 of the Italian Civil Code;
- during the year, the Board of Statutory Auditors did not have to issue favourable opinions under the law;
- it monitored the work of the Supervisory Body, which was supported by Internal Audit, by virtue of the Company's adoption of the Organisational Model envisaged under Legislative Decree 231/01. No reports were received concerning the Model that would require special mention in this Report. The Supervisory Body provided half-yearly reports of its activities at Board meetings.

Moreover, the Board of Statutory Auditors reports that:

1. it has examined the draft financial statements for the year ended 31 December 2020, made available to the same Board by the time limit established in Article 2429 of the Italian Civil Code;
2. as the Board of Statutory Auditors is not responsible for performing the statutory audit of the financial statements, it monitored the general approach to their preparation and their general compliance with the law concerning their layout and structure;
3. based on the information obtained from the Directors and through meetings with the independent auditors, it found that no atypical and/or unusual transactions were carried out during 2020. With regard to related-party transactions, the Directors report on the main transactions carried out during the year with the majority shareholder, SACE SpA, and the companies belonging to the CDP Group in the notes to the financial statements, specifically in the section "Transactions with related parties". These transactions were carried out in the interests of the Company and at arm's length. Please see this section for information on the types of transactions carried out and their impact on the Company's income statement and balance sheet;
4. it has ascertained that the financial statements correspond to the facts and information of which it became aware following the performance of its duties, and it has no comments in this regard;
5. it has examined the format of the draft financial statements, their general compliance with the law concerning their layout and structure, and has no particular observations in this regard that would require special mention in this Report;
6. it has also verified compliance with the provisions of law governing the preparation of the report on operations and has no comments that would require special mention in this Report;
7. it has acknowledged that the fees due to Deloitte & Touche SpA for its services amounted to 59,992 euro for the statutory audit and 17,034 euro for additional activities associated with audit;
8. the Independent Auditors Deloitte & Touche SpA, in its report on the financial statements issued on 1 April 2021 pursuant to Article 14 of Legislative Decree no. 39 of 27 January 2010, did not show any findings or negative opinions. The independent auditors also certified that the report on operations is consistent with the financial statements at 31 December 2020;
9. to the best of the Board of Statutory Auditors' knowledge, in preparing the financial statements the Board of Directors did not deviate from legal provisions pursuant to Article 2423, paragraph 4, of the Italian Civil Code;
10. in 2020, there were a total of 11 meetings of the Board of Directors and 1 Shareholders' Meeting, all of which were attended by the Board of Statutory Auditors. The Board of Statutory Auditors held 6 meetings, to which the Judge designated by the Court of Auditors to oversee the Company's financial operations pursuant to Law 259 of 1958 was always invited.

In view of the foregoing and taking account of the findings of the independent auditors which are contained in their report accompanying the financial statements and issued on 1 April 2021, the Board of Statutory Auditors recommends that you approve the financial statements for the year ended 31 December 2020. With regard to the allocation of the profit for the year of 4,612,047 euro, the Board of Statutory Auditors also concurs, as indicated in the notes to the financial statements, on the allocation of the profit for the year, after deduction for the allocation to a legal reserve for 230,602 euro, in compliance with the resolutions to be taken by the Shareholders' Meeting. In addition, it agreed on the release of the restriction on non-distributable reserves for 1,520,658 euro up to the amount of 5,697,487 euro.

Florence, Salerno, Bergamo, 13 April 2021

The Board of Statutory Auditors

(signed on original)

Mr. Iacopo Conti
Ms. Grazia D'Auria
Mr. Alessandro Redondi

Independent Auditors' Report

WITH US IN 2020… **Italian soap plants reach Africa and the Middle East**

Desmet Ballestra from Busto Arsizio has exported, installed and launched plants in Congo, Cameroon, Nigeria and Jordan

Export contribution

Deloitte.

Deloitte & Touche S.p.A.
Via della Camilluccia, 589/A
00135 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE
AI SENSI DELL'ART. 14 DEL D. LGS. 27 GENNAIO 2010, N. 39

Agli Azionisti della
Società Italiana per le Imprese all'Estero - Simest S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società Italiana per le Imprese all'Estero - Simest S.p.A. (la "Società") costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2020, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa che include anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Altri aspetti

Il bilancio d'esercizio della Società Italiana per le Imprese all'Estero - Simest S.p.A. per l'esercizio chiuso il 31 dicembre 2019 è stato sottoposto a revisione contabile da parte di un altro revisore che, il 7 aprile 2020, ha espresso un giudizio senza modifica su tale bilancio.

Deloitte.

Ai sensi dell'art. 2497-bis, comma primo, del codice civile, della Società Italiana per le Imprese all'Estero - Simest S.p.A. ha indicato di essere soggetta a direzione e coordinamento da parte di SACE S.p.A. e, pertanto, ha inserito nella nota integrativa i dati essenziali dell'ultimo bilancio di tale società. Il nostro giudizio sul bilancio della Società Italiana per le Imprese all'Estero - Simest S.p.A. non si estende a tali dati.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

Gli Amministratori della Società Italiana per le Imprese all'Estero - Simest S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Società Italiana per le Imprese all'Estero - Simest S.p.A. al 31 dicembre 2020, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Società Italiana per le Imprese all'Estero - Simest S.p.A. al 31 dicembre 2020 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Società Italiana per le Imprese all'Estero - Simest S.p.A. al 31 dicembre 2020 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.

Marco Miccoli
Socio

Roma, 1 aprile 2021

Approval of the Financial Statements at 31 December 2020

WITH US IN 2020… **citrus fruit from Calabria conquer new markets**

Agrumaria Reggina from Reggio Calabria has expanded its export activities in the international Food & Beverage and Flavour & Fragrance sectors

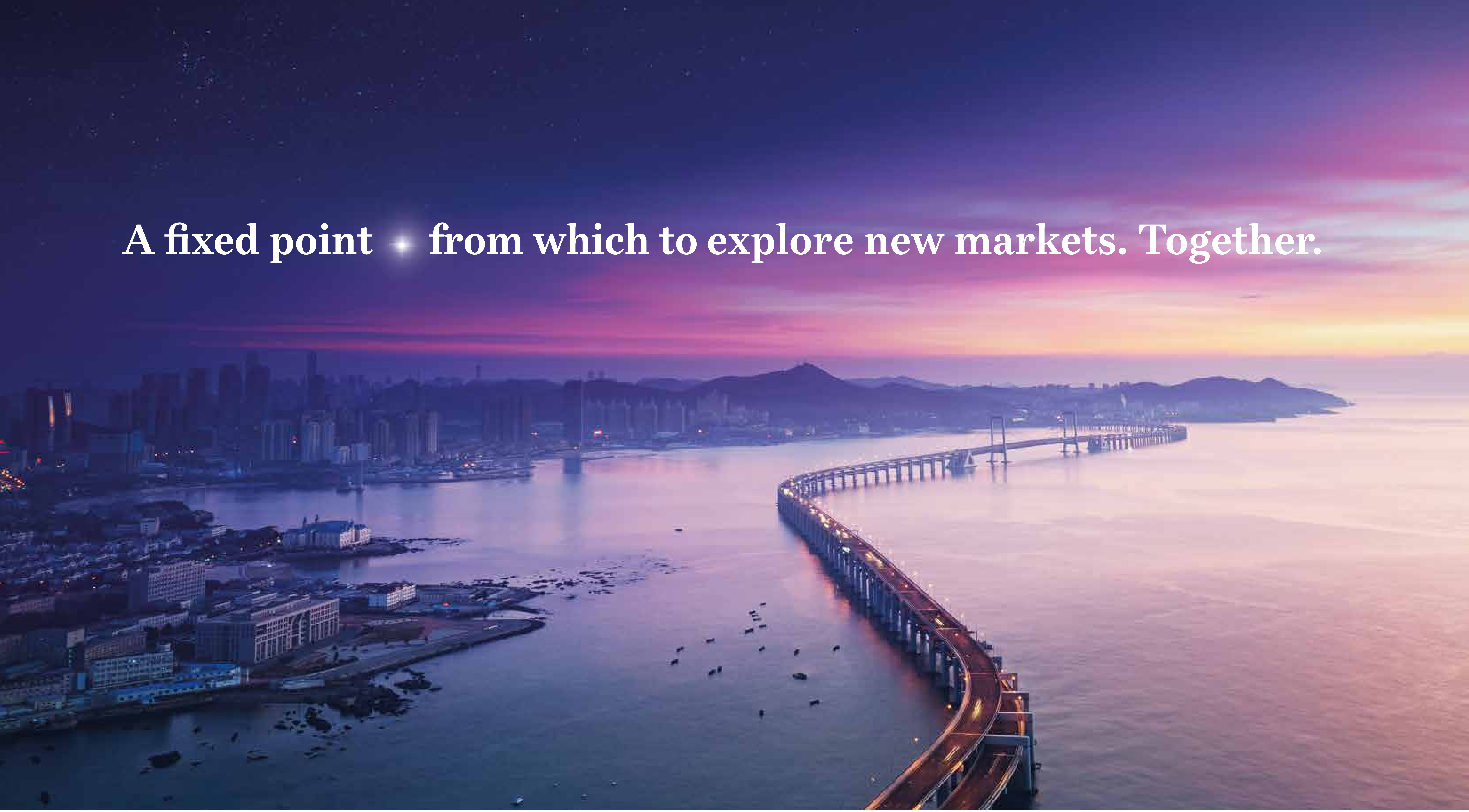
"Capitalisation" funding

Approval of the Financial Statements at 31 December 2020

On 4 May 2021, in the presence of 95.14% of the share capital, the Shareholders' Meeting unanimously approved the Financial Statements for the year ended on 31 December 2020 and the allocation of the 2020 profit of 4,612,047 euro as follows:

- 230,602 euro, equal to 5%, of the legal reserve;
- 4,381,445 euro to "Reserves: c) Retained earnings".

Furthermore, the restriction on non-distributable reserves of 1,520,658 euro was lifted.


A fixed point from which to explore new markets. Together.

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