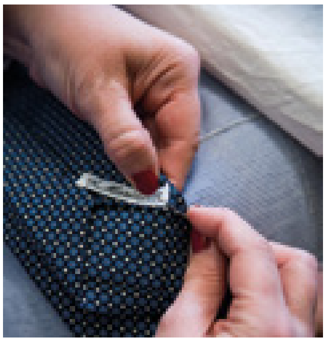
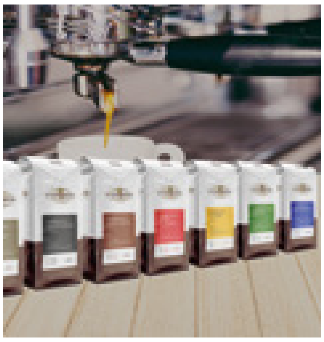
Annual Report 2021



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Annual Report 2021

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PCMC

WITH US IN 2021…
Tuscan paper equipment arrive in Mexico

Thanks to the SIMEST export contribution, the multinational company from Lucca was awarded an order for the supply of equipment for paper processing of the value of 10.4 million euro

We thank the companies listed below
for kindly granting permission to use the photographic material:

- Bomi Group
- Granarolo
- E. Marinella
- Miscela d'Oro
- Ottinetti
- PCMC
- Vetrerie Riunite

SIMEST SpA - Italian company for enterprises abroad

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Share capital 164,646,231.88 euro fully paid up
Registration in the Register of Companies of Rome,
Tax Code and VAT number 04102891001
Registration with the Rome Chamber of Commerce at REA
(Economic and Administrative Index) no. 730445

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 foreign direct 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 Manager, Digital Manager and Innovation Manager).

The operation of these instruments was suspended on 4 June 2021 due to the exhaustion of available funds.
SIMEST also supports the financial solidity of trade fair bodies and companies that organise international trade fair events.

Soft loans for international expansion – NRRP operations

Through the National Recovery and Resilience Plan (NRRP), the Next Generation EU plan has assigned new resources to SIMEST operations for granting loans for international expansion.
Therefore, in line with European directives, SIMEST has remodelled its offer with the introduction of three instruments aimed at SMEs with an international projection that invest in:
- digital and ecological transition;
- development of electronic commerce in foreign countries (through the creation/strengthening/affiliation with an e-commerce platform);
- attendance at international fairs and exhibitions, also in Italy.

Operations began on 28 October 2021 and will continue until 31 May 2022.

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 to request the further intervention of SIMEST 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 and control bodies

Board of Directors appointed by the Shareholders' Meeting of 23 December 2019 and in office until the approval of the 2021 Financial Statements[1]

Chairman

- Pasquale Salzano

Vice Chairman

- Roberto Rio

Chief Executive Officer and General Manager[2]

- Mauro Alfonso

Directors

- Ilaria Bertizzolo
- Claudio D'Eletto
- Anna Mareschi Danieli

Board of Statutory Auditors appointed by the Shareholders' Meeting of 23 December 2019 and in office until the approval of the 2021 Financial Statements

Chairman

- Iacopo Conti

Standing Auditors

- Grazia D'Auria
- Alessandro Redondi

Alternate auditors

- Lucia Cecere
- Cristiano Zanella

[1] Director Gelsomina Vigliotti resigned from office with effect from 23 April 2020 and was not replaced.
[2] Appointed Chief Executive Officer by resolution of the Board of Directors of 23 December 2019. Appointed General Manager with effect from 8 January 2020 by resolution of the Board of Directors of 23 December 2019.

Judge designated by the Court of Auditors (Law 259/1958)

- Stefania Petrucci[3]

Independent Auditors[4]

- Deloitte & Touche SpA

Supervisory Body

Chairman

- Antonio Bertani

Internal member

- Mara De Paola

External member

- Ugo Lecis

[3] Appointed as the Delegate responsible for supervising the financial management of SIMEST from 1 January 2021.
[4] Appointed by resolution of the Ordinary Shareholders' Meeting of 23 December 2019 for the financial years 2020, 2021 and 2022.

Ottinetti

WITH US IN 2021...
the pots of the Piedmont Group conquer kitchens all over the world

Financing of the company's participation in one of the most important international fairs dedicated to Italian catering

Report
on Operations

1. Reclassified financial and operating highlights

(millions of euro)	2021	2020
RECLASSIFIED BALANCE SHEET		
Total assets	546	552
Receivables for equity investments	513	523
Loans payable	221	233
Equity	309	305
RECLASSIFIED INCOME STATEMENT		
Gross income	43	35
Operating result	10	11
Net income (loss) for the year	4	5

NEW LENDING, INVESTMENTS AND MANAGED RESOURCES

(millions of euro)

Amounts for the year	2021	2020
Soft Loans	3,406	1,052
Soft Loans – NRRP	751	-
Equity Loans*	143	87
Total international expansion	**4,300**	**1,139**
Export Credit	5,038	3,198
Total export	**5,038**	**3,198**
Total new amounts	**9,338**	**4,337**

Year-end balances	2021	2020
Soft Loans	2,705	941
Equity Loans**	766	719
Total year-end balance	**3,471**	**1,660**

PERFORMANCE HIGHLIGHTS

(units; percentages)	2021	2020
PROFITABILITY RATIOS		
Cost/income ratio (%)	81	72
ROE (%)	1	2

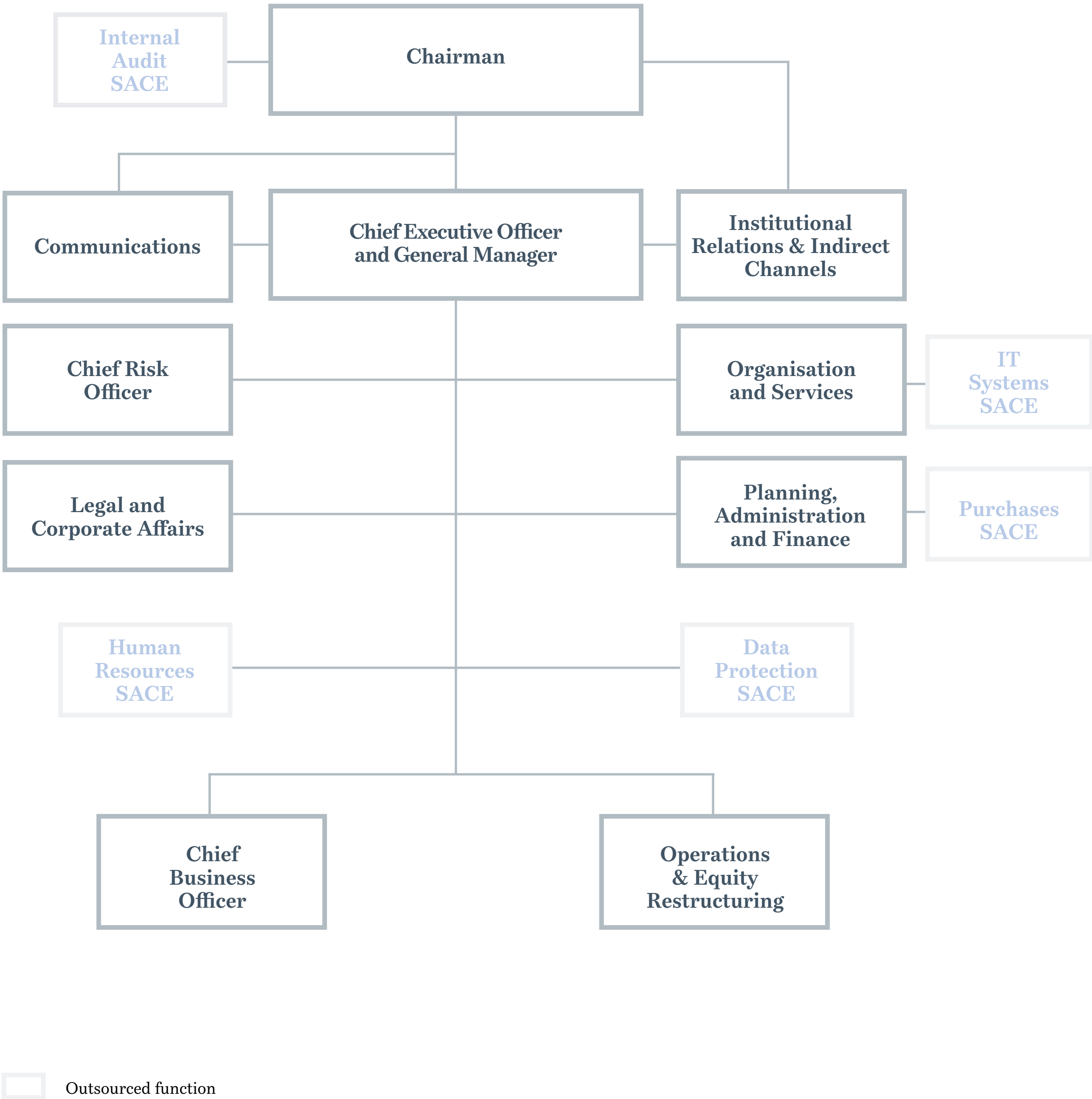
	2021	
OPERATING STRUCTURE		
Average headcount (including secondments)	183	163

	2021	2020
Customers	10,170	3,842
Target countries	123	112

* 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 2022

The guidelines of SIMEST oprations in 2022 envisage the growth and consolidation of the strategic role of the Company in supporting Italian companies in the international expansion and export processes through: i) expansion of the product offer to consolidate its presence in the SME and Mid-Cap segment also through the management of the NRRP resources; ii) increase in the levels of simplification and digitalisation of processes and products and iii) development of new business lines to support the international growth of Italian companies.

The market context is still heavily impacted by the health emergency deriving from COVID-19. The signs of recovery observed after the end of lockdowns in many countries and the massive vaccination campaigns underway lead to the forecast of a growing world GDP for 2022 in a scenario of coexistence with the virus, but significant downside risks remain, mainly linked to the spread the Omicron variant (as a result of which governments have re-imposed restrictions on mobility), the administration of vaccines in less developed countries, the increase in prices and the interruptions in the supply of energy that led to higher and more widespread inflation than expected.

In this context, SIMEST aims to meet the needs of support for Italian companies, 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.

4. Market context

The international scenario

After a first half of 2021 characterised by the widespread acceleration of the international economy, during the second half of the year there was a slowdown in global growth, deriving from the resurgence of the pandemic and the consequent measures to contain infections, from the emergence of some obstacles to the complete reactivation of value chains, which have caused bottlenecks in manufacturing production, and from the inflation of energy products which, after an organic recovery, has begun to represent a potential brake in global production. 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 2021 the change in world GDP was +5.9% on 2020. In advanced economies, GDP increased by 5.0%, while emerging and developing economies recorded a decline of 6.5%.

The recovery in global demand was rapid and more intense than expected, driven above all by the net recovery of goods demand. World trade in goods and services recorded a growth of 9.3%, therefore at higher levels than the dynamics of global GDP.

With reference to the main areas, it should be noted that in 2021 the United States GDP grew by 5.6%, almost in line with the +5.2% estimated for the euro area, where a widespread growth was recorded in the year, albeit with different intensity, among all the major economies.

Differentiated trends are recorded between emerging and developing economies: in China, the only large economy to have grown in 2020, economic activity saw an acceleration of +8.1% and in India of +9.0%, against lower growth rates in Brazil (+4.7%), South Africa (+4.6%) and Russia (+4.5%).

The recovery of the global production system was also reflected in the dynamics of world flows of foreign direct investment (FDI), which rebounded in 2021 with an estimated growth of 77% and which reached 1,647 billion dollars, compared to 929 billion in 2020, thus exceeding pre-COVID levels.[6]

The largest increase was recorded in FDI flows to advanced economies, which tripled compared to 2020, totalling 777 billion dollars. In particular, a significant increase concerned foreign investments towards Europe, which went from 20 billion dollars in 2020 to 305 billion dollars.

The United States, which is confirmed as the top destination for investments from abroad at a global level, recorded an increase in inflows of 114%, almost entirely attributable to the growth in cross-border mergers and acquisitions which in 2021 have reached a value of 285 billion dollars.

FDI to emerging economies recorded a more limited increase (30% on 2020), standing at 870 billion dollars. In detail, investments in Latin America grew by 75%, while FDI in emerging Asia markets recorded a more contained increase (+20%), with flows to China reaching a record level of 179 billions dollars (+20% compared to 2020), thanks to huge investments from abroad in the services sector. Africa has also seen an increase in FDI flows, which have more than doubled.

The international investors' confidence appears to be solid overall in the infrastructure sector, supported by long-term financing conditions and recovery stimulus packages. In fact, international project finance transactions increased by 53% in numerical terms and by 91% in value. On the other hand, industrial sectors and global value chains continue to suffer from the consequences of the crisis and poor investor confidence, as shown by the data on announced greenfield projects (-1% in numerical terms and + 7% in terms of value compared to 2020).

[5] See International Monetary Fund, *World Economic Outlook Update*, January 2022.
[6] See UNCTAD, *Global Investment Trends Monitor*, January 2022.

The global outlook for 2022

The forecasts for 2022[7] are oriented towards a slowdown in global growth which is expected to reach +4.4% on an annual basis (+5.9% in 2021). The figure was revised downwards compared to the previous October estimates, as a consequence of the emergence of elements of uncertainty and risk, including the spread of the Omicron variant, following which governments reimposed restrictions on mobility, the increase in prices and disruptions in energy supply that have led to higher and more widespread inflation than expected, the continued downsizing of the Chinese real estate sector and a slower-than-expected recovery in Chinese private consumption.
According to recent forecasts, growth in world trade will amount to 6% in 2022, but with downside risks linked above all to the evolution of the health emergency.
The prospects for 2022 remain diverse among countries: output in advanced economies is expected to return in line with the trend prior to the start of the pandemic next year, while the recovery will remain more fragile in emerging economies, especially in less developed ones.[8]
The greatest growth is expected in emerging Asian markets, forecast by the IMF at +4.8%, with China nevertheless being affected by the restrictions imposed by the zero tolerance policy for COVID-19 and the persistent tensions on real estate markets and whose growth forecasts (+4.8% compared to 2021) have recently been revised downwards.
For mature economies, GDP is expected to rise by 3.9% in 2022. The prospects of a slower recovery of the US economy, influenced by various factors, from the cancellation of the Build Back Better fiscal policy package to the possible process of normalisation of monetary policy, to the persistent problems in supply with impacts on wages and inflation, have a downward impact on this figure. In the current year the euro area is expected to grow by 3.9% and the United Kingdom by 4.7%.
As for FDI, UNCTAD[9] predicts that global investment flows will continue to record a positive trend, mainly thanks to infrastructure investments, albeit at a much slower pace. The main risk factors are the continuation of the health crisis, the shortage of vaccines in developing countries, the uncertainty about the timing of implementation of the measures to stimulate infrastructure investments. Negative impacts could also derive from the dynamics of global supply chains, energy prices and ongoing inflationary pressures.
Therefore, global economic prospects remain positive, but characterised by high uncertainty and downside risks determined, among other things, by the evolution of the pandemic, by inflationary pressures, by the consequences that a less accommodative US monetary policy will have on global financial conditions, by the persistence of production constraints and by the ongoing geopolitical tensions.

The Italian economy

The growth of the Italian economy for 2021 is estimated at 6.3%.[10] After the fast pace recorded in the second and third quarters of the year, GDP slowed down sharply in the fourth quarter, affected by the rise in infections, as well as by business supply difficulties, linked to the unavailability of some raw materials and intermediate products globally.
The recovery of world trade, combined with the recovery of international tourist flows, especially in the summer period, determined a dynamic of sustained growth in Italy in the trade of goods and services with foreign countries. In 2021, Italian exports of goods and services grew by 18.2% compared to the previous year, rising to levels above those of 2019, while imports increased by 24.7%, reflecting purchases of goods for investments and inventories, in a context of the recovery in national demand.[11]
The average annual inflation rate was +1.9% in 2021, reflecting the dynamics of the prices of energy goods (+14.1%). [12]

7 See International Monetary Fund, cit.
8 See Bank of Italy, *Economic Bulletin No. 1/2022*, January 2022.
9 See UNCTAD, cit.
10 See Bank of Italy, *Economic Bulletin*, cit.
11 See ISTAT, *Foreign trade and import prices (December 2021)*, 17 February 2022.
12 See ISTAT, *Consumer prices. Actual data (December 2021)*, 17 January 2022.

Employment has returned to pre-pandemic levels (59% of the workforce), while unemployment rate, which stood at 9.0%, is lower.[13]
Foreign Direct Investments exceeded 22.7 billion euro in 2021 compared to 275 million euro in 2020.[14]
According to Confindustria estimates, in November 2021 bank lending to businesses slowed down to +0.4% year on year, after the jump in 2020 (+8.3% at the end of the year). Investments slowed down from the third quarter of 2021 (+1.6% from +2.4% in the second quarter) and for the last part of the year companies' confidence on investment conditions collapsed, influenced by low margins, due to commodity prices, and by a very uncertain context, despite the drive due to the NRRP and the incentive plans introduced.[15]
In the macroeconomic scenario envisaged for the 2022-2024 three-year period by the Bank of Italy,[16] Italian GDP is expected to increase by 3.8% in the current year, by 2.5% in 2023 and by 1.7% in 2024, largely supported by stimulus measures financed by the national budget and European funds, in particular those outlined in the NRRP. Exports are also expected to continue to expand, benefiting from the recovery of world trade and, with regard to services, from the recovery of international tourist flows. However, there are still downside risks associated with the health framework and with the consequences that a deterioration could have on consumer and business confidence, as well as – in the medium term – with the full implementation of the programmes set out in the NRRP.

13 See ISTAT, *Employed and unemployed. Provisional data (December 2021)*, 1 February 2022.
14 Provisional data. See Bank of Italy, *Balance of payments and financial position abroad*, 18 February 2022.
15 See Confindustria Study Centre, *Congiuntura flash*, January 2022.
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 2021 totalled 9,338 million euro. Among the various instruments for international expansion, new lending, investments and managed resources amounted to 4,300 million euro[17] (+277% compared to 2020), with a significant contribution coming from loans for international expansion (Soft Loans) which, in 2021, recorded acceptances for over three billion euro. With reference to the Equity Loan segment, a business line significantly impacted by the COVID-19 emergency, there are a total of 107 million euro of subscribed investments, of which 64 million euro for SIMEST Equity Loans and 43 million euro for Venture Capital Fund Equity Loans.

New lending, investments and managed resources (2021 flows)

Business lines (millions of euro)	2021	2020	Change %
Soft Loans	3,406	1,052	+224%
Soft Loans – NRRP	751	-	-
SIMEST Equity Loans	64	25	+159%
Venture Capital Fund Equity Loans	43	23	+84%
Interest-rate support on Equity Loans*	36	39	-9%
TOTAL FUNDS FOR INTERNATIONAL EXPANSION	**4,300**	**1,139**	**+277%**
Export credit support*	5,038	3,198	+58%
TOTAL EXPORT CREDIT SUPPORT	**5,038**	**3,198**	**+58%**
TOTAL NEW LENDING, INVESTMENTS AND MANAGED RESOURCES	**9,338**	**4,337**	**+115%**

* Total underlying nominal value.

The balances at the end of 2021 rose by 109% overall compared to 2020, mainly due to the significant contribution from the Soft Loans portfolio (+187%). As at 31 December 2021, SIMEST supported 10,170 businesses in their international expansion and export programmes in 123 countries.

New lending, investments and managed resources (balance at the end of 2021)

Business lines (millions of euro)	2021	2020	Change %
LOANS FOR INTERNATIONAL EXPANSION	**2,705**	**941**	**+187%**
SIMEST Equity Loans	599	583	+3%
Venture Capital Fund Equity Loans	167	136	+23%
TOTAL EQUITY INVESTMENTS	**766**	**719**	**+7%**
TOTAL YEAR-END BALANCE	**3,471**	**1,660**	**+109%**

[17] Includes Soft Loans (including the resources of the Integrated Promotion Fund and NRRP), SIMEST Equity Loan, Venture Capital Fund and Contributions on Equity Loan.

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 Rotating Fund and disburses, on behalf of the Ministry of Foreign Affairs and International Cooperation, subsidised loans (Soft Loans) aimed at the international expansion of Italian companies. Starting from 2020, SIMEST also manages the portion of resources of the Integrated Promotion Fund – established by the Ministry of Foreign Affairs and International Cooperation – intended, pursuant to Article 72, paragraph 1, lett. d), of Legislative Decree 18/2020, converted, with amendments, by Law 27/2020, for the granting of non-repayable co-financing as a percentage of the funding of the Law 394/81 Fund. In 2021, the Subsidies Committee (the inter-ministerial body responsible for administration of the 394/81 Fund) approved 12,019 transactions (of which 10,457 with non-repayable co-financing) for a total of 3,406 million euro (of which 1,068 million non-repayable), compared with 4,047 transactions (+197%) totalling 1,052 million euro (+224%) in 2020.

SOFT LOANS

Approved volumes - by fund

Funds	Number of transactions*	Millions of euro
Law 394/81 Fund	12,019	2,337
Integrated Promotion Fund	10,457	1,068
GRAND TOTAL	**12,019**	**3,406**

*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 grand 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 Integrated Promotion Fund)

Funds	Number of transactions*	Millions of euro
Capitalisation	**4,334**	**2,166**
of which Law 394/81 Fund	•	1,549
of which Integrated Promotion Fund	2,965	617
Foreign market penetration programmes	**606**	**457**
of which Law 394/81 Fund	606	302
of which Integrated Promotion Fund	594	155
Fairs and exhibitions	**5,166**	**284**
of which Law 394/81 Fund	5,166	200
of which Integrated Promotion Fund	5,000	83
E-commerce	**1,097**	**177**
of which Law 394/81 Fund	1,097	123
of which Integrated Promotion Fund	1,093	54
Capitalisation of trade fair entities	**64**	**151**
of which Law 394/81 Fund	64	123
of which Integrated Promotion Fund	56	28
Fixed costs pursuant to "Ristori" Decree (Integrated Promotion Fund)	**50**	**113**
Temporary Export Manager	**367**	**31**
of which Law 394/81 Fund	367	21
of which Integrated Promotion Fund	367	10
Feasibility studies and technical assistance programmes	**335**	**28**
of which Law 394/81 Fund	335	19
of which Integrated Promotion Fund	332	9
GRAND TOTAL	**12,019**	**3,406**

*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 grand 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 companies amounted to 2,166 million euro (of which 617 million non-repayable); financing of foreign market penetration programmes, consisting in the creation of commercial establishments, amounted to 457 million euro recorded transactions (of which 155 million euro non-repayable), while for attendance to trade fairs and exhibitions amounted to 284 million euro (of which 83 million euro non-repayable). Loans for the creation of IT platforms for the promotion and sale of online products (e-commerce) recorded transactions for 177 million euro (of which 54 million euro non-repayable). Loans for Temporary Export Manager, intended to support the temporary alignment of a specialised professional for international expansion projects amounted to 31 million euro (of which 10 million euro non-repayable), while loans for feasibility studies and technical assistance programmes linked to Italian investments amounted to 28 million euro (of which 9 million euro non-repayable).
Between the end of 2020 and the beginning of 2021, two lines of action were also activated, aimed at supporting the trade fair system, in consideration of the difficulties of operators in the sector, severely affected by the restrictive measures introduced to deal with the health emergency situation. The two new interventions, whose operations were launched in 2021, are as follows:

1. Capitalisation of trade fairs organisations: Article 91, paragraph 1, of Legislative Decree 104/2020, converted, with amendments, by Law 126/2020, established a specific section of the Law 394/81 Fund aimed at supporting the international expansion processes of Italian trade fairs organisations set up as venture capital companies, whose operations were subsequently extended by Article 6, paragraph 3, no. 1, of Legislative Decree 137/2020, converted, with amendments, by Law 176/2020, also to companies whose main activity is the organisation of trade fairs of international importance. Through this instrument, 64 transactions were approved in 2021 for 151 million euro (of which 28 million euro non-repayable).
2. Fixed costs pursuant to "Ristori" Decree: Article 6, paragraph 3, no. 2, of Legislative Decree 137/2020, converted, with amendments, by Law 176/2020, introduced a measure aimed at awarding, in compliance with the European provisions on state aid, non-repayable grants commensurate with fixed costs not covered by profits, support measures provided by public administrations or other sources of revenue, supported from 1 March 2020, in favour of entities in the trade fair system from the resources of the Integrated Promotion Fund. This measure, notified to the European Commission, was authorised under the Temporary Framework with final Commission C Decision (2021) 1879 of 16 March 2021 – SA.61294. Through this instrument, 50 transactions were approved in 2021 for 113 million euro.

SMEs accounted for 80% of the approved volumes of the Law 394/81 Fund, compared to 90% in the previous year, while the remaining 20% benefited Mid-Caps[18] and large companies.
The volume of new loans granted during the year increased, on the one hand, due to the measures adopted with the various regulatory measures introduced starting from 2020 (Ministerial Decree of 11 June 2020 "Intra-EU", Italian Legislative Decree 18/2020 known as "Cura Italia", Legislative Decree 34/2020 known as "Rilancio", Legislative Decree 104/2020 known as "Agosto", Legislative Decree 137/2020 known as "Ristori" and subsequent ones) during the health emergency first and then during the economic crisis, which hit Italy starting from the first quarter of 2020 and which also characterised 2021, as well as due to the resources allocated for 2021 by Law 178/2020 (Budget 2021) – 1,085 million euro for the Law 394/81 Fund and a total of 610 million euro for non-repayable co-financing – and by Decree Law 73/2021 "Sostegni *bis*" – 1,200 million euro for the Law 394/81 Fund and 400 million euro for non-repayable co-financing – which allowed the reopening of the SIMEST Portal for the submission of subsidised loans applications pursuant to the Law 394/81 Fund and related non-repayable co-financing, starting from 3 June 2021. The Italian Legislative Decree "Sostegni" also financed the fixed cost portion of the "Ristori" measure for a total of 150 million euro.

The legislative changes introduced and the extension of the Temporary Framework for granting non-repayable benefits have generated an exponential interest in companies for the subsidised loans of the Law 394/81 Fund, leading to the exhaustion of the relative resources during 3-4 June 2021, with the consequent emergency closure of the SIMEST Portal starting from 4.00 pm on 4 June 2021.

[18] Mid-Caps means all companies with up to 1,500 employees that do not qualify as SMEs.

SOFT LOANS

Approved loans - by country (Law 394/81 Fund and Integrated Promotion Fund)

(millions of euro)

Main target countries	Capitalisation	Penetration in foreign markets	Fairs and exhibitions	E-commerce	Capitalisation of trade fair entities	Fixed costs pursuant to "Ristori" Decree	Temporary Export Manager	Feasibility studies and technical assistance programmes
Italy	2,166	-	132	16	151	113	-	-
United States of America	-	104	20	40	-	-	5	3
Germany	-	55	51	33	-	-	5	2
France	-	37	17	19	-	-	3	1
United Kingdom	-	22	4	15	-	-	2	1
China	-	23	8	7	-	-	1	1
Spain	-	18	5	11	-	-	1	1
Switzerland	-	22	3	7	-	-	0.5	1
United Arab Emirates	-	13	9	4	-	-	1	1
Russia	-	9	6	3	-	-	3	0.3
Other countries*	-	153	30	22	-	-	9	15
GRAND TOTAL	**2,166**	**457**	**284**	**177**	**151**	**113**	**31**	**28**

*Includes transactions with other countries with total amounts of less than 20 million euro. The main ones include Albania, Poland, Canada, Turkey, Brazil, Serbia, India, Belgium, Mexico and Romania.

The Law 394/81 Fund loans granted in 2021 concerned initiatives in 110 countries. Foreign market penetration programmes focused on the United States, Germany and France. Feasibility studies and technical assistance programmes mainly involved the United States, Germany and the United Kingdom, while the participation of companies in trade fairs and exhibitions was mainly directed towards international events in Italy, Germany and the United States. Funding for e-commerce was requested primarily for the US and German markets, while the support of a Temporary Export Manager was mainly requested for international expansion in the United States, Germany and France.

During the year, 11,300 loan contracts for 3,212 million euro were finalised and approximately 2,747 million euro disbursed (of which 893 million euro from the Integrated Promotion Fund and 0.5 million euro from the Sustainable Growth Fund).

The existing portfolio of loans for international expansion totalled 2,705 million euro, of which 2,666 million euro from the Law 394/81 Fund and 39 million euro from the Sustainable Growth Fund, whose operation continued in 2021 mainly with reference to the management of loans in the portfolio.

5.2.2 National Recovery and Resilience Plan

With a view to fostering the development of the competitiveness of SMEs with international interests, in terms of innovation and sustainability, the Italian NRRP – approved with Implementation Decision of the Council of the European Union ECOFIN of 13 July 2021 – in Mission 1 “Digitalisation, innovation, competitiveness, culture and tourism”, Component 2 “Digitalisation, innovation and competitiveness in the production system”, Investment 5 “Industrial sector policies and international expansion”, includes the sub-measure “Refinancing and redefinition of the Law 394/81 Fund managed by SIMEST” of the Ministry of Foreign Affairs and International Cooperation (“NRRP-Law 394 Fund sub-measure”).
The Annex to the aforementioned ECOFIN Council Implementing Decision identified the milestones of the sub-measure as “Entry into force of Refinancing Decree Laws of the ‘contributions’ and ‘loans’ component of the Law 394/81 Fund” and “Adoption of the investment policy” – to be adopted by the Subsidies Committee, responsible for the administration of the Law 394/81 Fund – and the target consisting in the fact that “at least 4,000 other SMEs have benefited from the support of the Law 394/81 Fund from 1 January 2021”, to be achieved by the deadlines, respectively, of the third quarter of 2021 and of the fourth quarter of 2021.
For the implementation of the sub-measure, Article 11 of Legislative Decree 121/2021 was issued, converted, with amendments, by Law 156/2021, which provided for the establishment, within the Law 394/81 Fund, of the “Loans Section” – for the granting of subsidized loans – with a financial endowment of 800 million euro for 2021, and of the “Grants Section” – for the granting of the related non-repayable co-financing – with a financial endowment of 400 million euro for 2021 and related regulations.
Furthermore, the Subsidies Committee approved the NRRP-Law 394 Fund Investment Policy with the Framework Resolution of 30 September 2021, in compliance with the requirements set out in the Implementing Decision of 13 July 2021, pursuant to which, in order to access financing, projects must be realised in line with the objectives of Regulation (EU) 2021/241 and must comply with i) the Technical Guidelines of the European Commission (2021/C 58/01) on the application of the “Do No Significant Harm”-DNSH principle and ii) the relevant national and European Union environmental legislation, with compliance also required for the verification of sustainability for the InvestEU Fund, and are subject to verification.
For the realisation of the sub-measure “Refinancing and redefinition of the Law 394/81 Fund managed by SIMEST”, considering the coefficient envisaged at European level equal to 40% of the total resources allocated for expenses aimed at achieving digital transition (digital “tagging”), taking into account the recommendations adopted at national level to contribute to overcoming territorial gaps (by allocating as a priority a portion of the resources available to companies operating in the Southern Regions) and to promote compliance with the principles of gender equality and the enhancement of young people, with the aforementioned Resolution of 30 September 2021, the Subsidies Committee approved the operational Circulars of the 3 implementation interventions aimed at starting and strengthening digital and green transition processes for companies, in line with the objectives of the NRRP:
1. digital and ecological transition of SMEs with an international interest;
2. development of e-commerce of SMEs in foreign countries;
3. participation of SMEs in international trade fairs and exhibitions, also in Italy, and system missions.

The granting of non-repayable co-financing under the “Contributions Section” in the Temporary Framework was authorised by the European Commission with final Authorisation Decision C (2021) 8798 of 29 November 2021 – SA.100597.
With reference to the NRRP resources, from 28 October 2021 – starting date for receipt of applications for NRRP-Law 394 Fund resources – to 31 December 2021, 6,311 applications for funding were received for a total of 884 million euro.
The Subsidies Committee (inter-ministerial body responsible for the administration of the Law 394/81 Fund) approved, in the session of 29 December 2021, 5,212 transactions (of which 5,046 with non-repayable co-financing) for an amount of 751 million euro (of which 210 million euro as a non-repayable co-financing), achieving the sub-measure objective.

SOFT LOANS – NRRP

Approved volumes - by fund

Funds	Number of transactions*	Millions of euro
Loans - Law 394/81 Fund	5,212	541
Contributions - Integrated Promotion Fund	5,046	210
GRAND TOTAL	**5,212**	**751**

*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 grand total of transactions always coincides with the total transactions of the Law 394/81 Fund.

SOFT LOANS – NRRP

Approved volumes - by product (Law 394/81 Fund and Integrated Promotion Fund)

Funds	Number of transactions*	Millions of euro
Digital and ecological transition	**1,828**	**411**
of which Loans - Law 394/81 Fund	1,828	300
of which Contributions - Integrated Promotion Fund	1,791	111
E-commerce	**1,406**	**196**
of which Loans - Law 394/81 Fund	1,406	136
of which Contributions - Integrated Promotion Fund	1,383	59
Fairs and exhibitions	**1,978**	**144**
of which Loans - Law 394/81 Fund	1,978	105
of which Contributions - Integrated Promotion Fund	1,872	39
GRAND TOTAL	**5,212**	**751**

*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 grand total of transactions always coincides with the total transactions of the Law 394/81 Fund.

Soft loans to support international expansion from the resources of the NRRP-Law 394 Fund sub-measure break down as follows: financing for the digital and ecological transition of SMEs with international interests amounted to 411 million euro (of which 111 million euro non-repayable); financing for the realisation of information platforms for the promotion and sale of products online (e-commerce) recorded transactions for 196 million euro (of which 59 million euro non-repayable), while financing for attendance to trade fairs and exhibitions amounted to 144 million euro (of which 39 million euro non-repayable). Loans were approved in favour of small and medium-sized enterprises coming for 31% from regions of the North West and 24% from Southern Italy.

Approved loans - by country (Law 394/81 Fund and Integrated Promotion Fund)

(millions of euro)

Main target countries	Digital and ecological transition	E-commerce	Fairs and exhibitions
Italy	411	196	67
Germany	-	-	33
France	-	-	8
Poland	-	-	7
United States of America	-	-	5
Kosovo	-	-	4
United Arab Emirates	-	-	3
Spain	-	-	2
Russia	-	-	2
Albania	-	-	2
Other countries*	-	-	12
GRAND TOTAL	**411**	**196**	**144**

*Includes transactions with other countries with total amounts of less than 1.5 million euro. The main ones include the United Kingdom, the Netherlands, China, Switzerland, Serbia, Belgium.

The loans concerned initiatives in 47 countries, the main ones of which were Italy, Germany and France.

5.2.3 Equity investments

SIMEST Equity Loans: direct equity investments

In 2021, SIMEST's Board of Directors approved 53 transactions, of which:
- 35 new investment projects;
- 2 capital increases in companies already owned;
- 16 changes/revisions of approved or signed equity investment plans.

The companies in which SIMEST approved an equity investment in 2021 required a financial commitment of approximately 118 million euro.
As expected, 2021 proved to be a year of transition characterised by a progressive recovery of investments also in relation to the strong rebound of the world economy, after the deep recession recorded the previous year due to the spread of the pandemic of COVID-19. However, the dynamics during the year were affected by a partial recovery of health issues, which occurred after the summer, and the emergence of some temporary critical issues related to logistics, the procurement of raw materials (with relative increase in costs) and the increase in the price of energy, some of which are set to continue also at the start of 2022.
In this context, the development of activity levels reflects the dynamics indicated, with a flow of recovering transactions compared to the levels of 2020, although still conditioned by the uncertainty still characterising the general economy.

SIMEST EQUITY LOANS

Approved equity investments - by country (millions of euro)

*New projects and capital increases**	**SIMEST commitment**
Switzerland	29
United Kingdom	21
Brazil	13
Poland	10
United States of America	9
Italy	9
Mexico	8
China	8
Saudi Arabia	3
Colombia	2
Spain	2
United Arab Emirates	1
Albania	1
Mozambique	1
Serbia	1
Tunisia	1
Russia	0.4
Ghana	0.2
GRAND TOTAL	**118**

* Includes shareholders' financing transactions.

Around 83% of the transactions approved involved investment projects in non-EU countries, with a total commitment of 97 million euro, while the remaining 17% involved EU countries, including Italy.
Among the main investment destinations, Switzerland is featured with 5 initiatives and a commitment for SIMEST equal to 29 million euro, followed by the United Kingdom (4 transactions for a commitment of 21 million euro); however, it should be noted that of the 4 UK transactions, 2 concerned investments in holding companies with the final destination of the investment in the Middle East countries. For the remainder, the interventions are spread over various countries (some of which are traditional investment destinations, such as Brazil, United States and China, flanked by less frequent destinations such as Poland, Mexico and Saudi Arabia), without particular concentrations.

SIMEST EQUITY LOANS

Approved equity investments - by industry (millions of euro)

*New projects and capital increases**	**SIMEST commitment**
Metalworking industry	29
Automotive	15
Non-financial services	11
Mechanical industry	10
Agri-food	7
Trade	6
Infrastructure and construction	4
Renewables	4
Chemical/Petrochemical	2
Other industries	30
GRAND TOTAL	**118**

* Includes shareholders' financing transactions.

In terms of sectoral breakdown, the destination of the interventions in sectors characterising the production structure of the country is confirmed, such as the metallurgical industry, the automotive sector, non-financial services and the mechanical industry, and also including agri-food, trade, infrastructure and construction, renewables and chemical/petrochemical sectors.
During the year, based on the investments approved, SIMEST completed 25 equity investment transactions for a total amount of 64 million euro, of which:

- 22 new equity investments in foreign companies, amounting to approximately 61 million euro;
- 3 share capital increases in foreign equity investments, already held at 31 December 2020, for a total of 3 million euro.

The above values also include 5 shareholders' financing transactions with a financial commitment of approximately 7 million euro.

SIMEST EQUITY LOANS

Acquired equity investments - by country (millions of euro)

*New projects and capital increases**	**SIMEST commitment**
Switzerland	14
United Kingdom	13
China	9
United States of America	9
Poland	7
Brazil	4
India	2
Spain	2
Albania	1
Mexico	1
Serbia	1
Tunisia	0.6
GRAND TOTAL	**64**

* Includes shareholders' financing transactions.

SIMEST EQUITY LOANS

Acquired equity investments - by industry (millions of euro)

*New projects and capital increases**	**SIMEST commitment**
Metalworking industry	21
Agri-food	7
Automotive	7
Non-financial services	5
Consumer goods	3
Electronics/IT	3
Mechanical industry	2
Infrastructure and construction	2
Renewables	2
Chemical/Petrochemical	2
Trade	1
Other industries	10
GRAND TOTAL	**64**

* Includes shareholders' financing transactions.

The total amount of transactions in equity investments subscribed and shareholder loans during the year amounted to 64 million euro, an increase of 159% compared with 2020. It should be noted that 32% of the investments were in the metallurgical industry sector for the production of steel products and for the processing of metal elements.
In 2021, in performance of agreements with the partner companies, 20 equity investments were sold for a total of 48 million euro after impairment. At year end, following portfolio transactions in 2021, SIMEST held equity investments in 217 companies in Italy and abroad for a total of 599 million euro (including the equity investment in FINEST), compared with 583 million euro at the end of 2020 (+3%).

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, 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).
During 2021, Venture Capital Fund transactions continued following the evolution of the general situation, also on the basis of the new guidelines approved in June by the Guidance and Reporting Committee. For the purposes of the Fund's intervention in individual transactions, in addition to strengthening the focus on issues concerning the impact of foreign investment on activities in Italy and on the strategic logic underlying individual transactions in support of strengthening the competitive profile of the proposing Italian Groups, the new guidelines introduce a particular emphasis on transactions that envisage the development of direct export of goods and/or services from Italy to foreign companies in which the Fund has an investment, establishing the extension of the normal intervention limits up to a maximum amount of 4.5 million euro per single transaction.
During the year, a total of 47 transactions were approved, of which 38 related to new investment projects, 1 share capital increase in companies already invested in and 8 changes/redefinitions of the resolved or subscribed investments plans.
More specifically, the approved equity investments result in a total commitment through the Venture Capital Fund of approximately 69 million euro.

VENTURE CAPITAL FUND EQUITY LOANS

Approved equity investments - by country (millions of euro)

New projects and capital increases	**Fund commitment**
United Kingdom	12
Brazil	9
Poland	9
Switzerland	8
United States of America	7
China	6
Mexico	5
Saudi Arabia	3
Spain	3
Colombia	2
Albania	1
United Arab Emirates	1
Slovenia	1
Serbia	1
Mozambique	1
Russia	0.4
Tunisia	0.4
Ghana	0.2
GRAND TOTAL	**69**

The geographical breakdown of the commitments accepted follows the breakdown of the interventions relating to the direct equity investments of SIMEST. Around 82% of the transactions approved involved investment projects in non-EU countries, with a total commitment of 56 million euro, while the remaining 18% involved EU countries. The main investment targets included the United Kingdom with 4 initiatives and a commitment of 12 million euro, followed by Brazil (4 transactions for a commitment of 9 million euro) and by Poland (5 transactions for a commitment of 9 million euro).

[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.

In terms of sectoral breakdown, the destination of the interventions in sectors characterising the production structure of the country, such as the metallurgical industry and the non-financial and automotive services sectors, is confirmed.

In 2021, equity investments subscribed with resources from the Venture Capital Fund totalled about 43 million euro for a total of 25 transactions, broken down as follows:

- 22 new equity investments – in addition to the shares acquired by SIMEST and/or FINEST – for a total amount of approximately 39 million euro;
- 3 capital increases in companies already owned as at 31 December 2020 for around 3 million euro.

The above values also include 5 shareholders' financing transactions with a financial commitment of approximately 6 million euro.
The geographical distribution of the Fund's new interventions shows the interest of companies in the United Kingdom, with 3 subscriptions for a total of 8 million euro and for the Chinese market with 4 transactions for 7 million euro.
In 2021, in performance of agreements with the partner companies, 19 equity investments were sold for a total of 12 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 167 million euro at the end of 2021 (approximately 136 million euro in 2020) and involved 155 foreign companies.
The trend in acquisitions and in the portfolio reflects the policy of the Guidance and Reporting Committee concerning the maximum amount per individual equity investment.

Start-Up Fund equity investments

In 2021, 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.
At the end of 2018, Law no. 145 of 30 December 2018 (2019 Budget Law) in fact ordered the "closure" and transitional management of the Start-Up Fund. On 19 March 2019, SIMEST and the Ministry of Economic Development signed the special agreement provided for by this legislation for the management of the Start-Up Fund. Consequently, there were no new investment initiatives.
Following Legislative Decree no. 104 of 21 September 2019, converted, with amendments, by Law no. 132 of 18 November 2019, the management of the Start-Up Fund was also transferred to the Ministry of Foreign Affairs and International Cooperation, Directorate General for the Promotion of the Country System.
The equity investment portfolio under the transitional management of the Start-Up Fund consists of 4 transactions of which 2 (for a total of 0.4 million euro) fully reimbursed and disposed of, and 2 (for a total of 0.4 million euro) in relation to which a dispute is currently pending.

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

In 2021, 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 2021, the Subsidies Committee approved 15 transactions for a total of 36 million euro (compared with 10 transactions totalling 39 million euro in 2020). The resolved transactions relate to investment initiatives with SIMEST participation in the capital in countries outside the European Union. The main destination countries are Brazil (22% of volumes), followed by China and Switzerland.

INTEREST-RATE SUPPORT ON EQUITY LOANS

Deferred principal amount approved - by country (millions of euro)

Country	Underlying nominal value
Brazil	8
China	5
Switzerland	5
Russia	4
United Kingdom	4
Colombia	3
Serbia	2
Mexico	2
United Arab Emirates	2
United States of America	1
Tunisia	1
Saudi Arabia	0.5
Ghana	0.1
GRAND TOTAL	**36**

The main investment sectors were those of the metallurgical (23%), agri-food (15%) and renewables (9%) sectors.

INTEREST-RATE SUPPORT ON EQUITY LOANS

Deferred principal amount approved - by industry (millions of euro)

Industry	Underlying nominal value
Metalworking industry	8
Agri-food	5
Renewables	3
Mechanical industry	3
Automotive	2
Non-financial services	1
Other industries	14
GRAND TOTAL	**36**

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 Foreign Affairs and International Cooperation in agreement with the Ministry of Economy and Finance, 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.
For 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 non-repayable interest, during 2021 buyer credit and supplier credit transactions were received for a total of 147 subsidised loans for a total amount of 5,038 million euro (compared to 48 subsidised loans for an amount of 3,198 million euro in 2020).

EXPORT CREDIT

Deferred principal amount approved - by product (millions of euro)

Product	Number of transactions	Underlying nominal value
Buyer credit loans	32	4,632
Supplier credit loans	115	406
GRAND TOTAL	**147**	**5,038**

Of these transactions, 4,632 million euro related to buyer credit initiatives relating to financing of supplies made by Italian exporters to foreign counterparties mainly in the shipbuilding sector (cruise segment), in the oil and gas sector for the construction of a refining plant and in the infrastructure and construction sector for the design and construction of a subway, a marina, a military hospital and a university complex. In addition, other companies in the metallurgical and agri-food industry were supported.
The remaining 406 million euro, inherent to 115 transactions in the form of supplier credit, related to the financing of machinery and components supplies in the mechanical, agricultural machinery, textile, paper production and agri-food industries mainly granted to small and medium-sized Italian companies in relation 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, Peru, the United States and Angola.

EXPORT CREDIT

Deferred principal amount approved - by country (millions of euro)

Country	Underlying nominal value
Bermuda	1,846
Egypt	1,300
Peru	672
United States of America	344
Angola	223
United Kingdom	111
Panama	92
Ivory Coast	71
Ghana	41
France	37
Other countries	298
GRAND TOTAL	**5,038**

The industry breakdown of overall export credit volumes mainly concerned contracts in the cruise ship (43%), oil and gas (26%), infrastructure and constructions (19%), mechanical industry (6%) and metallurgy (4%) sectors and, for the remainder, supplies in the agri-food, textile and chemical/petrochemical sectors.

EXPORT CREDIT

Deferred principal amount approved - by industry (millions of euro)

Industry	Underlying nominal value
Cruise ship	2,144
Oil & gas	1,296
Infrastructure and construction	935
Mechanical industry	278
Metalworking industry	199
Agri-food	85
Textiles	52
Chemical/Petrochemical	13
Other industries	35
GRAND TOTAL	**5,038**

5.4 Promotion and development activities

Italian companies have shown and are still demonstrating a great capacity to react and adapt, despite the economic effects of the continuous epidemic waves. The competitiveness of SMEs on a global scale remains today the key factor for the success of our goods and services in foreign markets.

Also in 2021 the pandemic hindered the natural development of the activity in presence on the territory and abroad. However, numerous actions were carried out to promote SIMEST's activities, with face-to-face and remote meetings, carried out with greater intensity in the last quarter of 2021. These initiatives were aimed at achieving the NRRP objectives for projects relating not only to the international expansion of SMEs, but also to digitalisation, innovation and sustainability, the new growth drivers, fundamental for the recovery of the global economic scenario.

In summary, the promotion and development activities of SIMEST in 2021 were carried out according to the following guidelines: i) actions of the commercial network finalised at achieving an increasing knowledge of SIMEST products through direct contacts with companies; ii) monitoring of third-party channels aimed at reaching the greatest number of Italian SMEs potentially interested in the offer of SIMEST products; iii) monitoring of digital channels and the enhancement of communication campaigns for the promotion of individual products from the public funds managed by SIMEST; iv) mainly synergistic approach of the Group with reference to Export Credit instruments.

SIMEST has therefore developed its promotional activity through commercial actions and by holding about 900 one-to-one business meetings with companies – with a prevalent focus on the SME and Mid-Cap segment – potentially interested in all the products of the SIMEST offer, and in particular to the Equity investments product in combination with the public interventions of the Venture Capital Fund and the interest subsidy. Overall, although participation in conference calls, webinars and virtual events aimed at promoting the SIMEST offer prevailed, with the gradual relaxation of the restrictive measures in particular during the last quarter of 2021, face-to-face meetings and company visits have progressively resumed.

Furthermore, in order to strengthen SIMEST's support to Italian SMEs interested in developing on foreign markets, synergistic actions were developed by the Institutional Relations & Indirect Channels structure with various intermediaries active on the national territory, through the implementation of approximately 170 in-depth seminars, with a prevalent focus on subsidised finance products, for a total of approximately 4,000 companies contacted, and numerous restricted meetings with banks, financial intermediaries, embassies, trade associations, Chambers of Commerce, consultants and professionals.

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 adopts 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, supplemented with specific risk policies, envisages some guidelines on underwriting and specific creditworthiness controls, both *ex ante* and *ex post*, referring to each individual counterparty/transaction.
The internal reference regulations govern the operation of investment in equity and loans, of the 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 the portfolio.
In particular, the valuation phase consists in adopting rating models and systems, the monitoring phase also uses early warning 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.
As at 31 December 2021, the direct commitments of the Italian partners for the forward purchase of equity investments amounted approximately 456 million euro (453 million euro as at 31 December 2020); commitments backed by bank and/or insurance guarantees amounted to around 32 million euro (25 million euro as at 31 December 2020); those backed by collateral amounted to 29 million euro (43 million euro as at 31 December 2020).

GUARANTEES

(%; millions of euro)

	2021		2020	
Direct commitments of Italian partners	88%	456	87%	453
Commitments secured by banks and insurance companies	6%	32	5%	25
Commitments secured by collateral	6%	29	8%	43
TOTAL AMOUNT DISBURSED		**516**		**521**

During the year, the Credit and Risk Management departments also updated the Rating and Recovery Rate policy which aims to describe the new rating model, in line with internal regulatory indications and Group policies the new rating model adopted by SIMEST, illustrating the methodologies for assigning ratings to companies as part of the process of assessing the creditworthiness of counterparties. As part of the policy, the recovery rate reference thresholds applicable to individual transactions were also refined on the basis of both Group and market benchmarking, without prejudice to the possibility of any specific interventions in the context of the credit assessment.
Ratings are periodically updated (at least annually) based on i) the availability of economic-financial information on the counterparty and/or ii) adverse events/anomaly signals deriving from internal and/or external data sources.
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 evaluation, envisaged by the IFRS 9 accounting standard, exposes part of the investment 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 their identification, assessment and monitoring. 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.
With regard to the latter, during the second half of the year, with the support of the Parent Company, the Company carried out a new Operational Risk Self Assessment on the processes relating to investments in equity investments which allowed an update of the risks mapping, existing safeguards and the definition of a remediation interventions action plan functional to the further containment of residual risks. This activity plan is periodically monitored by the relevant functions.
In the context of operational risks, *cyber risk* represents the risk associated with economic/financial and reputational losses caused by lack of confidentiality, availability and integrity of information systems and/or data following the occurrence of an incident due to accidental events or due to malicious actions (cyber attacks) inherent to the IT system.
In this context, in continuity with the Cyber Security assessment project, in 2021 SACE finalised for the entire Pole an analysis on the compliance verification of the security and governance of the internal Information & Communication Technology (ICT) with respect to the identified market benchmark, which showed a substantial level of adequacy, defining an action plan to further strengthen safety measures.
During the year, maximum focus was also placed on strengthening the control systems on the external portal for public funds management used by SIMEST.
Liquidity risk: risk of non-fulfilment of the Company's payment commitments. It 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.
The framework monitoring the liquidity risk 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 for the counterparty/counterparty group and for individual transactions.

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, internal controls have been defined to mitigate this risk and specific safeguards have been adopted to prevent reputational events from occurring in its operations.

Money laundering risk: risk deriving from the violation of legal, statutory and self-regulatory provisions functional to the prevention of the use of the financial system for the purposes of money laundering, terrorist financing or crime. During the year, SIMEST carried out monitoring and control activities, which also included Notifications of Suspicious Transactions made by the group delegated to the UIF. These latter, drawn up in the event of certainty, suspicion or reasonable grounds for suspecting that money laundering or terrorist financing operations are in progress or have been carried out or attempted, are carried out on the basis of available information (anomaly indicators) from internal and external databases and of the evaluation of transactions objective and subjective elements. SIMEST operated in compliance with the principle of confidentiality, the prohibition of communication and all the principles established by current legislation.

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.

Climate and ESG (Environmental, Social, Governance) risks: risks deriving from factors attributable to environmental, social and governance issues with an impact on the performance of counterparties/projects. The climate and sustainability objectives are the natural complement to SIMEST's mission and institutional role as a medium and long-term investor in support of the internationalisation of companies.

During 2021, these risks were the subject of in-depth analysis as part of the counterparty assessment processes with particular reference to sector analysis and projects subject to investment.

The Risk Regulation also disciplines 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), even in situations of stress, the procedure for monitoring and control of the quantification of the Fund's overall cash financial needs continued on the basis of the existing methodology with a view to efficiently managing public resources.

With regard to the 394/81 Fund, during the first half of 2021, a specific project activity was carried out to assess the overall internal controls system on the reputational risks of fraud and money laundering relating to the Fund's operations. The project activity, carried out by the Risk Management and Compliance department with the business transversal support, made it possible to carry out an assessment of the entire process of disbursement, management and monitoring of loans, a benchmarking analysis, and related gap analysis, identifying possible interventions aimed at strengthening and consolidating, also from an evolutionary point of view, the integrated control system to protect the reputational risks of fraud and money laundering.

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.
The Chief Risk Officer organisational structure, reporting directly to the Chief Executive Officer, to whom the Credit, Risk Management and Compliance and Anti-Money Laundering structures report, allows for a unitary and transversal vision, internalising the risk and compliance activities previously managed through service external agreements defined with the Parent Company SACE.
The internal control system envisages the following levels.
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 Function, an integrated report known as the master plan, 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.
The governance of the internal control system is in line with the Group approach, by virtue of 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.

8. Governance and support activities

8.1 Communications

In 2021, in continuity with the previous year, communication activities continued on the subsidised instruments for international expansion managed by SIMEST on behalf of the Ministry of Foreign Affairs and International Cooperation (MAECI), through the launch of a new dedicated advertising campaign, in co-branding with MAECI.
The objective of the campaign, which started in March and ended in December, was to create awareness of the resources and the commitment that had been put in place to provide liquidity and support for exports and international expansion projects of Italian companies, in particular SMEs.
The message chosen for the 2021 campaign was: in an international context that is still uncertain due to the pandemic, thanks to publicly managed instruments, SIMEST represents a “solid and reliable reference point” for Italian companies undertaking or continuing on an international expansion and export path necessary for growth. A concept restated by the visual logo through a star inserted directly in the headline “A fixed point * from which to explore new markets. Together.”
In the autumn of 2021, the refinancing of the 394 Fund by European resources through the NRRP strengthened the promotion actions planned up to then, through both paid and proprietary channels.
Media planning for the year involved national and regional press, radio, and digital media. This effective mix has resulted in a greater dissemination of the knowledge of SIMEST and the promoted instruments. 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 – relative to the 394 Fund and 394-NRRP Fund instrument recorded over 240 thousand unique views during the campaign period.
With regard to the local press, particular focus was placed on publications in the South, aimed at increasing the SIMEST’s presence in the titles in the South.
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. This was accompanied by robust website traffic and a sharp increase in connections on social channels.
Lastly, some wide media relevance events in which SIMEST played a central role through its representatives deserve particular mention. Among the main ones: “Made in Italy - Setting a New Course” organised by Sole24Ore with the Financial Times and SkyTg24; “Family Business Festival”, organised by Corriere della Sera; “Motore Italia”, organised by the Class Editori Group.

8.2 Organisation and human resources

Organisational structure and workforce

During 2021, some revisions of the Company organisational structure were carried out with a view to a further rationalisation of activities and the segregation of responsibilities, of a greater specialisation in the monitoring of risks as well as a greater specialisation and verticalisation of structures, in order to guarantee a strengthening of competences.
In April 2021 the functional chart was modified in order to incorporate the sub-articulation of the following organisational structures which did not involve the assignment of new activities, but only a redistribution of those already existing within the respective lines:

- the Communication Function has been sub-divided into two second-line organisational units called “Press Office” and “Advertising, Events & Engagement”.
  In particular, media relations and social media management activities were assigned to the Press Office second line, while the Advertising, Events & Engagement second line was assigned the activities of brand and corporate image development as well as management of the Company’s website and internal communication.
  The activities relating to the planning and preparation of the SIMEST Annual Communication Plan remain the direct responsibility of the Communication Manager;
- the External Relations Function was renamed “Institutional Relations & Indirect Channels” and sub-divided into two second-line organisational units called “Institutional Relations” and “Indirect Channels”.

In particular, the Institutional Relations second line was assigned the development and management of relations with institutions, authorities and trade associations and the development and monitoring of institutional initiatives, while the Indirect Channels second line was assigned the management of relations with indirect channels (consultancy firms, professional firms, professional associations, financial intermediaries, trust companies, banks and insurance companies) for the development of synergistic actions aimed at increasing SIMEST's activity with Italian companies;

- the Planning, Administration and Finance Function has been sub-divided as follows:
  - the second-line structure of Accounting and Financial Statements has been sub-divided into two third-line organisational units called "Administration and Tax" and "Financial Statements".
    In particular, the Administration and Tax third line was assigned the management of administrative obligations associated with economic and financial management, while the Financial Statements third line was assigned the activities of preparing the accounting results in order to produce the Financial Statements, interim reports and tax returns;
  - the Planning and Control second-line structure was sub-divided into two third-line organisational units called "Budgeting & Reporting" and "Cost Controlling".
    In particular, the Budgeting & Reporting third line was assigned the management of budgeting and forecasting processes, management control and performance analysis, while the Cost Controlling third line was assigned the management and monitoring of business costs;
  - the Treasury second-line structure was sub-divided into two third-line organisational units called "Front Office and Treasury" and "Back Office Treasury".
    In particular, the Front Office Treasury third line was assigned the treasury front office activities and the performance of risk hedging transactions relating to the 295 Fund, while the Back Office Treasury third line was assigned the definition of the conditions and management of current accounts, custody of securities, management of financial instruments and payment/collection.

Moreover, the Legal and Corporate Affairs Function was assigned the activity of assisting the corporate functions in relations with entities and institutions, regarding the regulatory aspects concerning the management of the Company's own funds and public funds, in line with the action plan identified during the checks carried out by Compliance and Anti-Money Laundering on the subject of State aid.
In September 2021, the organisational structure of the Chief Business Officer (CBO) Function was revised with the aim of creating a single unit for the management of public funds and a single dialogue interface with the competent Ministries and to reduce the number of reports to the CBO.
The main changes in the CBO area concern:

- the renaming of the Business Development & Marketing Function to "Marketing" with the assignment of the following additional activities: i) identification of Market Intelligence services and related providers for the business activity; ii) preparation of analyses and in-depth studies on topics of corporate interest, including business support; and iii) digital business development;
- the renaming and combining of the Export Finance and Soft Loans second-line Functions into "Export Finance and International Expansion" and sub-articulation of the same structure into five third-line organisational units:
  - Small Loans renamed "Small Loans and International Expansion";
  - Medium Loans renamed "Medium Loans and International Expansion";
  - Trade Finance renamed "Trade Export Finance";
  - Corporate & Structured Finance renamed "Corporate & Structured Export Finance";
  - Export Finance Management & Monitoring renamed "Portfolio Management Export & Policies" with assignment of support activities to the second-line Manager in the implementation of strategies, lines of intervention/services or innovation of existing ones;
- the renaming of the Equity Investment Function to "Investments" and the following changes to the third-line organisational units:
  - Equity Origination renamed "Origination" and assignment of the first-level reputational risk assessment activities, previously the responsibility of Equity Execution;
  - Equity Execution renamed "Execution".

The Professional Families were also updated with the assignment of the "Research and Studies" Family to the Marketing Function for studies and in-depth analysis activities with regard to sectors, countries and topics of corporate interest.
With regard to safety, in March 2021, the re-certification of the Management System for Health and Safety in the workplace was carried out in accordance with the ISO 45001:2018 standard, with a positive outcome.

2021 was also characterised by the COVID-19 pandemic health emergency. 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 COVID-19 in the workplace", signed in April 2020 and updated in April 2021.
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.
The Company screening campaign also continued and the internal protocols and procedures were updated in compliance with the regulations.
In October 2021, the Green Pass was introduced and continuous sanitisation within the Company was implemented.
The activities were carried out in constant coordination with the Parent Company SACE, 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 protocols 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.
As at 31 December 2021, the Company's workforce consisted of the following:

COMPANY WORKFORCE*

	Workforce as at 31/12/2021	Workforce as at 31/12/2020
Senior management	14	13
Middle management	90	83
Non-managerial personnel	90	75
TOTAL	**194**	**171**

* Includes SIMEST personnel seconded to other companies (3 resources) and personnel from other companies seconded to SIMEST (15 resources).

8.3 Legal disputes

There was one legal dispute pending before the courts as at 31 December 2021 concerning amounts claimed for professional fees totalling 147,000 euro. In 2019, the first instance proceedings was concluded, with the rejection of the claim.

8.4 Corporate governance

Management and coordination activities

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.
Subsequently, Legislative Decree no. 104 of 14 August 2020, converted with amendments into Law no. 126 of 13 October 2020, in Article 67, paragraph 5, integrating Article 3, paragraph 2, lett. e) of the aforementioned Legislative Decree no. 23 of 8 April 2020, provided for SACE to consult the Ministry of Economy and Finance and the Ministry of Foreign Affairs and International Cooperation in advance with regard to significant company decisions relating to SIMEST.

Control and Risks Committee

In the course of 2020, in line with the best practices in the field of corporate governance, SIMEST'S Board of Directors resolved to set up the "Control and Risks" Committee. 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.
In the meeting of 19 February 2021, the Control and Risks Committee appointed Anna Mareschi Danieli as Chairperson and approved its own Regulations.
During 2021, the Control and Risks Committee met 7 times (4 times in the second half of the year).
The Control and Risks Committee performs functions of assistance and support to the Board in assessments and decisions on internal controls and monitoring and supervision of corporate risks and investigative, consultative and proposal functions regarding: i) definition of the guidelines of the internal control and risk monitoring and management system; ii) monitoring of the autonomy, adequacy, effectiveness and efficiency of third-level structures with the option of proposing the performance of specific checks; iii) assessment of the adequacy of the internal control and risk monitoring and management system, with the option of issuing opinions on issues relating to the identification of corporate risks; iv) monitoring of the Company's equity investment portfolio and examination of the relating disclosures; v) assessment of the adequacy of the Company organisational system with prior examination of proposed changes thereof; vi) preventive examination of the periodic information reports and the annual planning of the activities of the control functions; vii) review of periodic risk reporting; viii) examination of the information reports on the management and accounting performance of the Company; and ix) examination of the interventions on internal controls master plan and of the control functions' embedded *tableau de bord*.

Organisational model pursuant to Legislative Decree 231/2001 and Supervisory Body

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.
On 27 January 2021, the Board of Directors of the Company approved the update of SIMEST's Organisational, Management and Control Model, pursuant to Legislative Decree 231/01.
During 2021, 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. In the meeting of 20 December 2021, the Board of Directors of the Company approved an amendment to the General Part of Model 231 in order to expressly provide for the discipline of the extension of the Supervisory Body.
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 2021 the Supervisory Body met 6 times (twice in the second half of the year).

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 the meeting of 20 December 2021, SIMEST's Board of Directors approved the implementation of the Code of Ethics of the SACE group. The Code of Ethics of the SACE group has been reviewed in terms of the ways of representing and displaying contents and, among other things, restates the principles that have always distinguished the SACE group in its work, alongside the new values, such as sustainability and inclusiveness, which the Group uses to guide its conduct and, moreover, defines the rules of conduct that the recipients must comply with in carrying out activities as well as the rules of conduct to follow, with the rights, duties and responsibilities that the SACE group assumes towards its stakeholders.

Internal committees

In September 2021 the Company's Committees were updated with particular reference to the composition of the Executive Committee and the Risk 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 2021 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: General Services, Human Resources, ICT, Purchasing, Internal Audit, Operating Risks, Privacy and Anti-Money Laundering and Reputational.
At the end of 2021, there were four SACE SpA resources seconded to SIMEST.
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 2021 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 2021 remuneration was paid for the members of SIMEST's Board of Directors appointed from among CDP's senior managers.
At the end of 2021, eleven CDP employees were seconded to SIMEST, and one SIMEST employees was seconded to CDP.
With regard to tax items, the receivable from CDP relates to the Group's Fiscal Consolidation.
One SIMEST employee was also 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 to the receivable 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, please note the further receivable, as at 31 December 2021, to Fincantieri SpA in relation to the investment in the company Finsis SpA.
These transactions with related parties have all been conducted at arm's length.

9. Sustainability

9.1 Corporate Social Responsibility

In 2021, 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

Also in 2021, the second year of the pandemic, SIMEST continued to meet the needs that this situation has imposed, remaining close to its workers, offering them the possibility of working in a smart working manner alternating with days of attendance in person. During the year, the activity of listening to the needs of people 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. In this context, a telephone support programme was also activated for the resolution of both personal and professional problems, improving emotional balance.
During 2021, the training offer was guaranteed and, to strengthen skills and increase the effectiveness of smart work, the provision of training courses in both synchronous and asynchronous mode continued, useful for strengthening and acquiring technical, business and transversal knowledge and skills.
Two blended training courses were launched on a digital learning channel – “SACE NoBias” and “Mid Year Review” – to accompany managers during the performance process, with the aim of providing tools to make it more “constructive and objective”, identifying the biases that “distort” perceptions in managing gender and generational diversity, with a focus on evaluation and assignment of objectives, and to strengthen the culture of feedback, encouraging open discussion and continuous dialogue with their collaborators, in order to acquire and strengthen skills to better evaluate their people.
An emotion blended path was made available to all staff – the “Bloom Emotional Lab” – focused on personal development, a space where to increase one’s awareness level, to provide tools and techniques for the recognition and management of emotions, benefiting from them in terms of effectiveness, productivity and relationships.
During 2021 the E-Learning portal was equipped with a new platform (Team System HR), integrated with the other management systems, and entirely renewed in the contents in relation to soft skills. At the same time, the process of redesigning the technical-business training courses also began.
With a view to increasing transparency and communication, the TRS (Total Reward Statement) was also distributed in 2021; this is a personalised document delivered to each employee with the aim of guaranteeing a clear and comprehensive view of their remuneration package, including all the fixed and variable elements, of the benefits and services that the Company offers to its employees. The TRS was distributed through the creation of a special portal, accessible in a confidential manner and connected to the Company’s intranet, for a further updated version enriched with contents.
Also for 2021, for the third consecutive year, SIMEST has made available a flexible benefit plan with a view to strengthening Company welfare, bringing benefits in terms of greater purchasing power for employees. As a source of remuneration, the plan envisages the option of converting production bonuses (VAP) and any incentives accrued deriving from the conversion of at least 50% of the bonus.
Also during 2021, the ECP (Early Career Programme), the programme for young people based on the principles of fairness, competitiveness and performance, saw the implementation of all its initiatives: soft and hard skills training courses; project work on strategic-corporate issues; assessment of potential; “Mentoring”, a project aimed at combining an ECP employee with a high-seniority mentor, with the aim of supporting young people and accelerating their professional development and integration in the Company.
In 2021, Diversity and Inclusion activities continued, regarding the following streams: parenting, sexual orientation, age difference, disability. With regard to the age difference stream, the generational “Reverse Mentoring” initiative continued, 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 CRAL, participating in the initiatives of the Centre dedicated to leisure activities and benefiting from discounts and special agreements.
SIMEST supported the Leonardo Committee for the twelfth consecutive year, helping to reward rising talents who, in their studies and in their graduate theses, analysed “Made in Italy” success stories. In addition to the payment of a cash bonus, this initiative can alternatively turn into an internship in a company if the profiles are in line with their needs.

Environmental impact management

During 2021 SIMEST continued its paperless campaign in order to further reduce the use of paper. Furthermore, the newly fitted offices were not equipped with cupboards in order to reduce their number.
At the end of 2021, the number of printers was also reduced; together with the adoption of smart working, this activities has considerably reduced environmental impacts also thanks to the reduced use of toner.

10. Balance sheet and income statement figures

An analysis of the financial statements as at 31 December 2021 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 as at 31 December 2021 included the following items:

ASSET ITEMS

(millions of euro)	31/12/2021	31/12/2020
Cash and cash equivalents	0.02	0.01
Financial assets measured at fair value through comprehensive income	5.2	5.2
Receivables for equity investments	512.7	523.2
Other financial receivables	3.9	4.0
Property, plant and equipment	3.9	5.1
of which: Right of use on buildings	*3.3*	*4.5*
Intangible assets	0.6	0.6
Tax assets	0.9	1.3
a) current	*0.0*	*0.3*
b) deferred	*0.9*	*1.0*
Other assets	19.1	12.6
TOTAL ASSETS	**546.3**	**552.0**

As at 31 December 2021, total assets amounted to 546.3 million euro (552.0 million euro as at 31 December 2020), a decrease of about 5.7 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 512.7 million euro (523.2 million euro as at 31 December 2020). This is the main Asset item, accounting for about 94% of the total. As a result of application of the IAS/IFRS 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 10.5 million euro in this item was due to the trend in payments of equity investments (69.5 million euro), collections (67 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 (-0.2 million euro).
“Financial assets measured at fair value through comprehensive income” as at 31 December 2021 amounted to 5.2 million euro, unchanged from 31 December 2020, and represent the equity investment in FINEST (which is not an associate).

“Other financial receivables”, amounting to 3.9 million euro (4.0 million euro as at 31 December 2020), refer to mortgage and personal loans granted to employees.
Of note was the decrease of 1.2 million euro in “Property, plant and equipment”, which stood at 3.9 million euro as at 31 December 2021 (5.1 million euro as at 31 December 2020). This item takes into account the adoption, with effect from 1 January 2019, of the accounting standard IFRS 16. In particular, the amount includes approximately 3.3 million euro relating to the right of use of the leased building housing the Company headquarters in Rome.
“Tax assets” totalled 0.9 million euro (1.3 million euro as at 31 December 2020), mainly referring to deferred tax assets recognised on income components that will become taxable in future tax periods.
Lastly, “Other assets”, totalling 19.1 million euro (12.6 million euro as at 31 December 2020), mainly include trade receivables in respect of the agreement to manage public funds in the amount of 18.2 million euro (11.5 million euro as at 31 December 2020) and advances to suppliers and other assets in the amount of 0.9 million euro.

LIABILITIES AND EQUITY

(millions of euro)	31/12/2021	31/12/2020
Loans payable measured at amortised cost	221.2	233.2
Other liabilities and tax liabilities	13.0	10.7
Employee severance indemnity	1.8	1.9
Provisions for risks and charges	1.3	1.1
Equity	309.0	305.1
TOTAL LIABILITIES AND EQUITY	**546.3**	**552.0**

As at 31 December 2021, “Loans payable measured at amortised cost” amounted to 221.2 million euro (233.2 million euro as at 31 December 2020) and refer to the use of loans and credit lines granted by CDP and other banks, aimed at supporting net flows of funding and the related increase in the investment portfolio.
As at 31 December 2021, this item also included payables (3.5 million euro) arising from rights of use acquired under leases, based on the IFRS 16.
“Other liabilities and tax liabilities”, totalling 13 million euro (10.7 million euro as at 31 December 2020), mainly include trade payables and other items in the amount of 9.7 million euro (8.1 million euro as at 31 December 2020), amounts due to employees and related social security contributions and other liabilities in the amount of 3.3 million euro (2.6 million euro as at 31 December 2020).
“Employee severance indemnity”, amounting to 1.8 million euro (1.9 million euro as at 31 December 2020), reflects the amounts due to employees under the specific legal and contractual provisions in force as at 31 December 2021. These amounts are recognised in the Financial Statements in accordance with IAS 19.
“Provisions for risks and charges”, amounting to 1.3 million euro (1.1 million euro as at 31 December 2020), represent provisions for likely liabilities, stated at current values, including charges in respect of employees.
As at 31 December 2021, “Equity” amounted to 309 million euro (305.1 million euro as at 31 December 2020) and represented approximately 57% 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:

INCOME STATEMENT (millions of euro)	31/12/2021	31/12/2020
Income from equity investments	27.2	28.2
Interest expense and similar expense	(2.1)	(2.4)
Commission income	28.5	19.0
Net profit (loss) on assets mandatorily measured at fair value through profit or loss	(10.2)	(10.2)
Gross income	**43.4**	**34.6**
Net adjustments/recoveries for credit risk on assets measured at amortised cost	(0.2)	(1.1)
Administrative expenses and other expense and income	(33.0)	(22.8)
Other operating income (costs)	0.0	0.0
Operating result	**10.2**	**10.7**
Net allocations to provisions for risks and charges	0.0	0.5
Net adjustments/recoveries on property, plant and equipment and intangible assets	(2.1)	(2.0)
Income (Loss) before tax	**8.1**	**9.2**
Income tax for the year	(4.2)	(4.6)
NET INCOME (LOSS) FOR THE YEAR	**3.9**	**4.6**

The income statement shows that in 2021 SIMEST posted a net income of 3.9 million euro (4.6 million euro in 2020) after provisions for taxes (current and deferred) of 4.2 million euro.
On the revenue side, “Income from equity investments” totalled 27.2 million euro (28.2 million euro in 2020) and includes fees, interest on deferred payments and default interest on equity investments as well as interest on shareholders’ loans. The average annual return on the equity investment portfolio was about 4.8% (5.2% in 2020). “Interest expense and similar expense” amounted to 2.1 million euro (2.4 million euro in 2020) and refers to interest expense on financial payables. In addition, as at 31 December 2021, this item also 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 2021 was approximately 0.9%, in line with 2020.
“Commission income” totalled 28.5 million euro (19 million euro in 2020) and essentially concerns fees received for management of the Venture Capital Fund, the Law 394/81-NRRP 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 12.6 million euro, offset by value reversals and capital gains of approximately 2.4 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 2021 amounted to 43.4 million euro.
“Net adjustments/recoveries for credit risk on assets measured at amortised cost” amounted to 0,2 million euro and refer to adjustments made to the portion of receivables for equity investments.
“Administrative expenses” amounted to 33 million euro (22.8 million euro in 2020).
The balance of operating result for 2021 was therefore a positive figure of 10.2 million euro.
As a result of the above, there was “Income before tax” of 8.1 million euro (profit of 9.2 million euro in 2020).

11. COVID-19 disclosure

11.1 Management impacts

In 2021 SIMEST's operations were impacted by the effects of the current health emergency. Compared to pre-COVID levels, 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 new equity investments due to be made during the year. With regard to the public funds managed by SIMEST, it should be noted that the instruments under the 394/81 Fund were affected by the extraordinary measures introduced in order to mitigate the consequences of the epidemiological emergency, also benefiting from the NRRP Community resources intended for specific projects.
With reference to equity investments, the ongoing health emergency continues to affect the Italian companies' investment programmes abroad. Despite signs of recovery in SIMEST's equity investment activities compared to 2020, the acquisition volumes levels are lower than the historical trend.
With regard to the equity investments of the Venture Capital Fund, after a temporary suspension starting from April, the Fund's operational activity resumed at the beginning of June following the approval of the guidelines by the Guidance and Reporting Committee. The volumes recorded during the year were sustained, also as a result of the product changes made in order to further align the Venture Capital Fund with its mission as a promotion fund, namely: i) expansion of the Fund's operations to all EU countries (compared to previous operations that limited interventions to some non-EU countries and then more recently to only non-EU countries) and ii) extension of intervention limits.
With reference to Soft Loans, in addition to the interventions already introduced in 2020 (first of all expansion of intra-EU operations, non-repayable co-financing and exemption from the provision of guarantees), as part of the extraordinary measures to support the economy the European Commission has provided to extend the Temporary Framework to 31 December 2021 (limit subsequently extended to 30 June 2022) and to increase the ceiling, with an impact in terms of greater attractiveness of subsidised loans.
During 2021, a further support measure was also finalised for operators in the trade fairs system through non-repayable grants commensurate with the uncovered fixed costs incurred from 1 March 2020 (Subsidies Committee of 31 March 2021), which is added to instrument to support the capital solidity of trade fairs operators already introduced at the end of 2020.
On 3 June 2021, the Subsidized Loans portal was reopened following the allocation of resources pursuant to the "Sostegni *bis*" Decree of 1.6 billion euro, of which 400 million euro for non-repayable co-financing, in addition to the resources already available. However, following the exceptional flow of applications received in the first two days on the reopening of the portal (with over 8,000 requests received for a value of approximately 2.1 billion euro), the operations of the 394 Fund in terms of receipt of new applications was suspended (with the exception of those reserved for the instruments reserved to the trade fairs system). In the session of 11 June 2021, the Subsidies Committee approved the granting of a non-repayable co-financing up to a portion of 25% under a transitional regime in effect until 31 December 2021.
Overall, as part of the measures to support the economy, in 2021 the provisions of the 394/81 Fund were increased by 2,285 million euro, in reference to: i) 2021 Budget conversion Bill; ii) Legislative Decree "Sostegni *bis*". In addition, resources have been allocated for non-repayable co-financing equal to a total of 1,160 million euro, with reference to the 2021 Budget conversion Bill; ii) Legislative Decree "Sostegni" (intended for the "Ristori" measures for fixed costs of trade fairs operators) and iii) Legislative Decree "Sostegni *bis*".
In the course of 2021, the new subsidised finance operations were launched using the resources of the NRRP, which, in the context of the sub-measure "Refinancing and redefinition pursuant to the 394/81 Fund managed by SIMEST", placed the objective of stimulating the competitiveness, innovation and sustainability of at least 4,000 SMEs by 31 December 2021 through a total of 1,200 million euro (of which 400 million euro for non-repayable co-financing). The Subsidies Committee of 30 September 2021 approved the investment policy and the implementing circulars of the three products managed by SIMEST in relation to NRRP resources: i) digital and ecological transition of SMEs with an international presence; ii) development of electronic commerce of SMEs in foreign countries; and iii) participation of SMEs to international trade fairs and exhibitions, including in Italy, and system missions.
Finally, with regard to export support products (buyer credit, letter of credit confirmations, supplier credit, export leasing), the trend of operations is still affected, especially for large orders, albeit to a lesser extent than in 2020, by the effects of the pandemic period, continuing to highlight difficulties in the recovery. Some sectors (e.g. defence, manufacturing and machinery) represent an exception, which show a gradual sign of improvement, with positive impacts on the pipeline of the export contribution on buyer credit and the export contribution on supplier credit.

Finally, for supplier credit, the extension of the export contribution (Subsidies Committee of 11 June 2021) to discount transactions carried out by financial intermediaries authorised to carry out the activity of granting loans pursuant to Legislative Decree no. 385 of 1 September 1993, (i.e. financial intermediaries registered in Article 106 of the Consolidated Banking Law).

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

Risks

After a 2020 characterised by a slowdown in the economy due to the COVID-19 pandemic, during 2021 the international context, as well as the Italian one, recorded greater signs of recovery than expected. Advances in vaccination campaigns, the decreases in restriction measures and the interventions to support businesses have gradually contributed to the recovery of world GDP. Italy also showed the same trend, mainly driven by the NRRP approved in April 2021 within the Next Generation EU programme. In addition to the initiatives of the Temporary Framework, the definition of the NRRP has the objective of overcoming the structural weaknesses of the Italian economy, supporting the recovery of the country with significant allocations (222.1 billion euro) on six development areas (digitalisation, ecological transition, infrastructure development, education and research, social cohesion and health). However, the outlook is still conditioned by the uncertainty associated with the spread of the new Omicron variant and the crisis in raw materials with impacts on supplies, increases in energy prices and inflationary effects.
With reference to credit risk, in 2021 the continuation of the support measures (moratoria and guarantees) contained the impacts of the pandemic in terms of defaults, limiting the increase and recording levels of Non-Performing Loans and NPE ratios of the banking system to minimum levels not seen since 2008. Non-performing entry rates recorded overall lower figures in 2021 at system level than expected with growth forecasts for the two-year period 2022-2023 albeit at rates than assumed at the beginning of the pandemic.
SIMEST, as a patient medium/long-term investor, has further consolidated, 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. 394/81 Fund – Sustainable Growth Fund), to support small and medium companies involved in exports and international expansion.
As part of the management of the 394/81 Fund and in particular of the resources allocated by the NRRP of European Union, in the second half of 2021 SIMEST actively contributed to the Ecological and Digital Transition objectives set out in the Plan, through the allocation of funds to companies on specific projects (at the end of 2021 about 700 million euro out of the total of 1,200 million euro of resources made available by the EU), a commitment that will continue also in 2022.
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, anti-money laundering and reputational risks also linked to operations of public resources managed in significant growth; v) climate and ESG risks with reference to the supported investment projects and the resources managed in the context of public/NRRP funds.
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, in an even more promptly manner, 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, the Company continued with the consolidation of the internal governance system of the Company's Committees (technical-advisory boards) aimed at further strengthening monitoring of the various phases of the credit process, from the preliminary stage to collection.

Credit risk

During 2021, 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 and a recovery of the economy.
In this context, with reference to credit risk, SIMEST continued with the assessment and monitoring of the portfolio with conservative valuations 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. These variables, combined with the general considerations relating to the economic context including the effects of COVID-19, resulted in a review of the valuations with a relative increase in write-downs (overall impact of 12.8 million euro).
With regard to the collective component, for the portfolio measured at amortised cost, the Expected Credit Loss values were updated by acknowledging i) updating of ratings 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, ii) the updating of the Point in Time PD matrices provided by the Parent Company after an analysis by SIMEST of the appropriateness of parameters and iii) any adjustments to the plans on some performing counterparties.
In particular, the Group impairment 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) in a Through-the-Cycle logic, historical information and conservative elements aimed at ensuring its adequacy also in periods of serious crisis; 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 crisis deriving from COVID-19, highlighting a trend consistent with a markedly recessionary phase. As at 31 December 2021, the Parent Company defined a management overlay incorporating further prudence criteria in the quantification of Expected Credit Losses, aimed at representing the high degree of uncertainty connected (i) to the timing and effects of the removal of the extraordinary support measures implemented by the institutions (both with measures relating to the tax and credit fields, and on the monetary policy front) and (ii) the continuation of measures such as emergency states and related limitations.
For the portion of the portfolio measured at fair value, the impairment values were calculated using updated market parameters by factoring the valuation of the cost of funding with the moving average of the most recent observations, in order to contain the effects of the volatility deriving from external market factors.
The coverage ratio of the performing portfolio as at December 2021 was 2.04%, up compared to 1.83% in December 2020, with an impact on the income statement quantified at approximately 1 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 individual ratings on the basis of new balance sheets and verification of the creditworthiness of the counterparties), whose results were included in the systems and periodically represented in a risk report shared with corporate bodies.
Monitoring activities of existing positions and new investments continue, with a view to de-risking both in the origination phase and in the management phase, respectively directing resources to more deserving counterparties and introducing further safeguards as guarantees on existing transactions.

Climate and ESG risks

Climate and ESG risks include the risks deriving from factors attributable to environmental, social and governance issues with an impact on the performance of counterparties/projects. The climate and sustainability objectives are the natural complement to SIMEST's mission and institutional role as a medium and long-term investor in support of the internationalisation of companies.
At level of project, sector and counterparty, SIMEST carries out specific analyses to identify the potential impacts of individual projects in terms of sustainability and ESG (Environmental, Social and Governance) issues, in order to also incorporate these factors into the evaluation and origination process.

Liquidity risk

Liquidity risk, intended as the risk of default with respect to the Company's payment commitments, 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.
Formulated in line with prudential regulations and adequately adapted to SIMEST's business model, the liquidity framework is based on two indicators: i) short-term liquidity indicator and ii) structural liquidity indicator; respectively they aim 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. 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 line with what is defined in the policy 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 and management process for own funds and managed resources.
In this context, with reference to the 394/81 Fund, a specific project activity was carried out in 2021 to assess the overall internal control system on the reputational risks of fraud and money laundering relating to the operations of the Fund. The project activity, carried out by the Risk Management and Compliance department with transversal business support, made it possible to carry out an assessment of the entire process of disbursement, management and monitoring of loans, including benchmarking analysis, and related gap analysis, identifying a series of interventions aimed at strengthening and consolidating, also from an evolutionary point of view, the integrated control system to manage the reputational risks of fraud and money laundering.

Other risks

The COVID-19 emergency required the activation in SIMEST 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 are identified:

- 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. In this context, in continuity with the Cyber Security assessment project, in 2021 SACE finalised for the entire Pole an analysis on the compliance verification of the security and governance of the internal Information & Communication Technology (ICT) with respect to the identified market benchmark, which showed a substantial level of adequacy, defining an action plan to further strengthen safety measures. These cases have not presented significant critical issues to date and will continue to be continuously monitored, in compliance with the guidelines and support of the Parent Company.

12. Significant events after the end of the financial year

Following the close of the 2021 financial year, at the end of February 2022, the international geopolitical framework suffered a sudden setback following the Russia-Ukraine conflict.
The situation, which is progressively evolving, is characterised by a high degree of uncertainty, with timid signs of negotiations.

Impacts on activities and business

Taking into account the operational specificities of SIMEST, the conflict should not have a direct impact on the activities and business of the Company which, we recall, has no production activities in Russia and Ukraine. Indirectly, it should be noted that SIMEST holds 6 equity investments in Russia for a value of approximately 6.6 million euro with the presence of bank guarantees for approximately 1.5 million euro, with a possible marginal impact further mitigated by the presence of the Italian partner obliged to take over the bonds of the investee company.

Impact on risk assessment

The conflict could have economic and social effects, also significant ones, including:
- further increase in the prices of raw materials (energy and agricultural goods with impacts on Company margins and final consumers) with consequent tensions on energy supplies (gas/oil) and the need for diversification of supply channels (Tap-Algeria-Qatar-LNG) and energy production (greater use of fossil fuels);
- growth in inflation (Italy +6% in 2022) with a monetary policy of possible rate increases with consequences on both public and private debt;
- social impacts with significant migratory flows towards western economies and possible spread of conflicts to other geographical areas.

With reference to SIMEST's equity investment portfolio, an initial survey was carried out on existing exposures directed towards risk areas (6 equity investments for 6.6 million euro), noting marginal impacts equal to 1.3% (approximately 2% of SIMEST equity), further mitigated by the presence (i) of the Italian partner obliged to take over the bonds of the investee company, (ii) of some guarantees that ensure the return of the investments and (iii) of an average residual duration of over two years which allows to evaluate the geopolitical evolutions and the interventions to be implemented to mitigate the risks.
Further analyses are underway on possible indirect effects referable to Italian partners of SIMEST investee companies whose turnover is linked to the areas affected by the conflict or to sectors most affected by the contraction in import/export activities. At the moment there are no high risk situations, also by virtue of the substantial granularity of the portfolio and the diversification of the areas of operations.
Furthermore, checks are underway on the existing sanction regime which is constantly evolving and on basis of which updates to the business structures are being progressively formalised to allow better target interventions.
That said, the underwriting attitude of the Company, also in agreement with the Group, is of utmost prudence both in the underwriting phase and in the monitoring and management phase, taking all possible actions aimed at reducing the risks of exposure to the areas at risk, also in light of the constant updating of the sanction plan.
The current SIMEST control framework provides for an adequate system of risk mitigation safeguards also with reference to the potential increase in the risk of fraud and cyber risk in relation to conflict, in line with the Group's guidelines and policies. Having said this, in line with the progressive evolution of the geopolitical situation, the Company will continue to carefully monitor with a view to respond promptly and/or intercept any need for further strengthening of the safeguards according to the evolution of the reference context.
In application of IAS 10, on the basis of currently available information, it is not deemed that such intervening events should lead to any adjustment to the balances in the financial statements as at 31 December 2021, since the facts themselves and their consequences occurred after the reporting date and do not represent a factor of uncertainty as to the Company's ability to continue to operate as a going concern.

13. Business outlook

2021 was characterised by an initial phase of uncertainty caused by the continuation of the COVID-19 health emergency and its variants, progressively showing signs of recovery driven by investments of a structural nature and with prospects conditioned by the success of vaccination campaigns and by the effective restart of economic activities. 2021 ended with a worsening of the health situation due to the spread of the Omicron variant and with the consequent continuation in Italy of the state of emergency at least until the first months of 2022 (unless further extended).
After the recovery in the second and third quarters of 2021, Italian GDP decelerated in the last part of the year, affected by the greater number of infections and tensions in global supply chains. The forecasts for 2022 show a growth in the Italian economy (with GDP at +3.8% and exports accelerating, albeit at a slower pace than in 2021), supported by the stimulus measures introduced, albeit in a scenario affected by risk elements linked, among other things, to the development of the pandemic and to the full implementation of the interventions envisaged by the NRRP.
In this context, SIMEST's operations for 2022 could still be conditioned by the development of the healthcare framework and the consequent impacts on the activities of Italian companies.
With reference to equity investments, the ongoing health emergency continues to influence the foreign investment programmes of Italian companies. Despite signs of recovery in SIMEST's equity investment activities, the levels of acquisition volumes could turn out to be lower than the historical trend. With regard to the public funds managed by SIMEST, it should be noted that the instruments under the 394/81 Fund were affected by the extraordinary measures introduced in order to mitigate the consequences of the epidemiological emergency, also benefiting from the NRRP Community resources intended for specific projects.
In relation to export support instruments (295/73 Fund), SIMEST's operations in the dual form of buyer credit and supplier credit could confirm the positive trend in volumes recorded already in 2021, in a general framework that promises a good performance of Italian exports for 2022.

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

Granarolo

WITH US IN 2021…
cheeses in the USA follow the Emilian recipe

10 million euro invested to support the growth of Granarolo on the North American market: the Bolognese dairy group acquires a major US company

Financial Statements as at 31 December 2021

Form and content of the Financial Statements as at 31 December 2021

The Financial Statements as at 31 December 2021 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

Asset items (euro)	Note	31/12/2021	31/12/2020
Cash and cash equivalents	A.1	19,871	13,265
Financial assets measured at fair value through comprehensive income	A.2	5,164,569	5,164,569
Financial assets mandatorily measured at fair value through profit or loss:	A.3	156,847,946	217,369,046
of which: Receivables for equity investments		*156,847,946*	*217,369,046*
Financial assets measured at amortised cost:	A.4	359,697,506	309,819,537
of which: Receivables for equity investments		*355,802,154*	*305,801,374*
of which: Other financial receivables		*3,895,352*	*4,018,163*
Property, plant and equipment	A.5	3,892,293	5,152,298
of which: Right of use on buildings		*3,311,013*	*4,497,765*
Intangible assets	A.6	605,558	644,954
Tax assets	A.7	934,092	1,263,618
a) current		*6,205*	*305,884*
b) deferred		*927,887*	*957,734*
Other assets	A.8	19,149,331	12,567,950
Total Assets		**546,311,166**	**551,995,237**

Liabilities and equity (euro)	Note	31/12/2021	31/12/2020
Loans payable measured at amortised cost	P.1	221,162,073	233,237,750
of which: Payables relating to rights of use on buildings		*3,407,583*	*4,588,609*
Other liabilities	P.2	13,009,115	10,418,071
Employee severance indemnity	P.3	1,844,139	1,933,707
Tax liabilities	P.4	17,294	144,085
a) current		*17,294*	*121,340*
b) deferred		-	*22,745*
Provisions for risks and charges	P.5	1,256,500	1,128,565
c) other provisions		*1,256,500*	*1,128,565*
Share capital	P.6	164,646,232	164,646,232
Share premium reserve	P.7	1,735,551	1,735,551
Reserves	P.8	138,743,575	134,139,229
- 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)		*(22,743,842)*	*(27,125,287)*
Profit (Loss) for the year (+/-)	P.9	3,896,687	4,612,047
Total liabilities and equity		**546,311,166**	**551,995,237**

Income statement

Items (euro)	Note	31/12/2021	31/12/2020
Income from equity investments	C.1	27,114,881	28,111,858
Interest expense and similar expense	C.2	(2,089,160)	(2,410,894)
Commission income	C.3	28,532,980	19,012,535
Net profit (loss) on assets mandatorily measured at fair value through profit or loss	C.4	(10,221,440)	(10,156,633)
Other financial income	C.5	51,011	110,131
Gross income		**43,388,272**	**34,666,997**
Net adjustments/recoveries for credit risk on assets measured at amortised cost	C.6	(191,418)	(1,168,047)
Administrative expenses:	C.7	(31,767,229)	(22,179,380)
a) staff costs		*(18,110,791)*	*(14,117,482)*
b) other administrative expenses		*(13,656,438)*	*(8,061,898)*
Other operating income (costs)	C.8	-	-
Operating result		**11,429,625**	**11,319,570**
Net provisions for risks and charges	C.9	(1,206,500)	(83,024)
Net adjustments/recoveries on property, plant and equipment	C.10	(1,477,789)	(1,462,517)
Net adjustments/recoveries on intangible assets	C.11	(602,836)	(558,589)
Income (Loss) before tax		**8,142,500**	**9,215,440**
Income tax for the year	C.12	(4,245,813)	(4,603,393)
Net income (loss) for the year		**3,896,687**	**4,612,047**

Statement of changes in equity: current financial year

(euro)	Balances as at 31/12/2020	Allocation of net income (loss) for previous year		Changes for the year Equity transactions								Equity as at 31/12/2021
		Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Special dividend distribution	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for financial year 2021	
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**	230,602										**156,600,630**
b) other	**5,164,569**											**5,164,569**
c) retained earnings (losses carried forward)	**(27,125,287)**	4,381,445										**(22,743,842)**
Revaluation reserves:												
a) available for sale												
b) cash flow hedges												
c) other reserves	**(270,083)**										(7,701)	**(277,784)**
Equity instruments												
Treasury shares												
Net income (loss) for the year	**4,612,047**	(4,612,047)									3,896,687	**3,896,687**
Total equity	**305,133,059**	-	-								3,888,986	**309,022,045**

Statement of changes in equity: previous financial year

(euro)	Balances as at 31/12/2019	Allocation of net income (loss) for previous year		Changes for the year Equity transactions								Equity as at 31/12/2020
		Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Special dividend distribution	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for financial year 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**	-	-								**4,618,066**	**305,133,059**

Statement of comprehensive income

Items (euro)	31/12/2021	31/12/2020
Net income (loss) for the year	**3,896,687**	**4,612,047**
Other comprehensive income net of taxes without transfer to the income statement		
Cash flow hedges		
Non-current assets held for sale		
Defined benefit plans	(7,701)	6,019
Total other comprehensive income net of taxes	**(7,701)**	**6,019**
Comprehensive income	**3,888,986**	**4,618,066**

Statement of cash flows (indirect method)

(euro)	31/12/2021	31/12/2020
A. OPERATING ACTIVITIES		
1. Operations	**11,744,246**	**13,881,652**
- Net income for the year (+/-)	3,896,687	4,612,047
- Net profit (loss) on financial assets mandatorily measured at fair value through profit or loss (Revenues)/Costs	10,221,440	10,156,633
- Income and commissions not yet collected (-)	(4,676,938)	(2,258,113)
- Net adjustments/recoveries for credit risk on assets measured at amortised cost (+/-)	191,767	1,168,086
- Net adjustments/recoveries on property, plant and equipment and intangible assets (+/-)	2,080,624	2,021,105
- Net provisions for risks and charges and other costs/revenues (+/-)	30,666	(1,818,106)
2. Cash generated by/used in financial assets	**(1,471,784)**	**22,436,136**
- Financial assets measured at fair value and at amortised cost	(2,018,950)	19,455,625
of which: Receivables for equity investments	*(2,018,950)*	*19,455,625*
- Other current assets	547,166	2,980,511
3. Cash generated by/used in financial liabilities	**2,591,043**	**1,623,217**
- Other current liabilities	2,591,043	1,623,217
Cash generated by/used in operating activities	**12,863,506**	**37,941,005**
B. INVESTING ACTIVITIES		
1. Cash generated by	-	-
- Sales of property, plant and equipment		
- Sale of intangible assets	-	-
2. Cash used in	**(781,223)**	**(851,552)**
- Purchase of property, plant and equipment	(217,783)	(315,092)
- Purchase of intangible assets	(563,440)	(536,460)
Cash generated by/used in investing activities	**(781,223)**	**(851,552)**
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	**12,082,283**	**37,089,453**
RECONCILIATION		
Opening cash and cash equivalents/(financial payables)	(233,224,485)	(270,313,938)
Total cash generated/used during the year	12,082,283	37,089,453
Closing cash and cash equivalents (financial payables)	**(221,142,202)**	**(233,224,485)**

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” section.

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 as at 31 December 2020.
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 2021 and new standards not yet in force

International accounting standards approved and in force from 2021

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 2021, are reported below:
- Commission Regulation (EU) 2021/1421 of 30 August 2021, published in the Official Gazette issue 305/17 of 31 August 2021, 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 (IFRS) 16.
- Commission Regulation (EU) 2021/25 of 13 January 2021, published in the Official Gazette issue 11/7 of 14 January 2021, which amends Regulation (EC) 1126/2008, adopting certain international accounting standards in accordance with Regu-

lation (EC) 1606/2002 of the European Parliament and of the Council as regards international accounting standard (IAS) 39 and International Financial Reporting Standards (IFRS) 4, 7, 9 and 16.
- 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 (IFRS) 4.

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 2021:
- Commission Regulation (EU) 2021/1080 of 28 June 2021, published in the Official Gazette issue 234/90 of 2 July 2021, 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) 16, 37 and 41 and International Financial Reporting Standards (IFRS) 1, 3 and 9.
- Commission Regulation (EU) 2021/2036 of 19 November 2021, 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 (IFRS) 17.

Accounting standards, amendments and interpretations not yet approved by the European Union at the reference date of 31 December 2021

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:
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021);
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021).

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 as at 31 December 2021.

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 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 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 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 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 asset 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 Regulations 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.

Employee severance indemnity

"Employee severance indemnity" 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 employee severance indemnity 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	31/12/2021	31/12/2020
Banks	15	7
Cash	5	6
Total	**20**	**13**

This item represents bank deposits as at 31 December 2021, 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 COMPREHENSIVE INCOME

Financial assets measured at fair value through comprehensive income

Items	31/12/2021	31/12/2020
Financial assets measured at fair value through 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 comprehensive income: breakdown by type

Items	31/12/2021			31/12/2020		
	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

	31/12/2021	31/12/2020
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	156,848	217,369
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	156,848	217,369
f) Households	-	-
Total	**156,848**	**217,369**

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	31/12/2021			31/12/2020		
	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	-	-	156,848	-	-	217,369
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**-**	**156,848**	**-**	**-**	**217,369**

Items	31/12/2021			
		Non-performing		
	Bonis	Purchased	Other	Total
Receivables due from:				
a) Governments				
b) Other public bodies				
c) Other parties	126,661		30,187	**156,848**
Total	**126,661**		**30,187**	**156,848**

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	23,208	-	32,295	98,915	2,430	**156,848**
Total						**156,848**

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	31/12/2021			31/12/2020		
	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:	**344,995**	**10,807**	-	296,960	8,841	-
a) Public administrations	-	-	-	-	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	344,995	10,807	-	296,960	8,841	-
d) Households	-	-	-	-	-	-
Total	**344,995**	**10,807**	**-**	**296,960**	**8,841**	**-**

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			Overall partial write-offs
	First stage	of which: instruments with low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	
Debt securities	-	-	-	-	-	-	-	-
Loans	353,832	-	2,204	35,224	(5,392)	(1,754)	(24,416)	-
Total	**353,832**	**-**	**2,204**	**35,224**	**(5,392)**	**(1,754)**	**(24,416)**	**X**

Other financial receivables: breakdown

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

Items	31/12/2021	31/12/2020
Mortgage loans for employees	3,665	3,832
Loans for employees	230	186
Total	**3,895**	**4,018**

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	71	215	1,124	2,255	3,665
Receivables for loans to employees	40	49	141		230
Total					**3,895**

A.5 PROPERTY, PLANT AND EQUIPMENT

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

Items	31/12/2021	31/12/2020
1. Owned assets	**523**	**571**
a) land		
b) buildings		
c) furniture	304	332
d) electronic equipment	219	239
e) others		
2. Rights of use acquired through leasing	**3,369**	4,581
a) land		
b) buildings	3,311	4,498
c) furniture		
d) electronic equipment		
e) others	58	83
Total	**3,892**	**5,152**

This item also includes assets deriving from rights of use acquired under leases, based on the IFRS 16, amounting to around 3.4 million euro as at 31 December 2021.

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	**1,722**	**2,365**	7,021	138	47	**11,292**
A.1 Total net write-downs	(1,389)	(2,126)	(2,523)	(57)	(45)	(6,140)
A.2 Net opening balance	333	239	4,498	81	2	5,152
B. Increases	**26**	**56**	**111**	**37**	**12**	**242**
B.1 Purchases	26	56	111	37	12	242
C. Decreases	**(55)**	**(76)**	**(1,298)**	**(59)**	**(15)**	**(1,502)**
C.1 Sales	-	-	-	(23)		(23)
C.2 Depreciation	(55)	(76)	(1,298)	(36)	(15)	(1,479)
D. Net closing balance	**304**	**219**	**3,311**	**59**	**-**	**3,892**
D.1 Total net impairments	(1,444)	(2,202)	(3,821)	(116)	(60)	(7,643)
D.2 Gross closing balance	**1,748**	**2,421**	**7,132**	**175**	**59**	**11,535**

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	31/12/2021	31/12/2020
Software licenses	530	534
Office renovation costs	76	111
Total	**606**	**645**

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	**15,298**
A.1 Total net write-downs	(14,653)
A.2 Net opening balance	645
B. Increases	**563**
B.1 Purchases	563
of which: business combinations	
C. Decreases	**(602)**
C.1 Sales	
of which: business combinations	
C.2 Write-downs	(602)
- Amortisation and depreciation	(602)
- Impairment:	-
+ Equity	
+ Income statement	
D. Net closing balance	**606**
D.1 Total net write-downs	(15,255)
E. Gross closing balance	**15,861**

A.7 TAX ASSETS

Items	31/12/2021	31/12/2020
Tax assets for direct taxes		
a) current tax assets	6	306
b) deferred tax assets	928	958
Total	**934**	**1,264**

Deferred tax assets: breakdown

Items	31/12/2021	31/12/2020
Deferred tax assets recognised in the income statement	**928**	**958**
- provisions for risks and charges	506	456
- write-downs on receivables	422	502
Deferred tax assets recognised in Equity		
Total	**928**	**958**

Changes in deferred tax assets

Items	31/12/2021
Opening balance	**958**
2. Increases	**416**
2.1 Deferred tax assets recognised during the year	416
2.2 New taxes or increases in tax rates	
2.3 Other increases	-
2.4 Business combinations	
3. Decreases	**(446)**
3.1 Deferred tax assets derecognised during the year	(446)
a) reversals	(446)
b) write-downs due to uncollectability	-
c) due to change in accounting policies	
d) other	-
3.2 Reduction in tax rates	
3.3 Other decreases	
3.4 Business combinations	
Closing balance	**928**

A.8 OTHER ASSETS

Other assets: breakdown

Items	31/12/2021	31/12/2020
Trade receivables and advances to public entities	18,857	12,310
Advances to suppliers	95	175
Other trade receivables	36	8
Tax receivables from fiscal consolidation	30	-
Accrued income and prepaid expenses	131	75
Total	**19,149**	**12,568**

"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-NRRP 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 2021 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 and the launch of the activities for the management of the NRRP resources.

Liabilities

P.1 LOANS PAYABLE MEASURED AT AMORTISED COST

Loans payable measured at amortised cost: breakdown

Items	31/12/2021	31/12/2020
Due to banks	146,914	158,088
Due to Cassa Depositi e Prestiti	70,782	70,477
Payables relating to right of use	3,466	4,673
Total	**221,162**	**233,238**

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	31/12/2021	31/12/2020
Loans repayable on demand	27,022	15,431
Term loans and loans repayable with notice	190,674	213,134
Payables relating to right of use	3,466	4,673
Total	**221,162**	**233,238**

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 3.5 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:

Assets/Values	31/12/2021
Lease liabilities	
Total cash outflows for leases within 5 years	**3,429**
Within 1 year	1,401
From over 1 year to 2 years	1,343
From over 2 years to 3 years	615
From over 3 years to 4 years	42
From over 4 years to 5 years	28
Total cash outflows for leases beyond 5 years	**37**

P.2 OTHER LIABILITIES

Other liabilities: breakdown

Items	31/12/2021	31/12/2020
Amounts due to employees	1,913	1,207
Trade payables and other items	9,722	7,919
Tax payables	424	530
Due to social security institutions	950	761
Total	**13,009**	**10,418**

P.3 EMPLOYEE SEVERANCE INDEMNITY

Employee severance indemnity: changes for the year

	31/12/2021	31/12/2020
A. Opening balance	**1,934**	**2,147**
B. Increases	**58**	**48**
B.1 Provision for the year	-	5
B.2 Other increases	58	43
C. Decreases	**148**	**261**
C.1 Severance payments	107	261
C.2 Other decreases	41	-
D. Closing balance	**1,844**	**1,934**

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 employee severance indemnity 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 employee severance indemnity 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 employee severance indemnity 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 as at 31 December 2021 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 2021 of obligations in respect of Employee severance indemnity 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 Employee severance indemnity 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 employee severance indemnity, there are no contributions or assets represented by identifiable securities used solely for the disbursement of the employee severance indemnity, and therefore the Plan assets at fair value amount to zero).

The following were the main actuarial assumptions made in calculating employee severance indemnity:

Accounting treatment of defined contribution plans and defined benefit plans

Economic and financial parameters	2021	2020	2019
Nominal annual discount rate	0.7%	0.3%	0.7%
Annual inflation rate	1.90%	2.00%	1.50%

Demographic parameters	2021
Removal from service - Death	Equal to those of the Italian population in 2020 (Source ISTAT) reduced by 30%, broken down by age and gender
Removal from service - Various 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 in Decree Law 4/2019

Reconciliation of liabilities 01/01/2021 – 31/12/2021 (euro)

	31/12/2021	31/12/2020
A. Opening balance	**1,933,707**	**2,147,254**
B. Increases	**57,677**	**47,296**
B.1 Provision for the year	-	4,516
B.2 Other increases	57,677	42,780
C. Decreases	**147,245**	**260,843**
C.1 Severance payments	106,820	260,843
C.2 Other decreases	**40,425**	**-**
D. Closing balance	**1,844,139**	**1,933,707**

The actuarial profit is represented 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	31/12/2021	31/12/2020
Tax liabilities for direct taxes		
a) current tax assets	17	121
b) deferred		23
Total	**17**	**144**

The item refers to the IRAP payable for the year 2021.

P.5 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges: breakdown

Items	31/12/2021	31/12/2020
1. Company pension funds		
2. Provisions for risks and charges	**1,257**	**1,129**
2.1 Legal disputes	50	50
2.2 Staff costs	1,207	1,079
2.3 Other	-	-
Total	**1,257**	**1,129**

Provisions for risks and charges: changes for the year

Items	31/12/2021	31/12/2020
A. Opening balance	**1,129**	**2,739**
B. Increases	**1,207**	**1,079**
B.1 Provision for the year	1,207	1,079
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	**1,079**	**2,689**
C.1 Use during the year	1,079	2,689
C.2 Changes due to amendments in the discount rate		
C.3 Other changes		
D. Closing balance	**1,257**	**1,129**

Equity

P.6 SHARE CAPITAL

Share capital: breakdown

Items	31/12/2021	31/12/2020
Share capital subscribed and paid in	164,646	164,646
Total	**164,646**	**164,646**

As at 31 December 2021, 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	Ordinary	Other
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 existing at the end of the year	316,627,369	-
- fully paid	316,627,369	-

P.7 SHARE PREMIUM RESERVE

Share premium reserve

Items	31/12/2021	31/12/2020
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

As at 31 December 2021, the Company reported the following “Reserves”:

Items	31/12/2021	31/12/2020
Capital reserves:	**5,165**	**5,165**
Reserve pursuant to Article 88(4) of Presidential Decree 917/86	5,165	5,165
Income reserves:	**133,579**	**128,974**
Legal reserve	22,766	22,535
Other reserves	60,576	60,583
First Time Adoption Reserve	63,527	63,527
IFRS 9 FTA reserve	9,454	9,454
IFRS 9 FTA reserve	(22,744)	(27,125)
Total	**138,744**	**134,139**

The reserve pursuant to Article 88(4) of Pres. 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 2,690 thousand euro for unrealised fair value gains recognised through profit or loss.

Information on the Income Statement

C.1 INCOME FROM EQUITY INVESTMENTS

Income from equity investments: breakdown

Items	31/12/2021	31/12/2020
Income from equity investments	27,115	28,112
Total	**27,115**	**28,112**

The item refers to the fees deriving from equity investments (23,012 thousand euro) and also includes interest on deferred payment (777 thousand euro) and default interest (3,326 thousand euro).

C.2 INTEREST EXPENSE AND SIMILAR EXPENSE

Interest expense and similar expense: breakdown

Items	31/12/2021	31/12/2020
Interest expense and similar expense	(2,089)	(2,411)
Total	**(2,089)**	**(2,411)**

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	31/12/2021	31/12/2020
Commission income (expense)	28,533	19,013
Total	**28,533**	**19,013**

This item refers to fees received for managing the Venture Capital Fund (5,906 thousand euro), the Law 394/81-NRRP Fund (15,480 thousand euro), the Sustainable Growth Fund (244 thousand euro), the Law 295/73 Fund (6,891 thousand euro) and the Start-Up Fund (12 thousand euro).
It should be noted that the increase in commissions for the year 2021 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 and the launch of the activities for the management of the NRRP resources.

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 from disposals (B)	Capital losses (C)	Losses on disposal (D)	Net balance ((A+B)-(C+D))
1. Financial assets held for trading	**2,690**	**2,444**	**(15,355)**	**-**	**(10,221)**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 Units in collective investment undertakings	-	-	-	-	-
1.4 Loans	2,690	2,444	(15,355)	-	(10,221)
2. Financial assets: exchange rate differences	-	-	-	-	-
Total	**2,690**	**2,444**	**(15,355)**	**-**	**(10,221)**

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	31/12/2021	31/12/2020
Other financial income	51	110
Total	**51**	**110**

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

Transactions/Income components	Write-downs			Write-backs		Total
	First and second stage	Third stage		First and second stage	Third stage	
		Write-offs	Other			
A. Receivables from banks	**-**	**-**	**-**	**-**	**-**	**-**
- Loans	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-
of which: impaired credits acquired or originated	-	-	-	-	-	-
B. Receivables from customers	**(1,059)**	**-**	**(1,598)**	**2,466**	**-**	**(191)**
- Loans	(1,059)		(1,598)	2,466	-	(191)
- Debt securities	-	-	-	-	-	-
of which: impaired loans acquired or originated	-	-	-	-	-	-
Total	**(1,059)**	**-**	**(1,598)**	**2,466**	**-**	**(191)**

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	31/12/2021	31/12/2020
a) Staff costs	(18,111)	(14,117)
b) Other administrative expenses	(13,656)	(8,062)
Total	**(31,767)**	**(22,179)**

The increase recorded in other administrative expenses is directly attributable to the increase in the operations of the public subsidy funds managed by SIMEST which also saw a significant increase in the resources mobilised and managed for the year 2021 for a total value of approximately 4 billion euro equal to 115% compared to 2020. For more information on the dynamics that affected the operations of the public subsidy funds managed by SIMEST, please refer to what is more fully described in the specific section "5. Business performance" of the "Report on operations".

Staff costs: breakdown

Items	31/12/2021	31/12/2020
1) Employees	**(15,651)**	**(11,470)**
a) Wages and salaries	(10,053)	(7,536)
b) Social security costs	(29)	(19)
c) Employee severance indemnity - payments and accruals	(635)	(555)
d) Pension costs	(2,753)	(2,281)
e) Payments to external supplementary pension funds:	(456)	(299)
- defined contribution	*(456)*	*(299)*
f) Other employee benefits	(1,725)	(780)
2) Other personnel in service	**(2,188)**	**(2,366)**
3) Directors and Statutory Auditors	**(272)**	**(281)**
Total	**(18,111)**	**(14,117)**

The increase in staff costs is essentially due to the increase in the number of employees compared to the previous year, strictly correlated to the simultaneous increase in operations in the management of public funds.

Other employee benefits: breakdown

Items	31/12/2021	31/12/2020
Meal vouchers	(348)	(240)
Insurance policies	(826)	(479)
Leaving incentives	(457)	(8)
Other benefits	(94)	(53)
Total	**(1,725)**	**(780)**

Other administrative expenses: breakdown

Items	31/12/2021	31/12/2020
Professional and financial services	(4,610)	(1,725)
Outsourcing	(2,115)	(1,856)
Information services	(554)	(451)
Advertising and marketing expenses	(2,635)	(1,325)
General services	(1,107)	(911)
Utilities, duties and other expenses	(2,544)	(1,721)
Expenses for other corporate bodies	(91)	(73)
Total	**(13,656)**	**(8,062)**

The increase in the item "Professional and financial services" is mainly due to consultancy activities related to the support of the Law 394/81-NRRP 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 2021 is mainly attributable to the introduction of the Anti-Money Laundering and Reputational service, carried out by SACE SpA.
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 with particular reference to NRRP in response to the pandemic caused by COVID-19.

Expenses for 2021 relating to services provided by the Independent Auditors are as follows:

Items	Subject that disbursed the service	Amount of fees
Statutory audit and Financial Statements for the year	Deloitte & Touche SpA	56,631
Annual and half-yearly Audit Reporting Package for the Parent Company and Ultimate Parent Company	Deloitte & Touche SpA	17,033
Other Audit services (audit of the accounting separation file)	Deloitte & Touche SpA	7,367
Total		**81,031**

C.9 NET PROVISIONS FOR RISKS AND CHARGES

Net provisions for risks and charges: breakdown

Items	31/12/2021	31/12/2020
Net provisions for sundry expenses for personnel	(1,207)	(623)
Net provisions for other funds		540
Total	**(1,207)**	**(83)**

The item includes the provision for charges relating to 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)	Value reversals (c)	Net balance (a + b - c)
A. Intangible assets				
A.1 Owned	(130)			(130)
- For operations	(130)			(130)
- For investment				
A.2 Acquired under lease	(1,348)			(1,348)
- For operations	(1,348)			(1,348)
- For investment				
Total	**(1,478)**	**-**	**-**	**(1,478)**

C.11 NET ADJUSTMENTS/RECOVERIES ON INTANGIBLE ASSETS

Net adjustments/recoveries on intangible assets: breakdown

Items	Depreciation (a)	Value adjustments for impairment (b)	Value reversals (c)	Net balance (a + b - c)
A. Intangible assets				
A.1 Owned	(603)			(603)
- Other	(603)			(603)
A.2 Acquired under lease				-
Total	**(603)**	**-**	**-**	**(603)**

C.12 INCOME TAX FOR THE YEAR

Income tax for the year on continuing operations: breakdown

Items	31/12/2021	31/12/2020
1. Current taxes (-)	(4,197)	(4,202)
2. Changes in current taxes from previous years (+/-)	(42)	-
3. Reduction in current taxes for the year (+)		
4. Changes in deferred tax assets (+/-)	(30)	(417)
5. Change in deferred tax liabilities (+/-)	23	16
6. Income tax for the year (-) (-1+/-2+3+/-4+/- 5)	**(4,246)**	**(4,603)**

In 2021, provisions were made for current and deferred tax totalling 4,246 thousand euro. For deferred tax items, a receivable of 928 thousand euro with respect to deferred tax assets was recognised on the basis of the calculation of assets and liabilities as at 31 December 2021. The following tables provide a reconciliation of the theoretical tax liability and the actual tax liability.

	31/12/2021
Gross income (loss) before tax	**8,100**
Theoretical IRES tax (rate 27.5%)	**2,228**
Increases	
- Temporary changes	376
- Permanent changes	3,954
Decreases	
- Dividends	(663)
- Gains on equity investments	(224)
- Other changes	(1,931)
Changes in the previous year	**43**
IRES effective tax on financial statements	**3,783**

	31/12/2021
Difference between value and cost of production	**8,200**
Theoretical IRAP tax charge (rate 5.57%)	**457**
- Increases in taxes	6
- Decreases in taxes	
Changes in the previous year	**-**
IRAP effective tax on financial statements	**463**

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.
As at 31 December 2021, the direct commitments of the Italian partners for the forward purchase of equity investments amounted approximately 456 million euro (453 million euro as at 31 December 2020); commitments secured by bank and/or insurance guarantees amounted to around 32 million euro (25 million euro as at 31 December 2020); those secured by collateral amounted to 29 million euro (43 million euro as at 31 December 2020).

Guarantees

(%; millions of euro)	2021		2020	
Direct commitments of Italian partners	88%	456	86%	453
Commitments secured by banks and insurance companies	6%	32	6%	25
Commitments secured by collateral	6%	29	8%	43
Total amount disbursed		**516**		**521**

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 2021 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 (13 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: General Services, Human Resources, ICT, Purchasing, Internal Audit, Operating Risks, Privacy and Anti-Money Laundering and Reputational (1,226 thousand euro). At the end of 2021, there were four SACE SpA resources seconded to SIMEST.
Also of note is the lease payment made for the use of offices in Mestre, Bologna, Palermo and Naples (29 thousand euro) and the payment for the lease of IT hardware (32 thousand euro).

Transactions with other related parties

With regard to the other companies in the Group, in 2021 credit lines provided by Cassa Depositi e Prestiti (CDP), both individually and in a pool with other lenders, were drawn down (952 thousand euro).
Also, again with regard to relations with CDP, in 2021 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 2021, eleven CDP employees were seconded to SIMEST, and one SIMEST employee was seconded to CDP.
With regard to tax items, the receivable from CDP relates to the Group's Fiscal Consolidation.
One SIMEST employee was also 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 (889 thousand euro). One SIMEST employee has also been seconded to SACE SRV Srl.
In addition to the receivable 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, please note the further receivable, as at 31 December 2021, to Fincantieri SpA in relation to the investment in the company Finsis SpA.
These transactions with related parties have all been conducted at arm's length.

Directors' and Statutory Auditors' remuneration

	Directors		Auditors	
Items	**Amount accrued**	**Amount paid**	**Amount accrued**	**Amount paid**
Short-term benefits	194	140	78	68
Total	**194**	**140**	**78**	**68**

Significant events after the reporting date

Following the close of the 2021 financial year, at the end of February 2022, the international geopolitical framework suffered a sudden setback following the Russia-Ukraine conflict.
The situation, which is progressively evolving, is characterised by a high degree of uncertainty, with timid signs of negotiations.

Impacts on activities and business

Taking into account the operational specificities of SIMEST, the conflict should not have a direct impact on the activities and business of the Company which, we recall, has no production activities in Russia and Ukraine. Indirectly, it should be noted that SIMEST holds 6 equity investments in Russia for a value of approximately 6.6 million euro with the presence of bank guarantees for approximately 1.5 million euro, with a possible marginal impact further mitigated by the presence of the Italian partner obliged to take over the bonds of the investee company.

Impact on risk assessment

The conflict could have economic and social effects, also significant ones, including:

- further increase in the prices of raw materials (energy and agricultural goods with impacts on Company margins and final consumers) with consequent tensions on energy supplies (gas/oil) and the need for diversification of supply channels (Tap-Algeria-Qatar-LNG) and energy production (greater use of fossil fuels);
- growth in inflation (Italy +6% in 2022) with a monetary policy of possible rate increases with consequences on both public and private debt;
- social impacts with significant migratory flows towards western economies and possible spread of conflicts to other geographical areas.

With reference to SIMEST's equity investment portfolio, an initial survey was carried out on existing exposures directed towards risk areas (6 equity investments for 6.6 million euro), noting marginal impacts equal to 1.3% (approximately 2% of SIMEST equity), further mitigated by the presence (i) of the Italian partner obliged to take over the bonds of the investee company, (ii) of some guarantees that ensure the return of the investments and (iii) of an average residual duration of over two years which allows to evaluate the geopolitical evolutions and the interventions to be implemented to mitigate the risks.
Further analyses are underway on possible indirect effects referable to Italian partners of SIMEST investee companies whose turnover is linked to the areas affected by the conflict or to sectors most affected by the contraction in import/export activities. At the moment there are no high risk situations, also by virtue of the substantial granularity of the portfolio and the diversification of the areas of operations.
Furthermore, checks are underway on the existing sanction regime which is constantly evolving and on basis of which updates to the business structures are being progressively formalised to allow better target interventions.
That said, the underwriting attitude of the Company, also in agreement with the Group, is of utmost prudence both in the underwriting phase and in the monitoring and management phase, taking all possible actions aimed at reducing the risks of exposure to the areas at risk, also in light of the constant updating of the sanction plan.
The current SIMEST control framework provides for an adequate system of risk mitigation safeguards also with reference to the potential increase in the risk of fraud and cyber risk in relation to conflict, in line with the Group's guidelines and policies. Having said this, in line with the progressive evolution of the geopolitical situation, the Company will continue to carefully monitor with a view to respond promptly and/or intercept any need for further strengthening of the safeguards according to the evolution of the reference context.
In application of IAS 10, on the basis of currently available information, it is not deemed that such intervening events should lead to any adjustment to the balances in the financial statements as at 31 December 2021, since the facts themselves and their consequences occurred after the reporting date and do not represent a factor of uncertainty as to the Company's ability to continue to operate as a going concern.

Proposal for allocation of the net result for the year

We hereby submit for shareholder approval the financial statements for 2021, 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 2021 profit for the year of 3,896,687 euro will be allocated, less the allocation of 5% to the Legal Reserve for 194,834 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 2,690,068 euro: consequently, given that the reserves already restricted for this purpose amounted to 5,697,487 euro, it will be necessary to release the restriction on non-distributable reserves of 3,007,419 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.

BALANCE SHEET

(thousands of euro)	31/12/2020	31/12/2019
Intangible assets	2,479	2,929
Investments	5,829,986	4,564,617
Reinsurers' share of technical provisions	3,327,426	1,255,814
Loans	879,609	730,015
Other elements of assets	34,268,901	5,178,683
Accrued income and prepaid expenses	25,160	26,617
Balance sheet - Assets	**44,333,562**	**11,758,675**
Equity:		
- Share capital	3,730,324	3,730,324
- Share premium reserve	43,305	43,305
- Legal reserve	281,102	274,023
- Other reserves	408,758	401,499
- Retained earnings (losses carried forward)	232,180	172,441
- Net income for the year	79,722	141,582
Subordinated liabilities	500,000	500,000
Technical provisions	4,975,343	4,158,861
Provisions for risks and charges	90,681	107,828
Payables and other liabilities	33,973,727	2,210,460
Accrued expenses and deferred income	18,420	18,352
BALANCE SHEET - LIABILITIES	**44,333,562**	**11,758,675**

INCOME STATEMENT

(thousands of euro)	31/12/2020	31/12/2019
Non-life insurance technical account		
Gross premiums	736,911	565,449
Change in the provision for unearned premiums and premiums transferred	(631,032)	(178,045)
Net premiums for the period	105,879	387,405
Change in other technical provisions	(26,123)	(5,225)
Share of profit transferred from the non-technical account	7,043	34,339
Change in the reserve for equalisation	(36,253)	(42,783)
Other technical income and expense	5,913	(7,302)
Expenses for claims net of recoveries	12,938	(144,672)
Refunds and profit sharing	(587)	(820)
Operating expenses	(49,683)	(57,270)
Balance on the non-life insurance technical account	**19,127**	**163,671**
Non-technical account		
Income from investments in non-life insurance	129,896	175,509
Capital losses and financial expense for non-life insurance	(106,544)	(78,889)
Share of profit transferred to the non-life insurance technical account	(7,043)	(34,339)
Other income	124,405	55,042
Other expense	(49,747)	(68,226)
Balance on the non-technical account	**90,968**	**49,097**
Extraordinary income (expenses)	**247**	**1,063**
Income taxes	(30,620)	(72,249)
NET INCOME FOR THE YEAR	**79,722**	**141,582**

for the Board of Directors
the Chairman
Pasquale Salzano

E. Marinella

WITH US IN 2021...
Neapolitan style enchants London and the whole world

Financed for over 1 million euro, the strategic choices of E. Marinella: the Neapolitan brand opens a new store in London and launches its e-commerce portal

Annex: equity investments as at 31 December 2021

EUROPE

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
D PRINT EUROPE SH.P.K.	D'AURIA MEDIA GROUP SRL	Albania	Other industries	25%	500,000
SPITALI EUROPIAN	GRUPPO VILLA MARIA SPA OR ALSO G.V.M. SPA	Albania	Non-financial services	12%	400,000
AMA ADRIATIC D.O.O. SARAJEVO	A.M.A. SPA	Bosnia and Herzegovina	Mechanical industry	24%	1,000,000
METECNO BULGARIA AD	METECNO - SOCIETÀ PER AZIONI	Bulgaria	Infrastructure and constructions	11%	383,081
BDF SERVIS D.O.O.	BDF INDUSTRIES SPA	Croatia	Mechanical industry	20%	689,135
MARAIS TECHNOLOGIES	TESMEC SPA	France	Metalworking industry	34%	3,999,999
L'IMAGE RETROUVÉE	L'IMMAGINE RITROVATA SRL	France	Non-financial services	49%	196,000
GRANAROLO FRANCE	GRANAROLO SPA ABBREVIATED FORM G. SPA	France	Agri-food	30%	15,000,000
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
FAREST RT	STUDIO LEGALE DE CAPOA GUIDUCCI E ASSOCIATI	Hungary	Non-financial services	25%	21,983
MA SRL	CLN - * COILS LAMIERE NASTRI SPA ABBREVIATED FORM C.L.N. SPA	Italy	Automotive	8%	8,000,000
BUCCI AUTOMATIONS SPA	ROBERTO BUCCI E C. SPA	Italy	Mechanical industry	13%	5,000,000
RUSTICHELLA D'ABRUZZO SPA	HOPERA SRL; MOLINO MAGRI SRL	Italy	Agri-food	26%	600,000
INCOMING ITALIA SPA	P.A.C. SPA	Italy	Non-financial services	15%	750,000
PASTA ZARA SPA	FFAUF ITALIA SPA	Italy	Agri-food	25%	11,000,000
MAGLITAL - SOCIETÀ A RESPONSABILITÀ LIMITATA	FINAC SRL	Italy	Textiles	26%	7,000,000
INGEGNERIA DEI SISTEMI SPA	FINCANTIERI NEXTECH SPA	Italy	Electronics/IT	10%	1,023,099
VISMARA SPA	FERRARINI SPA; SOCIETÀ AGRICOLA FERRARINI SPA	Italy	Agri-food	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
GRUPPO PSC SPA OR IN SHORT PSC SPA	PSC PARTECIPAZIONI SPA	Italy	Infrastructure and constructions	10%	11,000,000
O.M.A. - OFFICINA METALMECCANICA ANGELUCCI SPA	ANGELUCCI HOLDING SRL	Italy	Mechanical industry	27%	10,000,000
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
PELLICONI ASIA PACIFIC SRL	PELLICONI & C. - SOCIETÀ PER AZIONI	Italy	Metalworking industry	49%	4,900,000
IMR-INDUSTRIALESUD SPA	IMR-INDUSTRIALESUD SPA; H.G. SRL	Italy	Automotive	19%	7,500,000
PAYPERMOON ITALIA SRL	AISLIN SRL	Italy	Other industries	14%	600,000
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
FINCASTELLO SRL	ARVEDI TUBI ACCIAIO SPA ABBREVIATED A.T.A. SPA	Italy	Metalworking industry	41%	15,000,000
ITM INDIA SRL	ITALTRACTOR ITM SPA	Italy	Mechanical industry	49%	1,274,000
PRIMA COMPONENTS EUROPE SRL	PRIMA SOLE COMPONENTS SPA	Italy	Automotive	23%	7,500,000
ARKOS L.L.C.	R.I. SPA	Kosovo	Infrastructure and constructions	21%	412,000

EUROPE

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
FERRARINI SP. ZO.O.	SOCIETÀ AGRICOLA FERRARINI SPA; FERRARINI SPA	Poland	Agri-food	31%	5,000,000
PROMA POLAND SP. Z O.O.	PROMA S.S.A. SRL	Poland	Automotive	11%	3,000,000
MARCEGAGLIA POLAND SPÒLKA Z O.O.	MARCEGAGLIA CARBON STEEL SPA	Poland	Metalworking industry	8%	2,003,817
SIGIT POLAND SP. Z O.O.	S.I.G.I.T. - SOCIETÀ ITALIANA GOMMA INDUSTRIALE TORINO - SPA	Poland	Chemical/ Petrochemical	16%	1,750,000
SAPA POLSKA SP. Z O.O.	SAPA SPA	Poland	Automotive	22%	2,000,000
DELMA ENGINEERING UK LIMITED	ICM SPA	United Kingdom	Infrastructure and constructions	45%	8,478,891
ESSENTIAL SUPPLY PRODUCTS LIMITED	LUCART SPA	United Kingdom	Other industries	19%	3,000,000
FILMMASTER EVENTS LIMITED	FILMMASTER SPA	United Kingdom	Non-financial services	12%	783,177
MARCEGAGLIA (UK) LTD	MARCEGAGLIA CARBON STEEL SPA	United Kingdom	Metalworking industry	14%	8,000,000
GDS MANUFACTURING SERVICES SA	GLOBAL DISPLAY SOLUTIONS SPA	Romania	Electronics/IT	20%	2,500,000
DOROTEX SRL	ANTICA ROCCA FILATI SRL IN LIQUIDATION	Romania	Textiles	25%	980,000
S.C. GHIMAR SRL	INTERNATIONAL COMPANY SRL IN LIQUIDATION	Romania	Non-financial services	15%	150,080
ROTER ROMANIA SRL	ROTER SPA IN LIQUIDATION	Romania	Mechanical industry	22%	232,537
MACCAFERRI GABIONS CIS OOO	OFFICINE MACCAFERRI - SPA	Russia, Federation of	Metalworking industry	13%	1,591,796
CMK OOO	CELLINO SRL	Russia, Federation of	Metalworking industry	6%	177,867
SERIOPLAST RUS, OOO	SERIOPLAST GLOBAL SERVICES SPA	Russia, Federation of	Chemical/ Petrochemical	34%	1,360,000
OOO OLD MILL KHOLDING	OLD MILL HOLDING SPA	Russia, Federation of	Chemical/ Petrochemical	33%	1,238,000
OOO FONDITAL	FONDITAL SPA	Russia, Federation of	Mechanical industry	8%	1,007,823
AIE RUS OOO	ANAS INTERNATIONAL ENTERPRISE SPA	Russia, Federation of	Infrastructure and constructions	49%	2,402,196
P & T DESIGN D.O.O.	PLADOS SPA; DELTA SRL	Serbia, Republic of	Infrastructure and constructions	14%	387,000
NOVI TEKSTILI DOO	NORMAN INTERNATIONAL SPA	Serbia, Republic of	Textiles	33%	2,008,112
LA LINEA VERDE D.O.O.	LA LINEA VERDE SOCIETÀ AGRICOLA SPA	Serbia, Republic of	Agri-food	24%	1,000,000
CECOMP D.O.O.	CECOMP SPA	Slovenia	Automotive	25%	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	Spain	Renewables	49%	49,000
PLT SPAGNA SL	PLT ENERGIA SRL	Spain	Renewables	25%	24,500
ANSALDO ENERGIA SWITZERLAND AG	ANSALDO ENERGIA SPA	Switzerland	Mechanical industry	10%	10,000,000
STAHL GERLAFINGEN AG	AFV ACCIAIERIE BELTRAME SPA	Switzerland	Metalworking industry	13%	12,000,000
DELMA CONSTRUCTIONS CH SA	ICM SPA	Switzerland	Infrastructure and constructions	24%	2,000,000
SERIOPLAST AMBALAJ SANAYI VE TICARET ANONIM SIRKETI	SERIOPLAST GLOBAL SERVICES SPA	Turkey	Chemical/ Petrochemical	17%	2,000,000
MARCEGAGLIA TR PASLANMAZ CELIK SANAYI VE TICARET ANONIM SIRKETI	MARCEGAGLIA SPECIALTIES SPA	Turkey	Metalworking industry	49%	7,400,000
TOTAL EUROPE					**277,174,094**

AFRICA

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
INTERNATIONAL ENVIRONMENT SERVICES CO.	GESENU SPA	Egypt	Water, Environment, Urban Services	5%	240,175
INSTANT RENTALS FOR VEHICLES S.A.E.	J.A.Z. INVESTMENT GROUP SRL IN LIQUIDATION	Egypt	Non-financial services	19%	483,815
FUDA MARBLE PLC	FUDA A NTONIO SRL	Ethiopia	Infrastructure and constructions	20%	125,000
FRI-EL ETHIOPIA FARMING & PROCESSING PLC	ENER. FIN SRL	Ethiopia	Renewables	48%	2,500,000
SIMTO LIMITED	TOZZI GREEN SPA	Mauritius, islands	Renewables	40%	6,500,000
PROMA INDUSTRIE SARL	PROMA SPA; PROMA S.S.A. SRL	Morocco	Automotive	29%	5,182,418
MA AUTOMOTIVE SOUTH AFRICA PTY LTD	MA SRL	South African, Republic	Automotive	6%	6,819,924
SERIOPLAST SOUTH AFRICA (PTY) LTD	SERIOPLAST GLOBAL SERVICES SPA	South African, Republic	Chemical/ Petrochemical	25%	1,000,000
TESMEC SA (PTY) LTD	TESMEC SPA	South African, Republic	Mechanical industry	33%	1,955,761
OMH SOUTH AFRICA PTY LTD	OLD MILL HOLDING SPA	South African, Republic	Chemical/ Petrochemical	33%	2,000,000
MOUNTAIN ORGANIC KIWI COMPANY PTY LTD	AGRICOLLIBIO S.R.L.	South African, Republic	Agri-food	17%	500,000
EUROTRANCIATURA TUNISIA SARL	EURO GROUP SPA	Tunisia	Metalworking industry	37%	3,000,000
GUALINI AFRIQUE SARL	GUALINI SPA	Tunisia	Infrastructure and constructions	24%	65,410
SIVAM TUNISIE	SIVAM SPA	Tunisia	Non-financial services	25%	245,000
MST SARL	MISTA - SPA	Tunisia	Metalworking industry	22%	600,000
SIPA HOLDING LTD	P.A.C. SPA	Uganda	Renewables	38%	4,283,033
TOTAL AFRICA					**35,500,536**

AMERICA

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
GRUPO ECONOMICO SCL AUSTRAL SA	SCL ITALIA SPA	Argentina	Chemical/ Petrochemical	28%	1,384,478
TIBERINA AUTOMOTIVE ARGENTINA SA	TIBERINA HOLDING SRL	Argentina	Automotive	10%	3,000,000
SIPCAM ARGENTINA SRL	SIPCAM OXON SPA	Argentina	Chemical/ Petrochemical	9%	1,000,000
C.IMM. SUDAMERICA SA	IMILANI SRL	Argentina	Mechanical industry	19%	500,000
PROMA SSA SA	PROMA SPA	Argentina	Automotive	7%	750,000
MA AUTOMOTIVE ARGENTINA SA	MA SRL	Argentina	Automotive	40%	2,500,000
ALMAVIVA DO BRASIL SA	ALMAVIVA CONTACT SPA	Brazil	Non-financial services	0%	10,000,000
SOILMEC DO BRASIL	SOILMEC - SOCIETÀ PER AZIONI; COLLI DRILL SPA	Brazil	Infrastructure and constructions	23%	568,043
ARVEDI METALFER DO BRASIL LTDA	ARVEDI TUBI ACCIAIO SPA CON SIGLA A.T.A. SPA; METALFER SPA	Brazil	Metalworking industry	9%	9,127,000
MACCAFERRI DO BRASIL HOLDING PARTICIPAÇÕES EMPRESARIAIS E IMOBILIÁRIAS LTDA	OFFICINE MACCAFERRI - SPA	Brazil	Metalworking industry	44%	3,520,000
STOLA DO BRASIL LTDA	METEC INDUSTRIAL MATERIALS SRL	Brazil	Metalworking industry	18%	2,666,000
EMIL CERAMICA DO BRASIL LTDA	CERAMICHE SPERANZA SPA	Brazil	Infrastructure and constructions	24%	83,333
PROMA DO BRASIL PARTICIPAÇÕES LTDA	PROMA SPA; PROMA S.S.A. SRL	Brazil	Automotive	10%	3,750,000
SSE SIRIO SISTEMAS ELETRONICOS LTDA	SIRIO SOLUTIONS ENGINEERING SPA	Brazil	Electrical industry	20%	270,000
MAGNAGHI AERONAUTICA DO BRASIL PARTICIPAÇÕES LTDA	P.A.C. SPA	Brazil	Aeronautics	18%	1,550,000
VERONAFIERE DO BRASIL ORGANIZAÇÃO DE EVENTOS LTDA	VERONAFIERE SPA	Brazil	Non-financial services	25%	653,586
MA AUTOMOTIVE BRASIL LTDA	MA SRL	Brazil	Automotive	4%	4,389,608
TIBERINA AUTOMOTIVE PECAS COMPONENTES METALICOS PARA INDÚSTRIA AUTOMOTIVA LTDA	TIBERINA HOLDING SRL	Brazil	Automotive	14%	4,000,000
PMC AUTOMOTIVA DO BRASIL	PROMA SPA	Brazil	Automotive	19%	5,000,000
MANGINI SOUTH AMERICA PARTICIPAÇÕES E INVESTIMENTOS LTDA	MANGINI INTERNATIONAL SRL	Brazil	Infrastructure and constructions	27%	199,828
ABRAMO DO BRASIL	ABRAMO HOLDING SPA	Brazil	Non-financial services	4%	220,000
TIBERINA AUTOMOTIVE MG - COMPONENTES METALICOS PARA INDÚSTRIA AUTOMOTIVA LTDA	TIBERINA HOLDING SRL	Brazil	Automotive	11%	4,000,000
IMI FABI BRASIL PARTICIPAÇÕES LTDA	IMI FABI SPA	Brazil	Mining	24%	8,000,000
BONFIGLIOLI REDUCTORES DO BRASIL INDÚSTRIA E COMÉRCIO LTDA	BONFIGLIOLI SPA	Brazil	Mechanical industry	20%	2,700,000
BRONTE ADMINISTRAÇÃO E PARTECIPAÇÕES LTDA	BOMI ITALIA SPA	Brazil	Non-financial services	29%	6,000,000
SCL DO BRASIL IMPORTAÇÃO E COMÉRCIO LTDA	SCL ITALIA SPA	Brazil	Chemical/ Petrochemical	34%	3,145,000
DUCATI ENERGIA DO BRASIL LTDA	DUCATI ENERGIA SPA	Brazil	Mechanical industry	24%	515,877
THE PLACEMAKERS DO BRASIL PARTECIPAÇÕES LTDA	METALCO SRL	Brazil	Metalworking industry	25%	693,141

AMERICA

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
NICE BRASIL INDUSTRIA E COMÉRCIO DE ELETRÔNICOS E AUTOMAÇÃO LTDA	NICE SPA	Brazil	Other industries	3%	2,000,000
IDS NORTH AMERICA	I.D.S. - INGEGNERIA DEI SISTEMI - SPA	Canada	Non-financial services	43%	2,492,544
FUGESCO INC.	MECCANOTECNICA UMBRA - SPA	Canada	Mechanical industry	49%	1,296,835
ENTREPRISES IMPORTFAB INC.	LABOMAR SPA	Canada	Chemical/ Petrochemical	17%	2,075,712
METECNO DE CHILE SA	METECNO - SOCIETÀ PER AZIONI	Chile	Infrastructure and constructions	21%	778,247
PARQUE TALINAY ORIENTE S.A.	ENEL GREEN POWER SPA	Chile	Renewables	5%	4,922,903
BOMI DE CHILE	BOMI ITALIA SPA	Chile	Non-financial services	25%	318,500
PSC AMERICA SPA	GRUPPO PSC SPA OR IN SHORT PSC SPA	Chile	Infrastructure and constructions	17%	1,500,000
BIOMEDICAL DISTRIBUTION COLOMBIA SL LTDA	BOMI ITALIA SPA	Colombia	Non-financial services	15%	1,300,000
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%	163,331
ETROMEX, S. DE R.L. DE C.V.	FILMMASTER SPA	Mexico	Mechanical industry	25%	290,762
STIPA NAYAA S.A. DE C.V.	ENEL GREEN POWER PARTECIPAZIONI SPECIALI SRL	Mexico	Renewables	4%	5,000,000
EÓLICA ZOPILOAPAN S.A.P.I. DE C.V.	ENEL GREEN POWER PARTECIPAZIONI SPECIALI SRL	Mexico	Renewables	4%	5,000,000
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, ABBREVIATED SMALL BUILDING SRL	Mexico	Non-financial services	30%	611,735
EURO HIGH TECH MEXICO S.A. DE C.V.	EUROTRANCIATURA SPA	Mexico	Metalworking industry	23%	3,861,066
HANDLING HEALTHCARE S.A. 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
MARCEGAGLIA MEXICO S. DE R.L. DE C.V.	MARCEGAGLIA CARBON STEEL SPA	Mexico	Metalworking industry	41%	5,000,000
SALERI MÉXICO S.A. DE C.V.	INDUSTRIE SALERI ITALO SPA	Mexico	Automotive	24%	1,000,000
DOXEE USA INC.	DOXEE SPA	United States of America	Electronics/IT	49%	1,121,102
BDF INDUSTRIES NORTH AMERICA LLC	BDF INDUSTRIES SPA	United States of America	Mechanical industry	48%	517,552
M&G LOGISTICS & ENGINEERING	M & G FINANZIARIA SPA	United States of America	Chemical/ Petrochemical	38%	10,843,147
ENERRAY GLOBAL SOLAR OPPORTUNITIES INC.	ENERRAY SPA	United States of America	Renewables	49%	9,362,079
GEO INVESTMENT HOLDING INC.	EXERGY SPA - IN LIQUIDATION	United States of America	Renewables	49%	6,312,663
EXOR ELECTRONIC RESEARCH AND DEVELOPMENT, INC.	EXOR INTERNATIONAL SPA	United States of America	Mechanical industry	45%	488,924
THESAN USA CORP.	SAVIO THESAN GROUP SPA, STG SPA FOR SHORT, OR ALTERNATIVELY, SAVIO SPA, THESAN SPA	United States of America	Mechanical industry	49%	1,370,000

AMERICA

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
FAGIOLI INC.	ALERION CLEAN POWER SPA	United States of America	Non-financial services	9%	750,000
AGRATI USA CORP.	A. AGRATI SPA	United States of America	Mechanical industry	14%	15,750,000
ENERGIA PACIFICA INC.	E.VA. ENERGIE VALSABBIA SPA	United States of America	Renewables	49%	1,897,827
ASTALDI CONSTRUCTION CORPORATION	WEBUILD SPA	United States of America	Infrastructure and constructions	34%	6,308,883
BROADCAST GLOBAL INVESTMENTI INC.	ELENOS SRL	United States of America	Electronics/IT	49%	1,255,766
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
SERIOPLAST US LLC	SERIOPLAST GLOBAL SERVICES SPA	United States of America	Chemical/ Petrochemical	47%	5,000,000
MISCELA D'ORO USA INC.	MISCELA D'ORO SPA	United States of America	Agri-food	49%	597,949
MAGNAGHI AERONAUTICA USA INC.	MAGNAGHI A ERONAUTICA SPA	United States of America	Aeronautics	49%	7,000,000
BRUSCHITECH USA INC.	BRUSCHI SPA	United States of America	Metalworking industry	46%	1,893,805
KYSOR WARREN EPTA US CORPORATION	EPTA SPA	United States of America	Mechanical industry	16%	3,559,352
GRASTIM US	GRASTIM J.V. SRL	United States of America	Electrical industry	39%	1,728,090
ELDOR HOLDING NORTH AMERICA INC.	ELDOR CORPORATION - SPA	United States of America	Automotive	15%	6,939,460
KEDRION BIOPHARMA INC.	KEDRION SPA	United States of America	Chemical/ Petrochemical	3%	7,000,000
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	25%	4,178,569
VENCHI US INC.	VENCHI SPA	United States of America	Agri-food	17%	1,750,000
GPI USA INC.	GPI SPA	United States of America	Electronics/IT	30%	3,000,000
GRANAROLO USA CORP.	GRANAROLO SPA	United States of America	Agri-food	29%	6,000,000
TOTAL AMERICA					**245,360,476**

ASIA

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
RENCO POWER CJSC	RENCO SPA	Armenia	Electrical industry	18%	9,000,000
FLENCO NINGBO POWER AUXILIARY EQUIPMENT & SYSTEMS CO. LTD	FLENCO FLUID SYSTEM SRL	China	Mechanical industry	13%	307,229
GOGLIO (TIANJIN) PACKAGING CO. LTD	GOPACK PROMOTION SPA	China	Other industries	11%	3,091,327
TIAN XIN YI GARMENT CO. LTD	SASCH SPA IN LIQUIDATION	China	Textiles	17%	186,949
SIRA GROUP TIANJIN HEATING RADIATORS CO. LTD	EMILPRESS GROUP - SRL	China	Mechanical industry	12%	500,153
METECNO HOLDING HONG KONG LTD	METECNO - SOCIETÀ PER AZIONI	China	Infrastructure and constructions	11%	787,099
FLENCO HUASHEN AUTOMOBILE TOOLS CO.	CA SRL	China	Mechanical industry	25%	350,000
SIRA (TIANJIN) ALUMINIUM PRODUCTS CO. LTD	SIRA INDUSTRIE SPA	China	Metalworking industry	23%	2,382,713
IMF FOUNDRY MACHINERY (TIANJIN) CO. LTD	I.M.F. IMPIANTI MACCHINE FONDERIA SRL	China	Mechanical industry	25%	437,500
TITAN ITM TIANJIN CO. LTD	ITALTRACTOR ITM SPA	China	Mechanical industry	25%	1,000,000
SOILMEC (WUJIANG) MACHINERY CO. LTD	SOILMEC - SOCIETÀ PER AZIONI	China	Infrastructure and construction	25%	1,470,000
FIAMM AUTOTECH CO. LTD	ELETTRA 1938 SPA	China	Electrical industry	23%	4,000,000
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
CMS PRECISION MECHANICAL MANUFACTURING WUJIANG CO. LTD	C.M.S. - SPA	China	Metalworking industry	11%	367,500
BONFIGLIOLI DRIVERS (SHANGHAI) CO. LTD	BONFIGLIOLI SPA	China	Mechanical industry	14%	3,158,833
SAMP MACHINERY (SHANGHAI) CO. LTD	P.A.C. SPA	China	Mechanical industry	18%	3,177,753
DAMIANI HONG KONG LTD.	CASA DAMIANI SPA	China	Consumer goods	27%	1,871,471
SITI B&T CERAMIC TECHNOLOGY CO. LTD	SITI - B&T GROUP SPA	China	Mechanical industry	10%	1,179,430
ZHEJIANG ELLECI NEW MATERIAL CO. LTD	ELLECI SPA	China	Chemical/ Petrochemical	21%	297,500
FABI ASIA LIMITED	FABI SPA	China	Textiles	25%	500,000
FERRARINI PACIFIC LTD	SOCIETÀ AGRICOLA FERRARINI SPA	China	Agri-food	49%	4,970,378
FINNORD SUZHOU AUTO PARTS CO. LTD	MECCANICA FINNORD SPA	China	Mechanical industry	11%	252,000
EURO GROUP ASIA LTD	EURO GROUP SPA	China	Metalworking industry	28%	2,273,149
FLUORSEALS ASIA MANUFACTURING CO. LTD	FLUORSEALS SPA	China	Chemical/ Petrochemical	23%	618,714
CLABO PACIFIC HOLDING LTD	CLABO SOCIETÀ PER AZIONI	China	Mechanical industry	25%	1,075,000
U.B.C. FAR EAST LIMITED	UNITED BRANDS COMPANY SPA	China	Textiles	24%	202,162
PAMA (SHANGHAI) MACHINE TOOL CO. LTD	PAMA SPA	China	Mechanical industry	22%	2,000,000
WUXI GEAR TECH CO. LTD	CAPI GROUP SRL	China	Mechanical industry	11%	770,000

ASIA

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
FRASCOLD REFRIGERATION (TAIZHOU) CO. LTD	FRASCOLD - SPA	China	Mechanical industry	25%	1,035,743
AIRCOM (ZHEJIANG) GENERAL EQUIPMENT MANUFACTURING CO. LTD	BAGLIONI - SPA	China	Mechanical industry	17%	854,628
HANGZHOU DRAGON-LIGHT ELECTRON CO. LTD	WIVA GROUP SRL	China	Electrical industry	24%	116,155
MACCAFERRI ASIA LIMITED	OFFICINE MACCAFERRI - SPA	China	Metalworking industry	25%	2,849,560
PEUTEREY HONG KONG	PTH SOCIETÀ A RESPONSABILITÀ LIMITATA	China	Textiles	28%	1,550,000
VENCHI GREATER CHINA LTD	VENCHI SPA	China	Agri-food	22%	2,000,000
SECO ASIA LIMITED	SECO SPA	China	Electronics/IT	28%	1,930,000
VETRERIE RIUNITE (HONG KONG) COMPANY LIMITED	FILMMASTER SPA	China	Other industries	22%	2,250,000
METECNO (INDIA) PVT LTD	METECNO - SOCIETÀ PER AZIONI	India	Infrastructure and constructions	17%	1,695,072
SAIRA ASIA INTERIORS	SAIRA EUROPE SRL	India	Infrastructure and constructions	21%	437,165
SIDERFORGEROSSI INDIA PVT LTD	SIDERFORGEROSSI GROUP SPA	India	Metalworking industry	3%	800,000
TECHNO SYSTEM I NDIA PVT LTD	TECNO SYSTEM SPA	India	Electrical industry	24%	544,455
OLCI ENGINEERING INDIA PVT LTD	O.L.C.I. ENGINEERING SRL	India	Mechanical industry	8%	600,000
DECAL IN - ITALIAN GRAPHICS INDUSTRY PRIVATE LIMITED	SERIGRAFIA '76 - SRL	India	Other industries	21%	75,000
STRANICH FANS AND DUSCON INDIA PRIVATE LIMITED	AEROMECCANICA STRANICH SPA	India	Mechanical industry	24%	610,000
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
TECNOCAP ORIENTAL PRIVATE LIMITED	TGP TECNOCAP GROUP PARTECIPAZIONI SRL	India	Mechanical industry	10%	257,740
SALERI INDIA PRIVATE LIMITED	INDUSTRIE SALERI ITALO SPA	India	Automotive	25%	850,000
ATURA INDUSTRIES LTD	ALBIS INTERNATIONAL SRL	Israel	Consumer goods	24%	254,036
ARTILE ROOF LTD	CUNIAL ANTONIO I.L.C.A. SRL	Israel	Infrastructure and constructions	11%	277,121
MACCAFERRI PHILIPPINES MANUFACTURING INC.	OFFICINE MACCAFERRI - SPA	Philippines	Metalworking industry	46%	1,320,000
FAGIOLI ASIA PVT LTD.	FAGIOLI - SPA	Singapore	Non-financial services	19%	600,000
BLACK SHARE DMCC	COLEMAN SPA	United Arab Emirates	Non-financial services	49%	1,266,585
LEGNANO TEKNOELECTRIC COMPANY MIDDLE EAST FZCO	LEGNANO TEKNOELECTRIC COMPANY SPA	United Arab Emirates	Electrical industry	5%	713,366
BELLELLI EMIRATES ENGINEERING GENERAL CONTRACTING LLC	BELLELLI ENGINEERING SRL	United Arab Emirates	Oil & gas	20%	88,612
ENGINEERING PROJECTS LTD	MONTALBANO SRL UNIPERSONALE	United Arab Emirates	Mechanical industry	49%	455,000
TOTAL ASIA					**75,245,807**

OCEANIA

Company	Italian partner	Country of operation	Sector	Share SIMEST %	Amount in euro
F.P AUSTRALIA HOLDINGS PTY LIMITED	FARESIN FORMWORK SPA	Australia	Metalworking industry	49%	1,488,000
TESMEC AUSTRALIA PTY LTD	TESMEC SPA	Australia	Mechanical industry	49%	1,843,260
SERIOPLAST AUSTRALIA PTY LTD	SERIOPLAST GLOBAL SERVICES SPA	Australia	Chemical/ Petrochemical	48%	2,500,000
TOTAL OCEANIA					**5,831,260**

SHAREHOLDER LOAN

Company	Italian partner	Country of operation	Sector	Amount in euro
ALERION SPAIN SL	ALERION CLEAN POWER SPA	Spain	Renewables	9,951,000
CECOMP D.O.O.	CECOMP SPA	Slovenia	Automotive	2,331,530
PELLICONI ASIA PACIFIC SRL	PELLICONI & C. - SOCIETÀ PER AZIONI	Italy	Metalworking industry	2,100,000
DUCATI ENERGIA DO BRASIL LTDA	DUCATI ENERGIA SPA	Brazil	Mechanical industry	8,484,123
SIPA HOLDING LTD	P.A.C. SPA	Uganda	Renewables	696,154
SIMTO LIMITED	TOZZI GREEN SPA	Mauritius, islands	Renewables	2,000,000
TECNOCAP ORIENTAL PRIVATE LIMITED	TGP TECNOCAP GROUP PARTECIPAZIONI SRL	India	Mechanical industry	1,100,000
SPITALI EUROPIAN	GRUPPO VILLA MARIA SPA OR ALSO G.V.M. SPA	Albania	Non-financial services	600,000
FILMMASTER EVENTS LIMITED	FILMMASTER SHAREHOLDINGS	United Kingdom	Non-financial services	1,716,823
VETRERIE RIUNITE (HONG KONG) COMPANY LIMITED	VETRERIE RIUNITE SPA	China	Other industries	2,250,000
PLT SPAGNA SL.	PLT ENERGIA SRL	Spain	Renewables	1,725,500
TOTAL SHAREHOLDER LOAN				**32,955,129**
TOTAL EQUITY INVESTMENTS IN COMPANIES IN ITALY AND ABROAD AS AT 31 DECEMBER 2021*				**672,067,304**

*** Nominal subscription amount**

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An investment of 7 million euro for the acquisition of a major competitor operating on the Chinese washing machines porthole market

Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors
to the Financial Statements closed on 31 December 2021

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 2022, relating to the year ended 31 December 2021:

- draft financial statements consisting of balance sheet, income statement, statement of changes in equity for the current financial year, statement of changes in equity for the previous financial 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 2021, 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). During the 2021 financial year, the delegate of the Court of Auditors, Ms. Stefania Petrucci, appointed with effect from 1 January 2021, participated in the meetings of the Board of Statutory Auditors.
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, 2021 and 2022.
The Board of Statutory Auditors received the report of the Independent Auditors dated 8 April 2022 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 39/2010.
The 2021 financial year was once again conditioned by the effects of the COVID-19 health emergency; after the first signs of recovery, during the second half of the year, the resurgence of the pandemic and the consequent measures to contain infections caused a slowdown in global growth. After the strong growth recorded in the second and third quarters of 2021, the Italian economy experienced a sharp slowdown in the fourth quarter due to the rise in infections and the difficulties experienced by companies in procuring raw materials. The impact on management, the uncertainties and the risks associated with COVID-19 have been fully described in the report on operations prepared by the Administrative Body.
As part of the management of the 394/81 Fund and in particular of the resources allocated by the National Recovery and Resilience Plan (NRRP) of the European Union, in the second half of 2021 SIMEST actively contributed to the Ecological and Digital Transition objectives set out in the Plan, through the allocation of funds to companies for specific projects.
The activities pertaining to the Board during the first months of 2021 were carried out electronically, while subsequently, starting from June, face-to-face meetings were organised in compliance with the anti-COVID health protocols.
The Board of Statutory Auditors participated in the meetings of the Board of Directors in the composition and in the manner described in the relative minutes.
The Board of Statutory Auditors obtained from the Directors suitable and timely information on the Company's general operating performance, its outlook as well as on the most significant operations, in terms of size and characteristics, carried out by the Company.

Also during the 2021 financial year, Statutory Auditors constantly monitored the impact of the health emergency on SIMEST's economic and financial situation, paying particular attention to the measures adopted in both organisational and health terms.
In addition, considering the significant increase in the resources mobilised and managed in 2021, the Board constantly verified the adequacy of the organisational system both in terms of internal resources and in terms of outsourcing contracts and, in the latter case, supervised compliance with Company regulations and protocols, acknowledging the increase in the Company workforce. The average number of employees went from 163 as at 31 December 2020 to 183 as at 31 December 2021, in addition to the outsourcing of additional resources employed in preliminary analysis activities as part of the management of the Law 394/81 Fund.

We preface our remarks as follows:

1. at the date of preparation of this Report, SIMEST is a joint-stock Company directly controlled by Cassa Depositi e Prestiti SpA (hereinafter "CDP");
2. during the year 2021 the Company was 76% owned by SACE SpA (hereinafter "SACE"); on 17 March 2022, the Ministry of Economy and Finance (MEF) announced that, pursuant to Article 67 of Decree-Law no. 104 of 14 August 2020, converted with amendments by Law no. 126 of 13 October 2020, and following the agreement reached between the MEF, Cassa Depositi e Prestiti SpA (CDP) and SACE SpA (SACE), with decree (SACE Decree) signed by the Minister of Economy and Finance, Daniele Franco, the restructuring of the SACE Group was defined in agreement with the Minister of Foreign Affairs and International Cooperation, Luigi Di Maio. In particular, the process envisaged, in sequence, the transfer by SACE to CDP of the investment held in SIMEST SpA (SIMEST), equal to 76.005% of the share capital, with payment in cash, and the transfer by CDP to the MEF of the investment held in SACE, equal to 100% of the share capital, with payment in specially issued government bonds;
3. 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;
4. with reference to the management and coordination activities, it should be noted that, from 15 November 2016 to the end of the 2021 financial year, the Company was subject to management and coordination by SACE in compliance with the "Regulation on financial management and coordination activities", approved by CDP and implemented by the SIMEST Board of Directors; pursuant to Article 3, paragraph 2, lett. c) of Legislative Decree 23/2020, converted by Law no. 40 of 5 June 2020, SACE SpA is no longer subject to the coordination activity of CDP SpA; the same provision of the law specified that the powers of the Ministry of Foreign Affairs and International Cooperation with respect to SIMEST remain intact, pursuant to Law 1990, no. 100; with the Legislative Decree no. 104 of 14 August 2020, converted by Law no. 126 of 13 October 2020, it was envisaged that SACE should consult the Ministry of Economy and Finance and the Ministry of Foreign Affairs and International Cooperation in advance with regard to significant Company decisions relating to SIMEST;
5. in relation to the organisational structure, the Board highlights that during the 2021 financial year some reviews of the corporate organisational structure were carried out in order to guarantee the strengthening of skills through greater specialisation in risk management as well as greater specialisation and verticalisation of the structures' activities; in April 2021, the modification of the function chart was acknowledged, which did not lead to the assignment of new activities, but redistributed existing ones within the respective lines; in September 2021, the organisational structure of the Chief Business Officer (CBO) was revised with the aim of creating a single unit for the management of the Public Funds managed by SIMEST and a single dialogue interface with the competent Ministries;

6. in terms of safety, the Board notes that in March 2021, a check was carried out, with a positive outcome, for the maintenance of the Management System for Health and Safety in the workplace Certification in accordance with ISO 45001:2018 standards. In addition, to deal with the resurgence of the pandemic, 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 2020 and updated in April 2021. It should be noted that Green Pass control has been adequately introduced and that periodic sanitisations have continued within the Company's premises. The Board has very positively assessed the interventions put in place by SIMEST to combine the continuation of activities with the guarantee of health and safety conditions of working environments, of working methods and of the workers themselves;
7. 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, 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, interest rate risk, concentration risk, reputational risk, money laundering risk, risk of non-compliance with regulations, climate and ESG (Environmental, Social, Governance) risks; Statutory Auditors acknowledge that during 2021 the aforementioned risks were the subject of in-depth analysis as part of the evaluation processes of the counterparties, with particular reference to the sector analyses and projects of the investment; on the matter, the Board notes that the Risk Regulations govern the process of assessing the consistency of available capital resources (represented by the equity) and the economic capital necessary for the risks assumed, measured with the methods in place in the CDP Group ("ICAAP process" – Internal Capital Adequacy Assessment Process); the results of the assessments confirmed the full adequacy of capital both in the current situation and from a prospective point of view; the Board also notes that specific safeguards have also been implemented for the public Funds managed by the Company in order to monitor and mitigate the main risks to which the Funds are exposed. Please note that in these cases the project activity, carried out by the Risk Management and Compliance department with the business transversal support, made it possible to carry out an assessment of the entire process of disbursement, management and monitoring of loans, a benchmarking analysis which has allowed to identify possible interventions aimed at strengthening and consolidating the integrated control system to monitor reputational, fraud and money laundering risks.
8. in reference to the internal control system, the Board acknowledges that Internal Audit has submitted 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 have been presented to the Board of Directors and the Board of Statutory Auditors every six months. Critical issues identified during examinations are immediately reported to the relevant Company structures so that they can implement corrective actions;
9. the Board positively assesses the commitment made by the Company during 2021 in support of corporate welfare and safety activities and in favour of reducing environmental impact; specifically, the Statutory Auditors have taken note of the measures adopted by SIMEST in favour of its employees such as: possibility of working from home, launch of campaigns to listen to staff needs, activation of a telephone programme for the resolution of both professional and personal problems with a view to improving emotional balance, provision of training courses to strengthen skills and increase the effectiveness of remote working, delivery to all employees of the TRS (Total Reward Statement), a personalised document aimed at guaranteeing a clear and comprehensive view of its remuneration package including all fixed and variable elements, benefits and services that the Company offers its employees; the Board also notes the continuation of the paperless campaign aimed at limiting the use of paper; it should be noted that at the end of 2021 the reduction in the number of printers – with a consequent reduction in the use of toner – together with the adoption of remote working, significantly reduced environmental impacts;

10. 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; SIMEST's Supervisory Body is composed of three members, one of which with Chairman functions. In the meeting of the Board of Directors on 27 January 2021, the update of the aforementioned Model was approved and in the meeting of 20 December 2021, an amendment to the General Part was approved in order to provide for a discipline of the extension of the Supervisory Body. Please note that during 2021, the Supervisory Body was supported by Internal Audit to provide ongoing, independent monitoring of the proper functioning of corporate processes and of the Internal Control System as a whole;
11. with reference to the Code of Ethics, adopted in 2017, it should be noted that in the meeting of 20 December 2021 the Administrative Body implemented the SACE Group's Code of Ethics; the document, which is innovative in how it represents and displays contents, identifies new values, such as sustainability and inclusiveness, to inspire the Group's conduct and also defines the rules of conduct that the recipients must respect in carrying out their activities as well as the rules of conduct to follow, with the rights, duties and responsibilities that the SACE group assumes towards its stakeholders;
12 the Internal Audit, Compliance and Risk Management activities carried out during 2021 were performed on the basis of specific plans approved by the Board of Directors, and were the subject of specific reports;
13. the Board acknowledges that transactions with related parties carried out in 2021 were described in detail in the report drawn up by the Board of Directors;
14. Statutory Auditors acknowledge that the Company did not engage in research and development activities, does not hold, and did not acquire and/or dispose of during the financial year, treasury shares and/or the shares/units of parent companies, either directly or through trust companies or other intermediaries. SIMEST does not hold any derivative or structured financial instruments for managing financial risk;
15. with reference to the dispute existing as at 31 December 2021, the Board acknowledges that the judicial proceeding relating to professional remuneration, with a total claim of 147,000 euro, was definitively concluded with the rejection of the application;
16. SIMEST availed itself of the option to draw its Financial Statements, starting from 2015, in accordance with international accounting standards ("IAS/IFRS") provided by Legislative Decree no. 38 of 28 January 2005 ("IAS Decree"), as amended by Legislative Decree 91/2014 ("Competitiveness Decree");
17. the notes to the financial statements indicate the new international accounting standards approved and in force from 2021, the new accounting standards and interpretations already issued and approved by the European Union but not yet in force as well as the accounting standards, amendments and interpretations not yet approved by the European Union as of the reference date of 31 December 2021;
18. the accounting standard used in reference to the various items of the Financial Statements as at 31 December 2021 have been analytically set out in the notes to the financial statements;
19. 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 financial companies;
20. 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;

21. 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;
22. the 2021 Financial Statements show a profit of 3,896,687 euro and equity of 309,022,045 euro, including the profit for the year 2021. 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 2,690,068 euro. Consequently, given that the reserves already restricted for this purpose amounted to 5,697,487 euro, the Company will release the restriction on non-distributable reserves of 3,007,419 euro. As at 31 December 2021, 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, lastly on 28 February 2022, for the purpose of exchanging relevant data and information;
- 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:

- it has examined the draft Financial Statements for the year ended 31 December 2021, made available to the same Board by the time limit established in Article 2429 of the Italian Civil Code;
- 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;

- 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 2021. With regard to transactions with related parties, 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;
- 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;
- 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;
- 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;
- it has noted that the relevant charges relating to the services performed by Deloitte & Touche SpA in the financial year 2021 amounted to a total of 81,031 euro of which: 56,631 euro for the statutory audit, 17,033 euro for the annual and half-yearly Reporting Package audit for the Holding Company and the Parent Company, 7,367 euro for other services connected with the audit;
- the Independent Auditors Deloitte & Touche SpA, in their report on the Financial Statements issued on 8 April 2022 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 as at 31 December 2021;
- 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;
- in 2021, there were a total of 14 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 5 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 2022, the Board of Statutory Auditors recommends that you approve the Financial Statements for the year ended 31 December 2021. With regard to the allocation of the profit for the year, of 3,896,687 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 the legal Reserve for 194,834 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 3,007,419 euro.

Florence, Salerno, Bergamo, 12 April 2022

The Board of Statutory Auditors

(signed in original)

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

Bomi Group

WITH US IN 2021… logistics solutions take off from Lombardy to Brazil

4 million euro invested to strengthen the presence of Bomi Group in Latin America: two Brazilian companies were acquired, specialised in services of air transport of pharmaceutical products

Report
of the Independent Auditors

Deloitte.

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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 dallo stato patrimoniale al 31 dicembre 2021, dal conto economico, dal prospetto della redditività complessiva, 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 2021, 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.

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.

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

Deloitte.

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

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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 2021, 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 2021 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 2021 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, 8 aprile 2022

Miscela d'Oro

WITH US IN 2021…
Sicilian coffee keeps up with the times

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Approval of the Financial Statements as at 31 December 2021

Approval of the Financial Statements as at 31 December 2021

With 95.4189% of the share capital present, the ordinary Shareholders' Meeting of 16 May 2022 unanimously approved the Financial Statements for the year closed as at 31 December 2021 and the allocation of the profit for the year 2021 of 3,896,687 euro as follows:

- 194,834 euro, equivalent to 5%, to the legal reserve;
- 3,701,853 euro to "Reserves: c) Profits/Losses carried forward".

In addition, the restriction on non-distributable reserves for 3,007,419 euro was released.

SIMEST SpA - Italian company for enterprises abroad

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