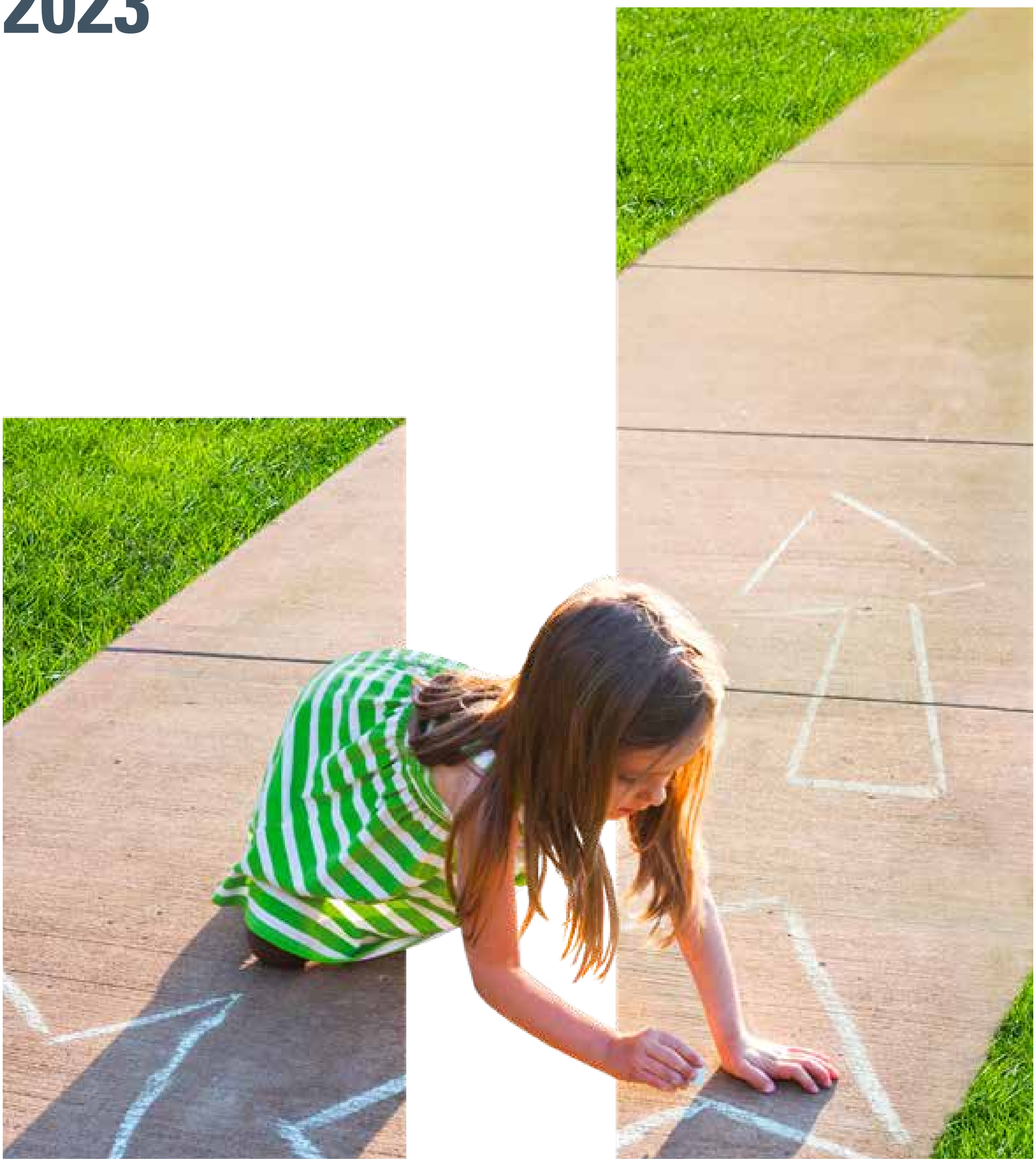
ANNUAL REPORT 2023



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ANNUAL REPORT **2023**

(Translation from the Italian original which remains the definitive version)

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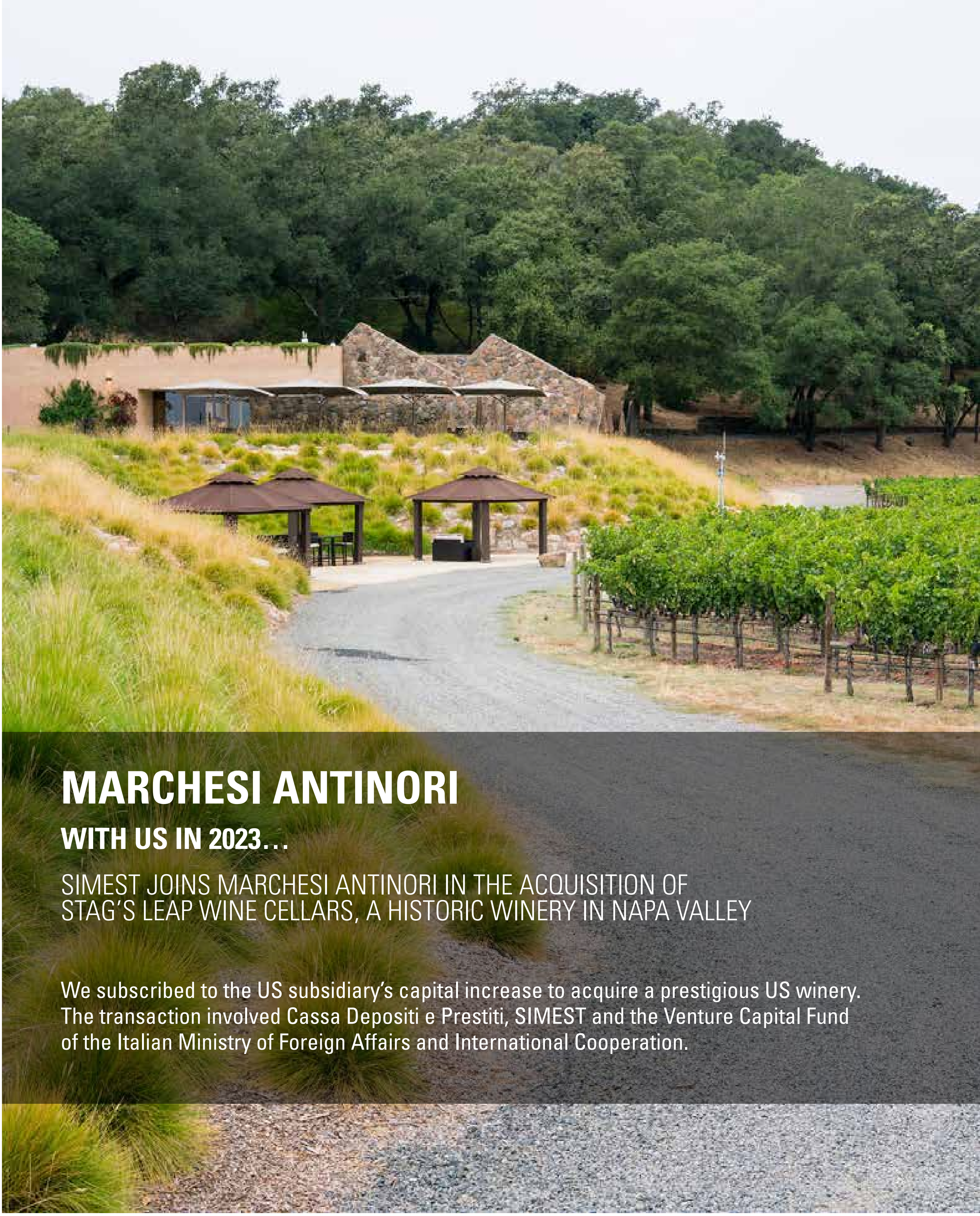

MARCHESI ANTINORI

WITH US IN 2023…

SIMEST JOINS MARCHESI ANTINORI IN THE ACQUISITION OF STAG'S LEAP WINE CELLARS, A HISTORIC WINERY IN NAPA VALLEY

We subscribed to the US subsidiary's capital increase to acquire a prestigious US winery. The transaction involved Cassa Depositi e Prestiti, SIMEST and the Venture Capital Fund of the Italian Ministry of Foreign Affairs and International Cooperation.

LETTER TO SHAREHOLDERS

Dear Shareholders,

The 2023 results testify to SIMEST's firm commitment to supporting Italian companies, particularly SMEs, expertly and effectively guiding them towards growth in international markets within an ever-evolving geopolitical landscape.

Through efficient fund management in collaboration with the Italian Ministry of Foreign Affairs and International Cooperation (MAECI), we have secured substantial resources to support and strengthen Italian companies as they pursue international growth.

What was accomplished in 2023 reaffirms the strategic significance of the "pact" forged with businesses during the approval of the 2023-2025 Strategic Plan, highlighting a strong emphasis on supporting production chains and a solid commitment to implementing new tools for sustainable and impactful growth.

The Strategic Plan has allowed us to collaborate with the Parent Company Cassa Depositi e Prestiti and MAECI to revamp our products, promoting innovation, digitalisation and sustainable growth. This effort has had a significant impact on the Italian business landscape, thanks to a substantial increase in deployed resources. Additionally, we have achieved our goal of enhancing the quality and profitability of our equity investment portfolio, with a notable increase in new transactions compared to 2022.

By opening our first SIMEST offices overseas, we have brought our companies closer, aiding them in their investment decisions for expanding into key markets for Made in Italy products.

The outstanding results seen in the Financial Statements are attributed to the invaluable dedication and daily effort of all SIMEST employees. They have embraced a refreshed corporate culture centred on more inclusive leadership, the appreciation of diversity and the development of skills.

Throughout 2024, we will continue to strengthen our efforts to support the international growth of the production sector. Working closely with Sistema Italia and under the guidance of the Italian Ministry of Foreign Affairs and International Cooperation and Cassa Depositi e Prestiti, our aim is to enhance the competitiveness and excellence of Made in Italy on a global scale through strengthened cooperation.

Pasquale Salzano
Chairperson

Regina Corradini D'Arienzo
Chief Executive Officer and General Manager

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

- CINQUINA INTERNATIONAL
- DFV
- FINCANTIERI
- MARCHESI ANTINORI
- OBJECTWAY
- RIZOMA
- SACMI

SIMEST Spa - Italian Company for companies abroad

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Tel. +39 06 68635 1 | Fax +39 06 68635 220
PEC (certified e-mail) address: simest@legalmail.it

Share capital 164,646,231.88 euro fully paid up
Enrolled in the Rome Business Register
Tax Code and VAT number 04102891001
Registration with the Rome Chamber of Commerce under no. REA (Economic and Administrative Index) 730445
Company subject to the management and coordination of Cassa Depositi e Prestiti Spa

CONTENTS

SIMEST: OUR ROLE AND MISSION

SIMEST Spa is the CDP Group Company that supports the international expansion of Italian companies. It is controlled by Cassa Depositi e Prestiti, with a minority private shareholding presence (banks and entrepreneurial system).
Established in 1991 with the aim of promoting investments by Italian companies abroad and supporting them from a technical and financial point of view, since 1999 SIMEST has also managed public financial instruments to support the growth activities of Italian companies abroad, especially dedicated to SMEs. Since 2020, this management has been carried out under the guidance of the Italian Ministry of Foreign Affairs and International Cooperation (MAECI).
SIMEST uses its tools to support businesses throughout the entire international expansion development cycle, from the initial assessment of new markets to the expansion through foreign direct investments.

Business lines

1. Soft loans for international expansion

Ordinary operations. SIMEST, through management in agreement with the MAECI of the 394 Fund and related funds, finances all the main steps of the international expansion process through specific instruments: from feasibility studies, to the participation in trade fairs; from e-commerce, to the entry into new markets.
These operations, previously suspended due to the exhaustion of available funds, were restarted on 27 July 2023, with renewed and expanded tools to support sustainability and digitalisation paths for greater competitiveness of companies and production chains in foreign markets.
Today, the loans available to companies can be requested for:

- market penetration;
- development of e-commerce;
- attendance at international fairs;
- hiring of a temporary manager;
- investments in digital and/or ecological transition;
- expenses for certifications and consultancy.

For SMEs that are innovative, young, women-owned or headquartered in the South of Italy, and for companies that meet sustainability requirements, a non-repayable co-financing of up to 10% is available. Dedicated conditions were also provided for companies, including non-SMEs, with an interest in the Western Balkans and for exporting companies affected by energy price hikes or damaged by the floods in Central and Northern Italy.

Operations to support exporting companies affected by the conflict in Ukraine. In order to support Italian companies adversely impacted by the Russian-Ukrainian conflict, because they operate on the export or procurement front in Ukraine, Russia and Belarus, SIMEST has structured dual intervention through interest-free loans, again using the 394 Fund, and a non-repayable financing portion.
The terms and conditions were revised starting from 3 May 2023, with the conclusion of the activity on 31 October 2023.

Operations for exporting companies affected by flooding. To support Italian companies affected by the floods that hit the regions of central and northern Italy (Emilia-Romagna and neighbouring areas) in May 2023, SIMEST developed a package of measures, with a dedicated ceiling of 300 million euro.

The first was launched on 26 June 2023 and concerns the provision of compensation (non-repayable contributions) for exporting companies that suffered direct material damage due to the the wave of exceptionally bad weather.
The second, launched on 21 November 2023, concerns the granting of aid as compensation for loss of income to all companies that suffered a total or partial suspension of activity for a maximum period of six months from the date of the flood event in the area where the company is located.
At the end of the year, in the Anticipi decree linked to the 2024 Italian Budget Law, the operation of the measure for material damage compensation was extended also to Tuscany in consideration of the November 2023 flooding event, also providing support for direct supply chains.

NRRP operations. SIMEST was a recipient of European resources - Next Generation EU, through the National Recovery and Resilience Plan (NRRP). The operation, which consisted of three *ad hoc* structured soft loan lines, was suspended on 3 May 2022 due to the exhaustion of available funds.

2. 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 to support foreign direct investments promoted by Italian companies. The direct participation allows further intervention of SIMEST to be requested through the shareholder loan.
For investments in non-EU countries, in addition to benefiting from the participation of SIMEST and the Venture Capital Fund – managed under an agreement with MAECI – 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. The scope of the Venture Capital Fund´s operations was also extended by the 2022 Italian Budget Law to include start-up companies and innovative SMEs: an action carried out in synergistic collaboration between the Fund and CDP Venture Capital SGR in order to stimulate the strengthening of the Venture Capital ecosystem in Italy and bridge the development gap that still exists compared to other European countries. It amounts to 200 million euro, of which 50 million euro for direct investments and 150 million euro for indirect investments through the subscription of an International Fund of Funds, made available to foster the growth, also and above all international, of less structured companies.
Moreover, SIMEST, with only recourse to its own resources, can acquire minority interests in Italian companies in relation to international expansion and enhancement projects.

3. Export support

SIMEST, through the 295 Fund managed in agreement with MAECI, disburses a grant that allows Italian exporters to offer their foreign customers deferred payment conditions in the medium/long term (≥ 24 months) at a subsidised fixed interest rate. This subsidy 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 OFFICES AND CONTROL BODIES

Board of Directors

APPOINTED BY THE SHAREHOLDERS' MEETING OF 27 JUNE 2022 AND IN OFFICE UNTIL THE APPROVAL OF THE 2024 FINANCIAL STATEMENTS

Chairperson

Pasquale Salzano

Chief Executive Officer and General Manager[1]

Regina Corradini D'Arienzo

Directors

Guido Grimaldi

Federica Diamanti

Roberto Rio

Roberto Rati

Barbara Beltrame Giacomello

Board of Statutory Auditors

APPOINTED BY THE SHAREHOLDERS' MEETING OF 27 JUNE 2022 AND IN OFFICE UNTIL THE APPROVAL OF THE 2024 FINANCIAL STATEMENTS

Chairperson of the Board of Statutory Auditors

Ugo Venanzio Gaspari

Standing Auditors

Franca Brusco

Paolo Cotini

Alternate auditors

Barbara Aloisi

Massimo Scarafuggi

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

Stefania Petrucci[2]

Supervisory Body[3]

Chairperson (external standing member)

Raffaele Squitieri

Internal standing member

Manuela Sabbatini

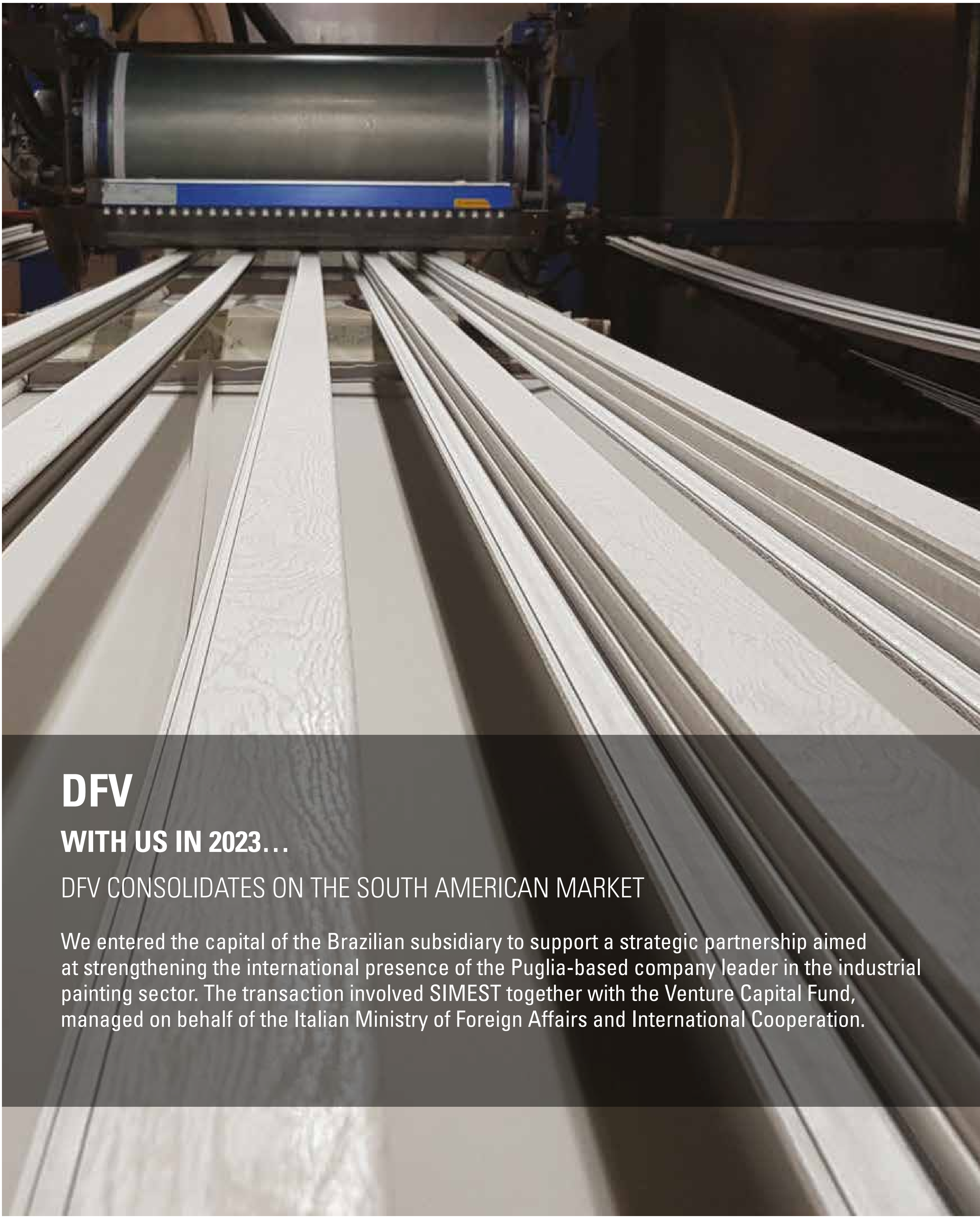
External standing member

Mario Casellato

Independent Auditors[4]

Deloitte & Touche Spa

1 Appointed Chief Executive Officer by resolution of the Board of Directors of 28 June 2022.
Appointed General Manager with effect from 1 July 2022 by resolution of the Board of Directors of 28 June 2022.
2 Appointed as the Delegate responsible for supervising the financial management of SIMEST Spa from 1 January 2021.
3 In office until 31 December 2025.
4 Appointed by resolution of the Ordinary Shareholders´ Meeting of 9 May 2023 for the financial years 2023, 2024 and 2025.



DFV

WITH US IN 2023…

DFV CONSOLIDATES ON THE SOUTH AMERICAN MARKET

We entered the capital of the Brazilian subsidiary to support a strategic partnership aimed at strengthening the international presence of the Puglia-based company leader in the industrial painting sector. The transaction involved SIMEST together with the Venture Capital Fund, managed on behalf of the Italian Ministry of Foreign Affairs and International Cooperation.

REPORT ON OPERATIONS

1. RECLASSIFIED FINANCIAL AND OPERATING HIGHLIGHTS

(millions of euro)	2023	2022	Change %
RECLASSIFIED BALANCE SHEET			
Total assets	517	545	-5%
Receivables for equity investments	471	509	-7%
Loans payable	179	215	-17%
Equity	313	310	+1%
RECLASSIFIED INCOME STATEMENT			
Gross income	65	51	+27%
Operating result	15	7	101%
Net income (loss) for the year	3.5	0.5	+588%

RESOURCES COMMITTED

(millions of euro)

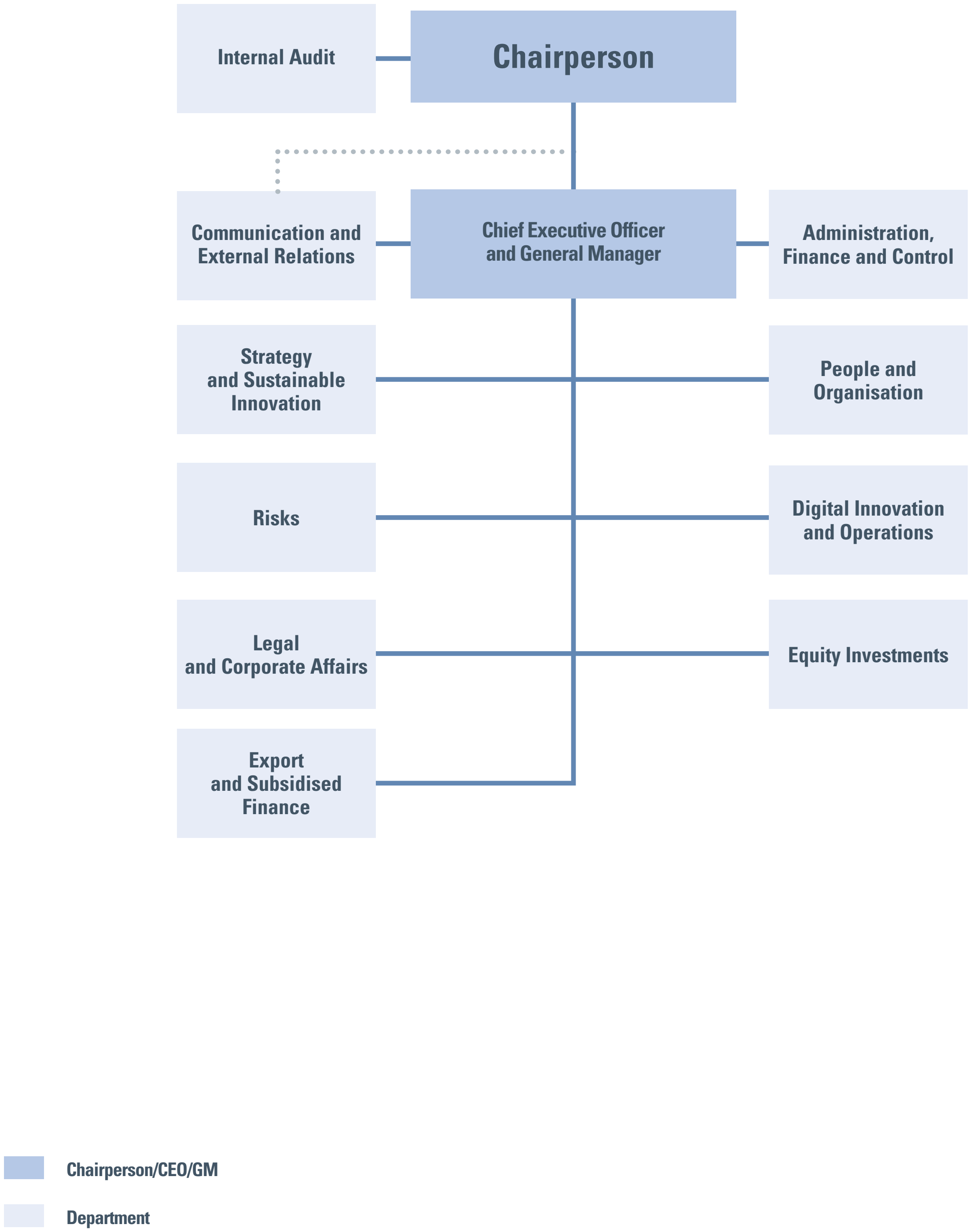
Amounts for the year	2023	2022	Change %
Soft loans	1,447	512	+183%
NRRP soft loans	0	570	-
Equity investments*	310	133	+132%
Total international expansion	**1,756**	**1,215**	+45%
Export support	6,213	524	+1086%
Total export	**6,213**	**524**	**+1086%**
Total new amounts	**7,969**	**1,738**	**+358%**
Year-end balances			
Soft loans	2,910	2,909	+0.03%
NRRP soft loans	400	375	+7%
Equity investments**	790	741	+7%
Total year-end balance	**4,100**	**4,026**	**+2%**

PERFORMANCE HIGHLIGHTS

(units; percentages)	2023	2022	Change %
PROFITABILITY RATIOS			
Cost/income ratio (%)	74	85	-13%
ROE (%)	1.1	0.2	+581%
OPERATING STRUCTURE			
Average headcount (including secondments)	201	201	+0%
Portfolio customers (active)	15,262	14,958	+2%
Target countries	125	124	+1%

* The item includes: SIMEST Equity Investments, Venture Capital Fund Equity Investments and Contributions on Equity Investments.
** The item includes: SIMEST Equity Investments, Venture Capital Fund Equity Investments.

2. ORGANISATIONAL STRUCTURE



3. 2023-2025 STRATEGIC PLAN

In December 2022, SIMEST's Board of Directors approved the Company's Strategic Plan for the three-year period 2023-2025. The first year of the 2023-2025 Strategic Plan ended with a commitment of resources of approximately 8 billion euro to support internationalisation projects mainly of Italian SMEs and Mid-Caps (98%) and the achievement of the objectives set out in the Plan.
The Strategic Plan outlines the action guidelines based on four pillars of evolution and transformation that have a cross-company impact on SIMEST's activities:
1. sustainable and quality revenues;
2. risk management, digitalisation and operational efficiency;
3. people and corporate culture;
4. impact on the local area and ESG.

With regard to the first pillar, the objective of increasing the quality and profitability of the equity investment portfolio was achieved, also thanks to the synergies deriving from the Commercial Plan with the Parent Company Cassa Depositi e Prestiti. The measures introduced have made it possible to reach out to local businesses in an increasingly widespread manner, strengthening the number of potential counterparties interested in the Equity Investment tool, also in combination with the intervention of the Venture Capital Fund, which recorded an increase in overall volumes of +64% compared to 2022.
SIMEST also upgraded its tools: with reference to the subsidised loans managed on behalf of the Italian Ministry of Foreign Affairs and International Cooperation, in March the support measures for companies affected by the Russia-Ukraine conflict, concluded in October 2023, were renewed. In July, SIMEST's Portal was reopened for companies to submit applications for the 394 Fund, renewed with loans focused on digital and ecological transition, capital strengthening, skills for internationalisation, growth on foreign markets and support for export-oriented production chains.
The new soft financing also provides for *ad hoc* measures for strategic markets and extraordinary events, with dedicated conditions for companies with direct interests in the Western Balkans, for companies affected by energy price hikes, and lastly for companies affected by the floods in Central and Northern Italy, to which specific relief measures have also been dedicated, confirming the ability of 394 Fund financing to respond promptly to the specific needs of companies.
During 2023, SIMEST also launched the operations of the Venture Capital Fund to support Italian start-ups and innovative SMEs, in collaboration with CDP Venture Capital, expanding the size of the companies served with a budget of 200 million euro between direct and indirect investments. The first investments supported during the year concerned innovative sectors such as space economy, foodtech, e-commerce and e-grocery.
In June, SIMEST also strengthened its international presence, opening its first foreign office in Belgrade. Identified in coordination with the Cassa Depositi e Prestiti Group and in close synergy with the Italian Ministry of Foreign Affairs and International Cooperation, Belgrade is at the heart of the Western Balkans region, an area with great potential for the international growth of the Italian production industry.
As envisaged in the Strategic Plan, the Belgrade inauguration will be followed by other new openings in strategic markets for the development of exports and the internationalisation of Made in Italy: Africa, South East Asia, Latin America and the United States. The next opening is scheduled for 2024 in Egypt.
The second pillar of the Plan envisages a strategic digital transformation over the three-year period with the aim of enhancing and maximising the timeliness of customer service. A process that was initiated in 2023 through the progressive digitalisation of Compliance and Anti-Money Laundering audits, contributing to an ever-increasing control of risks.
In line with the Plan´s indications, 2023 marked the start of the project dedicated to simplifying the process and reducing the time required to finalise Equity Investment transactions.

During 2023, the process of migrating all technologies to the new SIMEST infrastructure managed by CDP was completed. The digital transformation programme – which will continue throughout the Plan – was also launched, introducing new applications, including the new CRM (Customer Relationship Management).
In terms of people and corporate culture, the Plan intends to continue and strengthen the path already embarked on to develop welfare and well-being initiatives, contributing to the creation of an inclusive and sustainable culture that is able to make the most of everyone´s diversity and foster a better work-life balance. The introduction of services for medical assistance and specialist visits on site (Medicorner), caregiving, remote psychological support and sustainable mobility, in addition to new leisure time agreements and updated conditions for access to mortgages and subsidised loans, demonstrate SIMEST´s ongoing focus on the well-being of its employees. During 2023, a series of internal initiatives were also launched aimed at consolidating SIMEST´s new co-built and distinctive culture, creating ever greater engagement among colleagues.
Special emphasis was placed on enhancing human capital through the implementation of tailor-made training programmes designed to develop professional skills based on personal abilities and aptitudes. Paths dedicated to professionals under 30 were also established, along with the introduction of a new onboarding programme with a buddy system for support. Partner companies of SIMEST worldwide also implemented international mobility pathways, and a Brand Ambassador programme involving over 50 colleagues was initiated. This programme aims to promote and reinforce corporate identity, and includes partnerships with several Italian universities.
With regard to the impact on local areas and ESG, during 2023 SIMEST launched *ex ante* sustainability assessments, and made provision for the inclusion of ESG KPIs in Equity Investment contracts and *ex post* measurement, in coordination with CDP, in four areas of focus: energy transition, digitalisation, technological innovation and support for strategic supply chains. SIMEST also promoted internal initiatives aimed at training and supporting its employees on sustainability issues and external initiatives with companies and institutions to promote systemic dialogue on ESG issues.

4. MARKET CONTEXT

The international scenario

The global economic recovery, following the Covid-19 pandemic, Russia´s invasion of Ukraine and the inflationary dynamics affecting major markets, proved more robust decrease than expected. Inflation has taken a faster downward path than expected compared to the peak of 2022, generating an improvement in forecasts relating to employment and production activity, producing favourable developments on the supply side. However, policies to contain inflation, high interest rates and the withdrawal of fiscal support in a high debt environment will weigh on growth in 2024.
According to recent estimates by the International Monetary Fund,[1] in 2023, the change in world GDP was +3.1% on 2022. In advanced economies, GDP increased by 1.6%, while emerging and developing economies recorded an increase of +4.1%.
The weak pace of global demand was reflected in the dynamics of world trade in goods and services, which grew by 0.4% after +5.2% in 2022. Trade has been affected by geo-economic fragmentation and increasing trade distortions, as evidenced by the new trade restrictions introduced by governments (3,200 restrictive measures in 2022 and around 3,000 in 2023, up from around 1,100 in 2019).
With reference to the main areas, it should be noted that in the United States, GDP increased by 2.5% in 2023, surpassing pre-pandemic levels, while the Eurozone showed subdued growth, at +0.5%, reflecting reduced consumer confidence, the lingering effects of high energy prices and weak production and investment in the most interest rate-sensitive sectors.
Among the emerging and developing economies, the most notable figures were those of China, where economic activity returned to growth (+5.2%), after 2022 had seen Chinese GDP reach a rate – for the first time in 40 years – below the world average, and India, whose GDP grew by 6.7%, supported by strong domestic demand.
Global foreign direct investment (FDI) flows grew by 3% in 2023,[2] reaching 1,365 billion US dollars, despite negative expectations, partly due to the easing of recession fears that had characterised the early months of the year and curbed investor activity.
Among mature economies, foreign direct investment to the EU rose from -150 billion US dollars in 2022 to +141 billion US dollars, thanks to significant movements in Luxembourg and the Netherlands. Net of these, flows to the rest of the EU decreased by 23%. FDI to other advanced countries also remained stagnant, with zero growth in North America, where the US – which remains the world´s leading FDI recipient – recorded a 3% drop in inflows, as well as a 2% drop in the number of greenfield projects and a 5% drop in international project financing initiatives.
Foreign investments in emerging economies dropped by 9% compared to 2022; in particular, the figures for China (-6%) and India (-47%) stand out. India, nevertheless, remains among the top five destinations for greenfield projects globally.
New investment projects, including greenfield investment announcements, international project financing initiatives and M&A transactions were generally affected by deteriorating financing conditions, rising interest rates and increasing uncertainty in the financial markets.
Looking at sectors, there was a 16% increase in the number of projects in 2023 in sectors that are highly dependent on global supply chains, in particular automotive, textiles, mechanics and electronics.
On the other hand, new international project financing initiatives in renewable energies decreased by 17% in number and 10% in value, for the first time since the 2015 Paris Agreements.

1 See International Monetary Fund, *World Economic Outlook Update*, January 2024.
2 See UNCTAD, *Global Investment Trends Monitor*, January 2024.

The global outlook for 2024

Global GDP forecasts for 2024[3] are for growth of 3.1%, driven by the United States and China, and in line with 2023. For 2025, growth of 3.2% is expected. The forecast for the two-year period is lower than the historical average (2000-2019) of 3.8%, due to restrictive monetary policies and the end of fiscal support, as well as low underlying productivity growth and generally worsening consumer and business confidence.

For the advanced economies, growth is expected to slow slightly in 2024, followed by an increase in 2025, when the recovery in the Eurozone is expected to be countered by a slowdown in growth in the US. For emerging and developing economies, stable growth is expected in 2024 and 2025 (+4.1%).

World trade is expected to accelerate to 3.3% in 2024 and 3.6% in 2025, broadly in line with the projected growth rate of global GDP, but below the historical average of 4.9%. As in 2023, the high cost of credit could still dampen global demand for investment and durable goods. Possible disruptions in global value chains, resulting in particular from attacks on ship traffic in the Red Sea, or increases in energy prices caused by unfavourable developments in the Middle East war are the main downside risks.

Price levels are falling faster than expected in most economies, and overall headline inflation is expected to fall to 5.8% in 2024 and 4.4% in 2025.

As for FDI, UNCTAD[4] expects global flows to accelerate modestly in 2024, in light of projected stabilisation of prices and financing costs in major markets. However, risk factors related to the geopolitical situation, high debt levels accumulated in many countries and concerns about a worsening global economy will also weigh on FDI.

The global economic outlook therefore remains characterised by high uncertainty and risks determined, among other things, by the evolution of the conflict in the Middle East, where some 35% of world oil exports and 14% of gas exports originate. The attacks in the Red Sea, through which 11% of global trade flows, and the ongoing war in Ukraine risk generating new adverse supply-side shocks to the global recovery, with spikes in food, energy and transport prices.

The Italian economy

The growth of the Italian economy for 2023 was 0.9%, down compared to +4.0% in 2022.[5] After the first months of the year, in which GDP dynamics accelerated slightly, growth remained almost zero in the last months of 2023, held back by monetary tightening, still high energy prices and weak foreign demand.

Manufacturing activity was affected by the weak economic performance of Italy´s main trading partners, particularly Germany, and difficulties in energy-intensive industrial production, on which electricity and gas prices continue to have an impact.

3 See International Monetary Fund, cit.
4 See UNCTAD, cit.
5 See ISTAT, *GDP and PA debt (Years 2021-2023)*, 1 March 2024.

After the decline in the first half of the year, exports in volume resumed growth in the third quarter, thanks in particular to the goods component – especially in the mechanical engineering and pharmaceuticals sectors – which more than offset the decline in the services component. On a year-on-year basis, exports of goods and services were stationary, with the decrease in sales to the EU (-2.3%) offset by the increase to non-EU markets (+2.5%). Imports dropped by 10.4%, due to lower purchases of energy and intermediate goods.[6]

The latest available data show that between January and November 2023, Italian exports of goods and services grew by 0.7% compared to the same period of the previous year, while imports fell by 9.8%.[7]

The foreign orders indicator of the ISTAT survey of manufacturing companies and the corresponding PMI index reflect the weakness of foreign demand, but also an improvement in the delivery time of goods. However, this trend could be reversed if attacks on ships in the Red Sea, where almost 16% of Italian imports by value and 7% of exports transit, continue.

The average annual inflation rate was 5.7% in 2023 (+8.1% in 2022); net of energy prices, consumer prices increased by 5.3% (+4.1% in 2022).[8]

Employment rose to 61.9% of the workforce and the unemployment rate, down compared to 2022, stood at 7.2%.[9]

Foreign direct investments reached 32.7 billion euro in 2023, compared to 44 billion euro in 2022.[10]

In the twelve months from December 2022 to November 2023, foreign direct investments amounted to 32.5 billion euro, compared to more than 39 billion euro in the same period last year.[11]

Industrial production decreased in the last quarter of 2023, in line with the negative trend since the second half of 2022, as a result of weak demand and energy costs. The tertiary sector stagnated, confirming the end of the recovery resulting from the reopening of economic activities after the closures due to the pandemic. As for investments, they slowed down due to the tightening of financing conditions.[12]

The opinions of companies on the general economic situation and the outlook for their operating conditions improved during the year, but remain negative, as a result of concerns related to economic and political uncertainty and the trend in energy commodity prices.

In the macroeconomic scenario envisaged for the four-year period 2023-2026 by the Bank of Italy[13] – based on the assumption that the geopolitical context will not be characterised by significant new tensions in commodity and financial markets – international trade is expected to return to growth rates of 3% and energy commodity prices to gradually decline. Italian GDP is expected to expand by 0.6% in the current year and by 1.1% in both 2025 and 2026. Inflation is expected to stay below 2% over the forecast period, mainly due to lower energy prices and intermediate costs, which, given the weakness of aggregate demand, would also be transmitted to the prices of other goods and services. Overall, the outlook is subject to downside risks and a high degree of uncertainty, linked to the possibility that the low dynamism of world trade will persist, in connection with the weakness of the Chinese economy and a possible escalation of international political tensions. The tightening of financing conditions could also be more pronounced and affect investment dynamics to a greater extent.

6 See ISTAT, *Foreign trade and import prices (December 2023)*, 15 February 2024.
7 See ISTAT, *Foreign trade and import prices (November 2023)*, 14 January 2024.
8 See ISTAT, *Consumer prices. Actual data (December 2023)*, 16 January 2024.
9 See ISTAT, *Employed and unemployed. Provisional data (December 2023)*, 31 January 2024.
10 See Bank of Italy, *Balance of payments and financial position abroad*, 20 February 2024.
11 See Bank of Italy, *Balance of payments and financial position abroad*, 18 January 2024.
12 See Bank of Italy, *Survey on inflation and growth expectations*, 15 January 2024.
13 See Bank of Italy, *Economic Bulletin*, no. 1/2024, January 2024.

5. BUSINESS PERFORMANCE

5.1 Resources committed

Resources committed from SIMEST's available funds and those of subsidised public funds in 2023 totalled 7,969 million euro (compared to 1,738 million euro in 2022). Among the various instruments for internationalisation, committed resources amounted to 1,756 million euro[14] (+45% compared to 2022), with a significant contribution from subsidised loans for internationalisation, which in 2023 recorded total acceptances of 1,447 million euro. With regard to equity investments, a total of 168 million euro of equity investments were completed, of which 94 million euro in SIMEST Equity Investments and 74 million euro in Venture Capital Fund Equity Investments. The various export support instruments showed a significant increase in 2023 compared to 2022, following the recovery of activities after the slowdown in 2022.
The resources committed enabled the release of investments worth a total of 9,505 million euro, with the aim of increasing support for the economy through a so-called "multiplier effect" of 1.2 times. The number of customers served in 2023 is 2,898 companies.

RESOURCES COMMITTED (2023 FLOWS)

Business lines (millions of euros)	**2023**	**2022**	**Change %**
Soft loans	1,447	512	+183%
NRRP soft loans	-	570	-100%
SIMEST Equity Investments	94	70	+35%
Venture Capital Fund Equity Investments	74	33	+127%
Contributions on Equity Investments*	142	31	+359%
TOTAL FUNDS FOR INTERNATIONAL EXPANSION	**1,756**	**1,215**	**+45%**
Export support*	6,213	524	+1086%
TOTAL EXPORT SUPPORT	**6,213**	**524**	**+1086%**
TOTAL NEW LENDING, INVESTMENTS AND MANAGED RESOURCES	**7,969**	**1,738**	**+358%**

* Total underlying nominal value.

The managed portfolio as at 31 December 2023 amounted to 4,100 million euro, an increase of 2% compared to 31 December 2022 (4,026 million euro). With reference to SIMEST Equity Investments and Venture Capital Fund, the portfolio totalled 790 million euro, up 7% from 741 million euro as at 31 December 2022, as a result of subscriptions and disposals during the period; with regard to soft loans, the positive trend of the product was confirmed, reflected in the increase in portfolio amounts (2,910 million euro compared to 2,909 million euro as at 31 December 2022); the portfolio under NRRP resources amounted to 400 million euro (375 million euro as at 31 December 2022). As at 31 December 2023, SIMEST supported 15,262 businesses in their international expansion and export programmes in 125 countries.

14 Includes soft loan products (including Integrated Promotion Fund resources), SIMEST Equity Investments, Venture Capital Fund and Contributions on Equity Investments.

RESOURCES COMMITTED (AMOUNTS AT THE END OF 2023)

Business lines (millions of euros)	**2023**	**2022**	**Change %**
Soft loans	2,910	2,909	+0%
NRRP soft loans	400	375	+7%
TOTAL SOFT LOANS	**3,310**	**3,285**	**+1%**
SIMEST Equity Loans	556	564	-1%
Venture Capital Fund Equity Loans	234	177	+32%
TOTAL EQUITY INVESTMENTS	**790**	**741**	**7%**
TOTAL YEAR-END BALANCE	**4,100**	**4,026**	**+2%**

5.2 International expansion

5.2.1 Soft loans for international expansion

(Law 394/81 Fund, Integrated Promotion Fund and Sustainable Growth Fund Share)

On the basis of the Agreement with the Italian Ministry of Foreign Affairs and International Cooperation, SIMEST manages the Law 394/81 Fund, established for the disbursement of subsidised loans aimed at the internationalisation of Italian companies and, starting from 16 June 2020, the section of the Integrated Promotion Fund for non-repayable co-financing.

During 2023, following the extension of the Temporary Crisis and Transition Framework to 31 December 2023, the Portal was reopened to receive applications for funding to support exporting companies affected by the consequences of the Russia-Ukraine conflict, and urgent operations were launched to support exporting companies located in the areas affected by the flooding events. In addition, the process of revising and updating the intervention lines of Law 394/81 Fund was finalised, with the aim of more effectively supporting the internationalisation of companies and their investments to increase their competitiveness in foreign markets.

The Facilities Committee (the interministerial body responsible for the administration of subsidised loans under Law 394/81 Fund) approved 3,041 operations (of which 2,669 with non-reimbursable co-financing) in 2023 for an amount of 1,447 million euro (of which 364 million euro with non-reimbursable co-financing), an increase compared to the amount of operations approved in 2022 of 1,081 million euro (4,135 operations, including the 3,332 initiatives approved in 2022 from NRRP resources for 570 million euro).

SOFT LOANS

Approved volumes – by Fund

Funds	**Number of transactions***	**Millions of euro**
Soft loans from the Law 394/81 Fund	3,041	1,083
Share of Integrated Promotion Fund	2,669	364
GRAND TOTAL	**3,041**	**1,447**

* 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.

The transactions accepted in 2023 refer to: (i) traditional operations restarted from 27 July 2023; (ii) operations in support of Italian exporting companies impacted by the Russia-Ukraine conflict, following the extension to 31 December 2023 of the Temporary Crisis and Transition Framework aid scheme, approved on 9 November 2022 by the European Commission; (iii) NRRP applications received on 3 May 2022, exceeding the NRRP resources, managed using the ordinary resources available from the Law 394/81 Fund and non-repayable co-financing under the *de minimis* regime; and (iv) measures to support exporting companies damaged by the floods.

SOFT LOANS

Approved volumes – by product (Law 394/81 Fund and share of Integrated Promotion Fund)

Products	Number of transactions*	Millions of euro
Traditional operations	**1,438**	**412**
of which Soft loans from the Law 394/81 Fund	*1,438*	*387*
of which Share of Integrated Promotion Fund	*1,156*	*26*
Ukraine import and export operations	**536**	**619**
of which Soft loans from the Law 394/81 Fund	*536*	*372*
of which Share of Integrated Promotion Fund	*536*	*248*
Operations pursuant to NRRP with ordinary resources	**1,010**	**393**
of which Soft loans from the Law 394/81 Fund	*1,010*	*324*
of which Share of Integrated Promotion Fund	*920*	*69*
Emilia-Romagna flood emergency operations	**57**	**22**
of which Soft loans from the Law 394/81 Fund	*0*	*0*
of which Share of Integrated Promotion Fund	*57*	*22*
GRAND TOTAL	**3,041**	**1,447**

* 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.

The volumes of Soft loans approved in 2023 are broken down as follows:

Traditional operations equal to 1,438 transactions amounting to 412 million euro:

a. **Digital and ecological transition**: 600 loans amounting to 283 million euro (of which 15 million euro as the related non-reimbursable co-financing share) for the green digital and ecological transition of companies with an international vocation;
b. **Trade fairs and events**: 793 loans amounting to 113 million euro (of which 9 million euro as the related non-reimbursable co-financing share) for participation in international trade fairs and events, also in Italy, and system missions;
c. **Foreign market penetration**: 28 loans amounting to 15 million euro (of which 1 million euro as the relative portion of non-repayable co-financing) for the implementation of programmes to enter foreign markets, which support Italian companies in establishing commercial structures abroad;
d. **E-commerce:** 17 loans amounting to 2 million euro (of which 0.2 million euro as the related non-repayable co-financing) for the creation or enhancement of e-commerce platforms for the promotion and sale of on-line products.

Ukraine import and export operations equal to 536 transactions amounting to 619 million euro:

e. **Ukraine import:** 337 loans amounting to 463 million euro (of which 185 million euro as the relative portion of non-repayable co-financing) to support Italian exporting companies with supplies from Ukraine and/or the Russian Federation and/or Belarus, affected by the consequences of the Russia-Ukraine conflict;
f. **Ukraine export**: 199 loans amounting to 156 million euro (of which 63 million euro as the relative portion of non-repayable co-financing) to support Italian exporting companies in Ukraine and/or the Russian Federation and/or Belarus, affected by the consequences of the Russia-Ukraine conflict;

Operations pursuant to NRRP with ordinary resources equal to 1,010 transactions amounting to 393 million euro:

g. **Digital and ecological transition**: 877 loans amounting to 380 million euro (of which 66 million euro as the relative portion of non-repayable co-financing) for the digital and ecological transition of companies with an international interest with ordinary resources;
h. **E-commerce:** 84 loans amounting to 10 million euro (of which 2 million euro as the related non-repayable co-financing) for the creation or enhancement of e-commerce platforms for the promotion and sale of on-line products with ordinary resources;

i. **Trade fairs and events**: 49 loans amounting to 3 million euro (of which 1 million euro as the related non-reimbursable co-financing share) for participation in international trade fairs and events, also in Italy, and system missions with ordinary resources.

Emilia-Romagna flood emergency operations equal to 57 transactions amounting to 22 million euro:

j. **Material damage grants**: 54 grants amounting to 17 million euro (entirely non-repayable) for compensation for direct material damage to exporting companies located in the areas affected by the floods;

k. **Loss of income relief**: 3 grants amounting to 5 million euro (entirely non-repayable) relating to grants for loss of income due to total or partial suspension of activity for a maximum period of six months after the flood event.

The table below summarises all the soft loans from the Law 394/81 Fund and the Integrated Promotion Fund approved in 2023.

SOFT LOANS (millions of euro)

Approved loans – by country (Law 394/81 Fund and share of Integrated Promotion Fund)

Main target countries	Digital and ecological transition	Trade fairs and events	Foreign market penetration	E-commerce	Digital and ecological transition pursuant to NRRP with ordinary resources	E-commerce NRRP with ordinary resources	Trade fairs and events NRRP with ordinary resources	Ukraine measures	Flood emergency measures
Italy	283	58	-	2	380	10	2	619	22
Germany	-	26	0.3	-	-	-	0.4	-	-
United States of America	-	5	5	-	-	-	0.1	-	-
France	-	7	1	-	-	-	0.2	-	-
United Arab Emirates	-	4	-	-	-	-	0.1	-	-
Spain	-	2	1	-	-	-	-	-	-
United Kingdom	-	1	2	-	-	-	0.1	-	-
Albania	-	1	1	-	-	-	-	-	-
The Netherlands	-	2	-	-	-	-	-	-	-
Saudi Arabia	-	0.3	1	-	-	-	-	-	-
Other countries*	-	7	5	-	-	-	0.1	-	-
GRAND TOTAL	**283**	**113**	**15**	**2**	**380**	**10**	**3**	**619**	**22**

* Includes transactions with other countries with total amounts of less than 15 million euro. These mainly include Poland, China, the Principality of Monaco, Singapore, Montenegro, Canada, Switzerland and Ireland.

The soft loans from the Law 394/81 Fund granted in 2023 concerned initiatives in 40 countries. Programmes to enter foreign markets were concentrated in the United States, the United Kingdom, Spain and France; loans for e-commerce were requested exclusively for markets in Italy, while the participation of companies in trade fairs and events was mainly directed towards international events held in Italy, Germany and the United States; trade fairs and events with ordinary resources, on the other hand, mainly concerned Italy, Germany and France.

SMEs accounted for 76% of the approved volumes, while the remaining 24% benefited Mid-Caps[15] and large companies. The sectors that were the biggest recipients of soft loans were the metalworking industry (19%), the mechanical industry (18%), the agri-food industry (12%) and the chemical/petrochemical industry (10%).

During 2023, a total of 430 million euro were disbursed (of which 129 million euro were non-repayable), including 64 million euro from NRRP resources.

At the end of 2023, there was an outstanding portfolio of transactions disbursed equal to 2,910 million euro relating to ordinary operations (of which 2,770 million euro on the ordinary 394 Fund, 116 million euro on operations pursuant to NRRP with ordinary resources and 24 million euro on the Sustainable Growth Fund) and 400 million euro on NRRP resources.

15 Mid-Caps are companies with up to 1,500 employees that do not qualify as SMEs.

5.2.2 Equity investments

SIMEST Equity Investments: direct equity investments

With reference to the line of operations relating to Equity Investments, during the year, SIMEST finalised 26 new transactions on equity investments and 2 share capital increases, totalling 94 million euro (including shareholder loans), an increase of 35% compared to 2022, also thanks to the gradual roll-out of the new business model envisaged by the 2023-2025 Strategic Plan. The new transactions refer to counterparties with high credit standing (87% new subscriptions with rating ≥ BB) with a view to the economic and financial sustainability of the portfolio.
The international economy continued to grow in 2023, with a moderate decrease compared to the trend observed in the previous year, due to the high level of uncertainty mainly linked to the escalation and spread of geopolitical tensions on various scenarios and the less favourable change in conditions in the financial markets.
In recent months, more restrictive monetary policies aiming to contain inflation have hampered all major markets, which have to deal with an increasingly uncertain outlook and interest rates that may remain at high levels for longer than expected.
Despite this challenging environment of uncertainty, which is expected to continue in the coming months, Italian companies have shown significant interest in pursuing foreign investment projects for various reasons, such as, among others, the need to expand the market and diversify risk.
The main investment destinations include the United States (36%), Brazil (19%) and Romania (11%). In particular, in addition to various operations related to the production of automotive components, two operations for the construction and operation of photovoltaic plants in Mozambique and Romania are worth mentioning.

SIMEST EQUITY INVESTMENTS (millions of euro)
Approved equity investments – by country

New projects and capital increases*	SIMEST commitment
United States of America	33
Brazil	18
Romania	10
Switzerland	7
Republic of Serbia	5
Canada	5
Poland	3
Spain	3
Austria	2
Mexico	2
China	1.5
Chile	1.5
Mozambique	1
Croatia	0.5
United Arab Emirates	0.3
GRAND TOTAL	**94**

* Includes shareholder loan transactions.

The main sectors of the equity investments finalised were 21% automotive, 16% electronics/IT, 13% chemical/petrochemical for the production of plastic components and 12% renewables.

SIMEST EQUITY INVESTMENTS (millions of euro)

Equity investments – by sector

New projects and capital increases*	**SIMEST commitment**
Automotive	20
Electronics/IT	15
Chemical/Petrochemical	12
Renewables	11
Agri-food	10
Mechanical industry	7
Non-financial services	7
Metalworking industry	5
Other industries	7
GRAND TOTAL	**94**

* Includes shareholder loan transactions.

In addition, 36 transactions were approved in 2023, including 22 new investment projects and 1 capital increase in companies already invested in for a total of 88 million euro (in line with 2022), in addition to 13 changes/redefinitions of shareholding plans approved or subscribed.
Around 82% of the transactions approved involved investment projects in non-EU countries, with a total commitment of 72 million euro, while the remaining 18% involved EU countries.
The main investment destinations include the United States of America with a commitment for SIMEST of 28 million euro, followed by Brazil (15 million euro), Romania (10 million euro), Canada (8 million euro) and Switzerland (7 million euro). For the remainder, operations are spread across several countries, some of which are traditional investment destinations, such as the United Kingdom, Poland and Mexico, joined by less frequent destinations such as Serbia, Spain, Chile and the United Arab Emirates.
In terms of sectoral breakdown, the destination of initiatives in sectors that characterise the Italy´s production structure, such as the automotive, electronics/IT, agri-food and mechanical industries, was confirmed, along with the renewables, non-financial services, chemical/petrochemical, metalworking and textiles sectors.

In 2023, in implementation of the agreements with the partner companies, 19 equity investments were sold for a total of 96 million euro after impairment. At year-end, as a result of portfolio transactions in 2023, SIMEST held equity investments in 221 companies in Italy and abroad for a total of 556 million euro (including the equity investment in FINEST and shareholder loans), compared with 564 million euro at the end of 2022 (-1%).

Equity investments of the Venture Capital Fund

The Single Venture Capital Fund, managed by SIMEST on behalf of the Italian Ministry of Foreign Affairs and International Cooperation, consists of a minority shareholding – in addition to the direct shareholding of SIMEST and/or FINEST – in the share capital of companies established by national companies in foreign countries and the subscription of financial or equity instruments, including shareholder loans. The Fund operates in all countries, with the sole exception of Italy.
In 2023, traditional operations – which continued on an ordinary basis – were accompanied by the launch of the new operations of the Single Venture Capital Fund to support the internationalisation processes of start-ups, including innovative start-ups and innovative SMEs, in collaboration with CDP Venture Capital SGR (direct and indirect investments).
During 2023, equity investments using the Venture Capital Fund´s available funds amounted to 74 million euro (includingshareholder loans) for a total of 31 transactions, of which 29 new equity investments for 68 million euro and 2 capital increases for 6 million euro in companies in which the Fund had already invested as at 31 December 2022.
The volumes committed include operations in favour of start-ups, including innovative start-ups and innovative SMEs, in collaboration with CDP Venture Capital SGR, totalling 4.2 million euro, of which 1 million euro paid into the International Fund of Funds as part of indirect operations and 3.2 million euro as part of direct operations.
The geographical distribution of the Fund´s new initiatives shows the interest of companies in the United States of America with 12 subscriptions totalling 30 million euro and Brazil with 4 initiatives totalling 10 million euro.

VENTURE CAPITAL FUND EQUITY INVESTMENTS (millions of euro)

Equity investments – by country

New projects and capital increases*	Venture Capital Fund commitment
United States of America	30
Brazil	10
Republic of Serbia	5
Romania	5
Canada	5
Italy	4
Poland	3
Spain	3
Austria	2
Mexico	2
China	1.5
Chile	1.5
Mozambique	1
Croatia	0.5
United Arab Emirates	0.3
GRAND TOTAL	**74**

* Includes shareholder loan transactions.

The main sectors of the equity investments completed during the year were 18% automotive, 16% chemical/petrochemical for the production of plastic components, 14% agri-food and 10% electronics/IT.

VENTURE CAPITAL FUND EQUITY INVESTMENTS (millions of euro)

Approved equity investments – by sector

New projects and capital increases*	Venture Capital Fund commitment
Automotive	13
Chemical/Petrochemical	12
Agri-food	10
Electronics/IT	8
Mechanical industry	7
Renewables	6
Non-financial services	5
Metalworking industry	5
Other industries	8
GRAND TOTAL	**74**

* Includes shareholder loan transactions.

In addition, during the year, a total of 31 transactions were approved, of which 25 related to new investment projects and 1 capital increase in companies already invested in for a total of 75 million euro (an increase of 38% compared to 2022), plus 5 redefinitions of plans for previously approved projects. The volumes approved include four equity investments in start-up companies, including innovative start-ups and SMEs, totalling 6 million euro, relating to the implementation and management of satellite communication equipment, the food sector with business intelligence systems with an impact on waste reduction in food production, and the electronics/IT sector for innovative, integrated solutions for shipment management and tracking.

The geographical breakdown of the commitments accepted follows the breakdown of SIMEST Equity Investments. Around 77% of the volumes approved involved investment projects in non-EU countries, with a total commitment of 58 million euro, while the remaining 23% involved EU countries.
The main investment destinations include the United States of America with a commitment of 24 million euro, followed by the United Kingdom (10 million euro) and Canada (8 million euro).
In terms of sector breakdown, the destination of initiatives in sectors that characterise Italy´s production structure, such as agri-food, automotive, electronics/IT and the mechanical industry, was confirmed.

In 2023, in implementation of the agreements with the partner companies, 10 equity investments were sold for a total of 13 million euro. As a result of the transactions recorded during the year, the portfolio of equity investments held by SIMEST under the Single Venture Capital Fund amounted to approximately 234 million euro at the end of 2023 (up 32% from 177 million euro in 2022) in 166 companies abroad (149 at the end of 2022).

Start-Up Fund Equity Investments

In 2023, the Start-Up Fund, set up under Ministerial Decree 102 of 4 March 2011 and managed by SIMEST, continued to operate solely in relation to the management of an equity investment under litigation.
At the end of 2018, under Italian Law 145 of 30 December 2018 (2019 Budget Law), the closure and the phase-out management of the Start-Up Fund were ordered, and on 19 March 2019, SIMEST and the Italian Ministry of Economic Development signed the special agreement set forth in the regulations for the phase-out management of the Start-Up Fund. Consequently, there were no new investment initiatives.
As a result of Italian Law Decree 104 of 21 September 2019, converted, with amendments, by Italian Law 132 of 18 November 2019, the phase-out management of the Start-Up Fund was also transferred to the Italian Ministry of Foreign Affairs and International Cooperation, Directorate General for the Promotion of the Country's Economy. In July 2022, a specific Agreement was signed between SIMEST and the MAECI for the phase-out management of the Start-Up Fund, which amends the aforementioned Agreement of 19 March 2019 with the replacement of the Italian Ministry of Enterprises and Made in Italy (MIMIT) with the MAECI.
As at 31 December 2023, there are no longer any transactions on the Start-Up Fund, except for one position, which will be settled in accordance with the obligations envisaged for the closure of the related phase-out management.

Contributions on equity investments (Law 295/73 Fund)

In 2023, SIMEST managed interest subsidies in support of international expansion relating to the Law 295/73 Fund, whose responsibilities – from 1 January 2020 – were assigned to the Italian Ministry of Foreign Affairs and International Cooperation, together with the Italian Ministry of Economic Development and the Italian Ministry of the Economy and Finance (Article 2 of Italian Law Decree 104/2019, converted, with amendments, by Italian 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 involving FINEST.
In 2023, the Facilities Committee approved 14 transactions for a total of 142 million euro (compared with 10 transactions totalling 31 million euro in 2022). The marked increase is to be interpreted as a direct consequence of a capital market characterised by steadily higher interest rates in 2023, a context in which the interest subsidy managed by SIMEST played a significant role in optimising the funding cost of foreign investment projects promoted by Italian companies.
The approved transactions relate to investment initiatives with the participation of SIMEST in the capital of companies in non-EU countries. The main destination countries are the United States of America (40% of volumes), followed by Canada and India.

CONTRIBUTIONS ON EQUITY INVESTMENTS (millions of euro)

Deferred principal amount approved – by country

Countries	**Underlying nominal value**
United States of America	57
Canada	40
India	38
Mexico	4
Brazil	1
Other	2
GRAND TOTAL	**142**

The main investment sectors were chemical/petrochemical (34%), mechanical industry (29%) and agri-food (28%).

CONTRIBUTIONS ON EQUITY INVESTMENTS (millions of euro)

Deferred principal amount approved – by industry

Industries	**Underlying nominal value**
Chemical/Petrochemical	48
Mechanical industry	42
Agri-food	40
Metalworking industry	5
Automotive	5
Other industries	3
GRAND TOTAL	**142**

5.3 Export support (Law 295/73 Fund)

Contributions on export support financing (buyer credit and supplier credit)

The Law 295/73 Fund (Article 3 of Italian Law 295/73, hereinafter the "Fund"), managed by SIMEST on behalf of the Italian Ministry of Foreign Affairs and International Cooperation in agreement with the Italian Ministry of Economy and Finance (MEF), 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 interest rate stabilisation at a subsidised fixed rate (CIRR regulated by the OECD) and the granting of non-repayable public interest subsidies, the Facilities Committee (the interministerial body responsible for administering the Law 295/73 Fund), accepted a total of 195 transactions in 2023 amounting to 6,213 million euro (compared to 96 transactions amounting to 524 million euro in 2022), of which 178 supplier credit transactions amounting to 501 million euro (compared to 88 transactions amounting to 468 million euro in 2022), and 17 buyer credit transactions amounting to 5,713 million euro, of which 9 changes related to the increase in the amount of loans already admitted to subsidised intervention amounting to 1,914 million euro (compared to 8 transactions amounting to 55 million euro in 2022).

EXPORT SUPPORT (millions of euro)

Approved capital portion – by product

Products	**Number of transactions**	**Underlying nominal value**
Export subsidy on buyer credit	17	5,713
Export subsidy on supplier credit	178	501
GRAND TOTAL	**195**	**6,213**

Of these transactions, 3,799 million euro, relating to 8 buyer credit transactions, concerned the financing of supplies from Italian exporters to foreign counterparties in the shipbuilding (cruise sector) and defence sectors; 1,914 million euro concerned increases in the nominal value of 9 buyer credit transactions already approved and relating to orders in the cruise ship sector.

The remaining 501 million euro concerned 178 supplier credit transactions relating to the financing of supplies of machinery and plant in the mechanical, chemical/petrochemical and metalworking industries by Italian companies for foreign counterparties.

With regard to buyer credit and supplier credit transactions, the main target countries of the foreign counterparties that are recipients of supplies were Bermuda, Cayman, Nigeria, Malta and Panama.

EXPORT SUPPORT (millions of euro)

Approved capital portion – by country of destination of the supplies

Countries	**Underlying nominal value**
Bermuda	4,090
Cayman	458
Nigeria	443
Malta	377
Panama	216
United States of America	164
Republic of South Africa	79
Turkey	49
Spain	48
France	47
Other	241
GRAND TOTAL	**6,213**

In terms of breakdown by sector, the overall volumes mainly concerned supplies in the cruise ship industry (85%), defence (7%), mechanical industry (5%), chemical/petrochemical (1%) and, for the remainder, supplies in the metalworking, textiles, automotive, oil & gas and other industries.

EXPORT SUPPORT (millions of euro)

Approved capital portion – by reference sector of supplies

Industries	**Underlying nominal value**
Cruise ship	5,269
Defence	443
Mechanical industry	294
Chemical/Petrochemical	38
Metalworking industry	26
Textiles	15
Automotive	12
Oil & Gas	10
Other industries	106
GRAND TOTAL	**6,213**

5.4 Promotion and development activities

In 2023, SIMEST´s product promotion activities were stepped up, contributing to the structuring of actions to better meet the needs of the national business community.
With reference to subsidised finance instruments, in 2023 SIMEST renewed – under the direction of the Italian Ministry of Foreign Affairs and International Cooperation – the range of soft loans to support sustainability and digitalisation paths for greater competitiveness of companies and production chains on foreign markets. In July, a presentation event was held at the Italian Ministry of Foreign Affairs and International Cooperation in the presence of companies and institutions, with the subsequent launch of the submission of loan applications on the SIMEST portal.
At the same time, SIMEST continued to promote the extraordinary measures introduced to support both exporting companies affected by the crisis in Ukraine and exporting companies affected by the flooding events recorded in May in Emilia-Romagna and neighbouring areas, and later, in November, in Tuscany.
In order to disseminate the operational details of the extraordinary and ordinary measures, webinars and meetings were organised with trade associations, institutional subjects and industry professionals.
At the same time, relations with representatives of banking institutions were further consolidated and increased, with the launch of new collaborations aimed in particular at the promotion of subsidised finance, supplier credit and equity investment instruments, so as to be able to offer more solid and structured support to companies dedicated to internationalisation.
A cooperation agreement between SIMEST and the banking system has also been put in place with Associazione Bancaria Italiana (ABI), the Italian Banking Association) to expand the availability of soft loans, aiming to reach a greater number of SMEs. This agreement, open to all banks, has already seen initial subscriptions within its first year of operation. Under these agreements, training initiatives on subsidised finance as well as the promotion of the full range of SIMEST instruments were carried out.
In order to promote SIMEST´s services through joint information and training initiatives, discussions were initiated with Italian regions and meetings were held with their representatives to structure cooperation agreements with the Lazio, Lombardy and Puglia regions.
Furthermore, throughout 2023, cooperation agreements were signed with trade associations and trade fair organisers, in particular with ICE, Conflavoro PMI, FederUnacoma, Cosmoprof and Assocamerestero. These agreements aim to provide assistance to companies in defining their growth strategy abroad and to encourage support for internationalisation projects and initiatives.

The promotion and development activities carried out by SIMEST in 2023 were also implemented in synergy with the CDP Group, in line with the 2023-2025 Strategic Plan, focusing mainly on enhancing commercial activities in the area through dedicated area teams and joint commercial initiatives with the Parent Company. Throughout the year, business meetings were conducted, focusing particularly on the SME and Mid-Cap segments. These meetings facilitated the creation of synergies aimed at reaching a broader spectrum of companies, thereby increasing the number of potential partners interested in SIMEST´s offerings, specifically in the Equity Investment product, in conjunction with public interventions from the Venture Capital Fund and interest subsidies.

During the year, activities also continued on digital channels and the strengthening of product promotion campaigns on public funds managed by SIMEST. Promotional initiatives were also implemented through the involvement of SIMEST customers in webinars and B2B meetings organised as part of the Business Matching platform, launched at the initiative of the CDP Group in cooperation with MAECI in 2022, with the aim of providing Italian SMEs with a new tool for creating business opportunities and making contact with their counterparts in foreign markets. The geographies and sectors covered this year were the United States, Brazil, Canada, South Africa and Vietnam, respectively, and the automotive, renewables, textiles and construction and agricultural machinery industries.

In implementation of the Strategic Plan, the Belgrade office was opened in June 2023. Therefore, in the second half of the year, strategic contacts were made for the development of the institutional/financial network and meetings were held with Italian companies interested in the Western Balkans area with the aim of facilitating access to the local market and supporting the development of Italian investments there.

Lastly, further promotion and development activities were carried out by SIMEST during the year, including (i) the structuring of round tables with businesses, organised at the regional level and together with local institutions, on the theme "The Role of Internationalisation for Sustainable Growth", and (ii) participation in events/webinars focused on the start-up segment in view of the new operations of the Venture Capital Fund in support of Italian innovative start-ups and SMEs.

6. RISK MANAGEMENT

With reference to identifying the risks that characterise SIMEST's activities, while not subject to prudential regulation, the Company adheres to current supervisory regulations for banks and the principles adopted by the Basel Committee.
The identification and classification of the different types of risk are set out in SIMEST's Risk Regulation; this document was updated during the first half of 2023 and approved by the Board of Directors in April 2023, as part of the broader process of assessment and sharing with the Parent Company (*i.e.*, release of Non-Binding Opinions). The updated Risk Regulation provides a comprehensive overview of the risk areas relevant to SIMEST, in line with the Company´s operational changes and the Group´s framework. It references specific policies and regulations governing the technical aspects of assessing, managing and monitoring individual risks.
The most significant risks to which the Company is exposed are listed below.

Credit risk: understood as the risk that a borrower will not fulfil its commitments in relation to a loan and will not be able to repay its debt. The Risk Regulation provides guidelines and specific control measures, both *ex ante* and *ex post*, broken down by counterparty and/or transaction, referring, for risk measurement aspects, to the Rating and Recovery Rate Policy and, for monitoring limits, tools and metrics, to the Credit Risk Policy.
To protect against credit risk, the Company adopts specific processes to assess, monitor and manage individual exposures and the portfolio through the use of models, operational tools and reporting. In particular, in the various phases of the process, the Company uses tools and models to support analysis (*e.g.*, rating and early warning system) aimed at measuring and monitoring the counterparty´s credit risk and the possible deterioration of the credit profile so as to support Management and the structures responsible for initiatives to protect its assets and, where necessary, initiating credit recovery activities.
The credit risk associated with the equity investments is mainly mitigated through the direct commitments of the Italian partners to the forward purchase of SIMEST's equity investments, partially secured by corporate sureties, collateral and bank or insurance guarantees.
As at 31 December 2023, the direct commitments of the Italian partners for the forward purchase of equity investments amounted to approximately 428 million euro (455 million euro as at 31 December 2022); commitments backed by bank and/or insurance guarantees amounted to approximately 26 million euro (32 million euro as at 31 December 2022); those backed by collateral amounted to 27 million euro (29 million euro as at 31 December 2022).

GUARANTEES (%; millions of euro)

	2023		2022	
Direct commitments of Italian partners	89%	428	88%	455
Commitments secured by banks and insurance companies	5%	26	6%	32
Commitments secured by collateral	6%	27	6%	29
TOTAL AMOUNT DISBURSED		**481**		**516**

In line with its institutional role, SIMEST supports – as a partner – companies with adequate creditworthiness, operating in strategic sectors and supply chains with sustainability and impact investing characteristics geared towards international expansion.
The Credit Risk Policy provides specific guidelines on the structuring, monitoring and management of transactions from a risk-sensitive perspective, differentiating them by duration, repayment plan, guarantee framework according to the rating, with the aim of further strengthening the credit risk controls. In 2023, the monitoring of operational limits by rating and by counterparty/group provided for in the Credit Risk Policy continued, with related periodic reporting to the corporate bodies.

In line with the indications of the Policy, particular attention was paid to the credit origination phase, directing new equity loan transactions towards counterparties with better credit standing, consistent with the objective of progressively reducing the cost of risk and the significance of the non-performing component of the portfolio.
Ratings, as a measure of default risk, are particularly important for the purposes of measuring credit risk. Ratings of creditworthiness 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.
As part of the credit risk monitoring tools and in line with the provisions of the Strategic Plan, SIMEST has launched a project aimed at defining an approach for monitoring and classifying credit exposures in line with the taxonomy and tools used at Group level *(i.e.*, the early warning system model).
As part of the risk-adjusted pricing methodology applied to financing transactions, some refinements to the calibration of specific model components were carried out in 2023. The pricing methodology provides risk-based returns in relation to the characteristics of the investment (*e.g.,* duration and expected collateral framework) and creditworthiness of the counterparties with the objective of estimating the reference value for achieving a level of risk-adjusted profitability that is consistent with the economic value creation objectives set forth in the Strategic Plan. In addition, to support the business, the Risk Management Unit periodically updates the pricing grids that highlight the spread levels applicable to the transaction when parameters such as the rating, duration and security package change and corresponding to different levels of expected shareholder return (expressed by the RAROC – risk-adjusted return on capital – measure) in order to guide risk/return assessments.

Market risk: the risk arising from market transactions in financial instruments, currencies and commodities. With regard to SIMEST, the price risk and the foreign exchange risk are marginal and almost fully 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, albeit gradually decreasing, to potential value changes stemming 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 tools for the identification, assessment and monitoring of this kind of risk. 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, LDC) and (ii) the assessment of the level of Company exposure to operational risks through a Risk Self Assessment.
From January 2023, operational risks are managed in collaboration with CDP on the basis of a service contract. During the year, in the LDC area, along with monitoring and follow-up activities on action plans, corporate information sources were updated, training sessions were organised for the various LDC contact persons and managers, and a number of Near Miss events were noted. In the area of Risk Self Assessment, in addition to the monitoring of the existing action plans, Operational Risk Assessments were carried out on the Law 394/81 Fund and the equity portfolio.
Operational risks also include ICT risk, *i.e.*, the risk of (current or potential) economic, reputation and market share losses in relation to the use of Information and Communication Technology (ICT) due to events likely to compromise the availability, integrity and confidentiality of technical infrastructures and/or data.

Liquidity risk: the risk of default with respect to the Company´s payment commitments includes two forms of risk that are often strongly correlated: (i) funding liquidity risk (inability/difficulty to raise funds with the risk of not being able to meet one´s payment commitments) and (ii) market liquidity risk (difficulty in liquidating assets, and other assets to settle its financial obligations as they fall due, quickly and without incurring losses). Liquidity risk management 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 to verify and guarantee the Company's ability to deal with cash outflows in the short term and the right balance between the 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. The monitoring activities carried out in 2023 confirmed the effectiveness of the liquidity indicators and the warning thresholds introduced.

Interest rate risk: risk of losses caused by adverse movements in interest rates in terms of economic value and/or reinvestment of flows. In the first quarter of 2023, the Interest Rate Risk Policy was published, outlining some developments in the measurement and monitoring of this risk. The new system envisages the adoption of the "Repricing Gap" methodology, which quantifies the interest rate risk by calculating the "imbalance", differentiated by predetermined time buckets, between assets and liabilities exposed to interest rate risk. The Repricing Gap on the various maturities, combined with an assumption of change in rates, makes it possible to quantify the potential impacts on the Income statement, identifying the relative limits ("hard limits") and the relative warning thresholds ("soft limits").
During 2023, the maximum risk limits envisaged were respected and – also taking into account the subscription of a medium/long-term funding line that took place in the second half of the year – the early warning indicators are also largely "on target".

Concentration risk: in the case of "single name" and "geo-sector" risk, this refers to the risk arising from concentrated exposures to counterparties and/or groups of connected counterparties and to borrowers belonging to the same economic sector or engaged in the same activity or located in the same geographical area. During 2023, periodic monitoring of the operating limits by counterparty/group was carried out with reference to SIMEST´s equity and sector concentrations with related reporting to the corporate bodies.

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, investors or regulators. 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 are carried out to mitigate the aforementioned risk and specific safeguards are adopted to prevent reputational events in the ordinary operations and management of public funds.

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 2023, SIMEST continued its monitoring and control activities, which also included the Reports of Suspicious Transactions made by the SOS representative to the FIU. These latter, drawn up in the event of anomalies and/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 the objective and subjective elements of the transactions. SIMEST operated in compliance with the principle of confidentiality, the prohibition of communication and all the principles established by current legislation. It should be noted that the process of strengthening the anti-money laundering control has made it possible to identify an increasing number of suspicious transactions to be reported to the FIU.

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) as well as sanctions. These risks are particularly relevant in view of SIMEST´s institutional role as well as its extensive operations in the management of Public Funds.
SIMEST adopts the Group´s framework that includes specific policies, processes and procedures to prevent, mitigate and reduce compliance, reputational and sanction risks.

Climate and ESG (Environmental, Social, Governance) risks: risks arising from factors related to environmental, social and governance issues with an impact on the performance of counterparties/projects. The climate and sustainability objectives, as set out in the CDP Group´s Internal Policies and Code of Ethics, complement the mission and institutional role of SIMEST as a medium and long-term investor supporting the internationalisation of Italian enterprises. SIMEST, in line with the Group´s Sustainability Framework, is committed to guiding investment activities by taking ethical, environmental and governance (ESG) issues into account. In this context, SIMEST has undertaken a process of internal transformation towards a business and operating model oriented towards the creation of sustainable value, in line with the Group´s approach and with the 2023-2025 Strategic Plan, envisaging, among other things, the launch of projects aimed at integrating sustainability analysis and ESG risk assessment into the evaluation processes of eligible financing operations. During the fourth quarter of 2023, SIMEST's Board of Directors formally adopted the Group Policy "ESG Risk Assessment and Management", which describes the principles and metrics that CDP and the Group Companies must comply with in the assessment of ESG risks, the relative scope of application, the organisational and operational guidelines and establishes the timing of implementation of the specific risk controls. In this context, SIMEST Risk Management will be involved in defining and implementing a work plan for the development and implementation of relevant ESG risk assessment and management methodologies.

Capital adequacy: the Risk Regulation outlines the internal process of assessing the consistency between the capital resources available (represented by equity) and the economic capital necessary to cover existing risks, measured using methodologies consistent with the CDP Group and SIMEST´s business model. Results of the 2023 assessments have confirmed the full adequacy of capital resources.

Specific controls are also in place for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which these funds are exposed.

In particular, the Venture Capital Fund historically works together with SIMEST in supporting the international expansion of SMEs with participatory financing at a subsidised rate. The Venture Capital Fund, alongside traditional operations, supports the internationalisation of Italian innovative start-ups and SMEs (start-up operations), through the subscription of equity investments or the subscription of units/shares of Investment Funds, in collaboration with CDP Venture Capital SGR. The available public resources are divided into investments through fund subscriptions and direct co-investments with CDP Venture Capital SGR. In the first quarter of 2023, the investment in the International Fund of Funds was signed, and during the year, the Steering and Reporting Committee began to resolve on direct transactions.

With regard to the Law 295/73 Fund, a cross-functional working group, including the MEF and MAECI, with the support of a consultancy firm, was launched in early 2023 to review the Fund´s framework for measuring and managing interest rate and exchange rate risk, with a view to the complete definition of the revision of the applicable regulatory framework. In this context, the 2024 Italian Budget Law specifies the methodology for the provisioning of the Fund´s commitments, so as to ensure its continuity, operability and sustainability, and provides that estimates of provisions, in line with best market practices, are made by applying the methodology adopted by the body responsible for administering the Fund upon the proposal of SIMEST as the managing entity.

With regard to the Law 394/81 Fund, in 2023, there was continued strengthening and consolidation of the integrated system of controls to oversee the reputational risks of fraud and money laundering. In addition, activities were carried out to support the business structures on methodological issues with the preparation of risk considerations. In particular, as part of the review of the system of guarantees to be requested from companies for subsidised loans under the Law 394/81 Fund, risk considerations were produced to support the meetings of the Facilities Committee in March and July 2023.
Within the framework of SIMEST´s 2023-2025 Strategic Plan, the Risk Department, by participating in various working groups, contributes to the implementation of cross-functional activities and periodically monitors the progress of work in line with the envisaged deadlines.

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.

From an organisational point of view, the Chief Risk Office, reporting directly to the Chief Executive Officer, is responsible for the Credit, Risk Management and Compliance and Anti-Money Laundering structures, consolidating and facilitating a unified and cross-company vision of the risk areas.

The internal control system includes the following levels of intervention.

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 and independent organisational units that pursue the objective of ensuring the proper implementation of the risk management process, compliance with the operational limits assigned to the various structures, and the compliance of Company operations with regulations.

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.

As part of the internal control system, a newly established Function, called Operations Control, ensures the correct execution of the resolution activities of the action plans identified by the control functions and prepares a dedicated reporting, called Integrated Master Plan, which provides an overview on the progress of the aforementioned action plans, as well as a periodic update to Top Management and corporate bodies.

The governance of the internal control system is consistent with the Group approach, also by virtue of the composition and operating methods of the Managerial Committees (joint technical-advisory boards), ensuring a more effective and efficient overall risk management and control system. During 2023, the framework of the Internal Committees was updated, in order to facilitate the achievement of the objectives of the Strategic Plan which include simplifying and streamlining the operation of internal business processes, in a context of streamlining and strengthening control structures. The main changes concerned (i) the convergence of the Monitoring and Restructuring Committee into the Evaluation Risk Committee, which will assess the transactions from the origination phase to the monitoring phase, and (ii) the renaming of the Risk Committee to Governance Risk Committee with the integration of governance issues and ESG risks in line with the Parent Company.

In order to strengthen risk governance, on the basis of the D&C General Principles, "enhanced" decision-making processes (*i.e.,* Non-Binding Opinions) are also envisaged with processes going back to the Parent Company.

8. GOVERNANCE AND SUPPORT ACTIVITIES

8.1 Communications

In 2023, communication activities continued on the subsidised instruments for international expansion managed by SIMEST on behalf of the Italian Ministry of Foreign Affairs and International Cooperation (MAECI), through the launch of a dedicated multi-media advertising campaign, co-branded with the Ministry itself.
The objective of the campaign, launched in July, was to create awareness of the resources and the commitment provided to ensure liquidity and support for exports and the international expansion projects of Italian companies, in particular SMEs. The creativity, with its touch of surrealism, nods to the visionary abilities of our country´s entrepreneurs, who can receive valuable support from SIMEST for their investments in internationalisation, strengthening of assets and production chains and in digitalisation and sustainability.
A concept reaffirmed by the claim: “SIMEST. FOR BUSINESS VISIONARIES AROUND THE WORLD”.
The media plan adopted involved press, radio, national and regional digital media and digital billboards (DOOH) with strong visual impact positioning in the main airports and major train stations. For the first year, cinema was also planned as a means of dissemination capable of reaching a wide and diversified audience.
In addition to the advertising campaign, 2023 saw continued communication actions through SIMEST’s own channels and third-party channels. A mix that confirmed the increased awareness of SIMEST and the instruments promoted.
Lastly, some high profile media events in which SIMEST played a central role deserve particular mention. The main events included: “Made in Italy Summit 2023: Boosting Global Competitiveness”, organised by Sole24Ore with Financial Times and SkyTg24; “Family Business Festival”, with media partner ANSA; for D&I issues “Closing the gender Gap”, organised by Affari & Finanza.

8.2 Organisation and human resources

Organisational structure and workforce

During 2023, some revisions of the Company organisational structure were carried out with a view to: (i) greater rationalisation and verticalisation of the activities of the structures, in order to guarantee improved operational efficiency through the specialisation of roles and the strengthening of skills, (ii) the implementation of the new operating model, defined following the reorganisation of the Company scope that took place with the transfer of SIMEST’s shares from SACE to CDP, and (iii) achieving the simplification and streamlining objectives set forth in SIMEST’s 2023-2025 Strategic Plan.
In compliance with the resolution of SIMEST’s Board of Directors (i) at the meeting of 27 September 2022 regarding the new operating model of the Company deriving from the transfer of SIMEST under the control of CDP and (ii) at the meeting of 19 December 2022, with the appointment of the Data Protection Officer at SIMEST, on 1 January 2023, as part of the reorganisation of SIMEST, some business areas previously covered by the service contracts with SACE Spa and SACE SRV Srl, in force until as at 31 December 2022, were insourced. The business areas subject to insourcing are:

- the Data Protection activities within the Compliance and Anti-Money Laundering Function, with the appointment of the Head of the structure as Data Protection Officer;
- activities relating to the management of SIMEST Customer Care within the Strategy and Sustainable Innovation Function;

- activities relating to the management of recoveries in relation to the Law 394/81 Fund within the Legal Disputes Function;
- activities relating to the management of the car fleet, accommodation, health surveillance and obligations of the RSPP (Prevention and Protection Service Manager) relating to safety pursuant to Italian Legislative Decree 81/08, peripheral offices, property insurance and verification of taxes, duties and levies within the Internal Operation Function;
- activities relating to the management of SIMEST resources, net of administrative activities, subject to a service contract with CDP, within the People and Organisation Function.

In addition, at the meeting of 21 February 2023, SIMEST's Board of Directors approved the review of corporate governance in order to achieve the simplification and efficiency objectives set out in SIMEST's 2023-2025 Strategic Plan, considering the following fundamental drivers:
- simplification of governance through a reduction in the number of top managers reporting to the Chief Executive Officer;
- new allocation and integration of skills and responsibilities;
- adaptation of the organisational structure to the development and monitoring of the new activities envisaged by the Strategic Plan;
- enhancement of internal professional resources;
- harmonisation with the Group's approaches.

In this context, on 1 April 2023, the organisational structure of SIMEST was reviewed, as shown below:
- Legal and Corporate Affairs Department, broken down into the following Areas:
  - Legal Advice;
  - Corporate Support, previously known as Legislative and Corporate Support;
  - Legal Disputes;
  - Operations Control, newly established;
- Administration, Finance and Control Department, previously known as Planning, Administration and Finance, broken down into the following Areas:
  - Accounting and Financial Statements, sub-divided into (i) Administration and Tax and (ii) Financial Statements Units;
  - Planning and Control, sub-divided into (i) Budgeting & Reporting and (ii) Cost Controlling Units;
  - Treasury, sub-divided into (i) Treasury Front Office and (ii) Treasury Back Office Units;
- Communication and External Relations Department, previously known as Communication, which continues to report functionally to the Chairperson and is broken down into the following Areas:
  - Media Relations, previously known as Press Office;
  - Advertising, Events, Engagement;
  - External Relations, newly established;
- Digital Innovation and Operations Department, previously known as Innovation & Digital Transformation, broken down into the following Areas:
  - ICT, newly established;
  - Processes and PMO, newly established;
  - Internal Operation and Purchasing, newly established, sub-divided into (i) Internal Operation and (ii) Purchasing Units;
- Equity Investments Department, previously known as Investments, broken down into the following Areas:
  - Business Relations, newly established, sub-divided into (i) North West Team, (ii) North East Team and (iii) Centre South Team;
  - Restructuring & Middle Office, newly established, sub-divided into (i) Equity Investments Middle Office and (ii) Asset Quality, NPL and Equity Investment Monitoring Units, which functionally reports to the Risk Departments on Asset Quality and NPL activities;
- Export and Subsidised Finance Department, previously known as Export Finance and Internationalisation, broken down into the following Areas:
  - Export Support 295 Fund, newly established, sub-divided into (i) Supplier Credit Application and (ii) Buyer Credit Application Units;

  - Subsidised Finance 394 Fund, newly established, sub-divided into (i) Subsidised Finance North Application and (ii) Subsidised Finance Centre South Application Units;
  - Export Portfolio Management and Monitoring and Subsidised Finance, newly established, sub-divided into the Units (i) Export Portfolio Management and Monitoring, (ii) Subsidised Finance Management, sub-divided into the North Subsidised Finance Management and Centre South Subsidised Finance Management Units, and (iii) Repayments and Subsidised Finance Monitoring;
  - Export and Subsidised Finance Technical Secretariat, newly established;
- People and Organisation Department, previously known as People, broken down into the following Areas:
  - People Management and Talent Acquisition, newly established;
  - Labour and Trade Union Relations, newly established;
  - Compensation and Organisation, newly established;
  - Cross-Company Support, newly established;
- Strategy and Sustainable Innovation Department, previously known as Marketing & CEO Staff, broken down into the following Areas:
  - Strategic and Commercial Planning, newly established;
  - ESG, newly established;
  - International Development, newly established;
  - Customer Management, newly established;
- Risk Department, previously known as Chief Risk Officer, broken down into the following Areas:
  - Risk Management;
  - Compliance and Anti-Money Laundering;
  - Loans;
- Internal Audit Department, which did not change.

The Institutional Relations & Indirect Channels, Organisation and Services and Operations & Credit Restructuring Departments were therefore eliminated.

On 23 May 2023, SIMEST's Function Chart was also updated in order to adapt it to the new organisational set-up. Below are the main changes made within the following Departments:

- Legal and Corporate Affairs Department:
  - formalisation within the Operations Control Area of the activity relating to the supervision of the correct execution of the resolution of the action plans identified by the control functions, as well as the related reporting;
  - transfer of the activities related to the management of the Board of Directors Secretariat from the Legal and Corporate Affairs Department to the Corporate Support Area and simultaneous transfer of the activities related to the management of the Facilities Committee Secretariat from the same Area to the Export and Subsidised Finance Technical Secretariat Area;
- Administration, Finance and Control Department:
  - transfer of the activities relating to the management of Purchases within the Internal Operation and Purchasing Area;
- Communication and External Relations Department:
  - formalisation within the External Relations Area of the management of institutional relations and initiatives;
- Digital Innovation and Operations Department:
  - formalisation within the Purchasing Unit of the activities relating to the management of Purchases;
  - formalisation within the Internal Operation Unit of activities relating to health, safety, employee housing management, car fleet, Company insurance policies and tax audits;
- Equity Investments Department:
  - provision, within the Asset Quality, NPL and Equity Investment Monitoring Unit, of a functional report to the Risk Department with reference to the management of the equity investment and shareholder loan portfolio;
  - inclusion, within the Business Relations Area Units, of support activities for the ESG Area in the *ex ante* and *ex*

post assessment of equity loans in terms of ESG impact, as well as in the definition and updating of the reference operating methodological framework;

- Export and Subsidised Finance Department:
  - formalisation of the management activities of the Facilities Committee Secretariat within the Export and Subsidised Finance Technical Secretariat Area;
  - inclusion, within the Units of the Subsidised Finance 394 Fund, Export Portfolio Management and Monitoring and Subsidised Finance, and Export Support 295 Fund Areas, of activities to support the ESG Area in monitoring and assessing the *ex post* ESG impact, as well as in defining and updating the operational methodological framework of reference;
- People and Organisation Department:
  - formalisation of the activities falling within the remit of the newly created Areas (People Management and Talent Acquisition, Labour and Trade Union Relations, Compensation and Organisation, and Cross-Company Support);
- Strategy and Sustainable Innovation Department:
  - formalisation of the activities falling within the remit of the newly established Areas (Strategic and Commercial Planning, International Development, ESG, Customer Management);
- Risk Department:
  - provision of functional reporting to the Asset Quality, NPL and Equity Investment Monitoring Unit, with reference to the management of the equity investment and shareholder loan portfolio.

With regard to Safety, in February 2023, the certification of the Management System for Health and Safety in the workplace in accordance with the ISO 45001:2018 standard was successfully renewed.
Once the Covid state of emergency came to an end, the provisions envisaged by the regulations in force were adopted. The measures adopted by SIMEST, in addition to fulfilling the provisions of current legislation, were also aimed at further strengthening in order to raise internal safety standards.
To this end, periodic in-company sanitisation, the continuous provision of hand sanitiser and, upon request, the distribution of FFP2 masks were maintained. This was done with the primary goal of combining the continuity of activities with the assurance of healthy and safe working conditions and methods, as well as the well-being and safety of the workers.
During the course of the year, the relevant regulations were updated, the evacuation plan was updated and the evacuation test was successfully carried out.
In addition, the first aid and fire-fighting teams were strengthened considerably, and, for the first time, certain employees of the Company underwent training and became qualified in using the automatic defibrillator (AED).
The activities were carried out with the involvement of the Prevention and Protection Service Manager (RSPP), the Company Doctor and the Workers' Safety Representative (RLS) and providing information to the trade unions on the measures and protocols adopted.

As at 31 December 2023, the Company's workforce consisted of the following:

COMPANY WORKFORCE*

	Workforce as at 31/12/2023*	Workforce as at 31/12/2022**
Senior management	14	12
Middle management	112	97
Non-managerial personnel	101	99
TOTAL	**227**	**208**

* Includes CDP personnel seconded to SIMEST in excess of 50% (16) and SIMEST personnel seconded to CDP in the amount of less than 50% (1).
** Compared to the 2022 Financial Statements figures of 212 resources, the figure was pro-formed to make it comparable with 2023 following a methodological change shared with the Parent Company CDP. Employees seconded to SIMEST by other Group companies to the extent of less than 50% and SIMEST personnel seconded to other Group companies to the extent of more than 50% were excluded.

8.3 Legal disputes

As at 31 December 2023, there were pending disputes, with claims against SIMEST, with 4 counterparties. These are positions for which the risk of losing was classified as remote and which, therefore, did not require provisions.

8.4 Corporate governance

Management and coordination activities

On 27 September 2022, SIMEST's Board of Directors approved the placement of SIMEST under the management and coordination by the Parent Company CDP[16] and subsequently, on 25 October 2022, resolved the acknowledgement of the "General principles on the exercise of management and coordination activities" of the CDP Group, in compliance with the full management autonomy of SIMEST, as well as the regulations applicable to the public funds managed by it, and in particular the role and specific responsibilities of the related inter-ministerial public committees and the prerogatives of the Italian Ministry of Foreign Affairs and International Cooperation, pursuant to Italian Law 100/1990.

Granting of additional powers to the Chief Executive Officer

At its meeting of 23 March 2023, SIMEST's Board of Directors resolved to grant additional powers to the Chief Executive Officer pursuant to Article 2381 of the Italian Civil Code, in addition to those already granted by the Board of Directors in its resolution of 28 June 2022, with respect to the undertaking of individual investment and financing transactions, and related changes, subject to the opinion of SIMEST's Managerial Evaluation Risk Committee, within the terms and limits established by the Board of Directors and in compliance with applicable regulations.

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

SIMEST adopted the "Organisation, Management and Control Model" (hereinafter also "231 Model" or "Model") pursuant to Italian Legislative Decree 231/2001 (hereinafter also "Decree 231" or "Decree"), which identifies the Company areas and operations that are most exposed to the risk of criminal activity as defined in Decree 231, along with the principles, rules and regulations of the control system adopted to supervise significant operating activities. This document is the result of the ISO 45001:2018 assessment of the corporate structure and the operations of SIMEST and has the primary purpose of providing the Company with a Model that constitutes a valid and effective organisational tool aimed at preventing the commission of offences relevant to Decree 231, as well as, consequently, an exemption from administrative liability in the event predicate offences are committed by top management, subordinates or parties acting on behalf of SIMEST and in its name.

SIMEST's 231 Model consists of:

A. a General Part in which, after a reference to the principles of Decree 231, the essential components of the Model are illustrated with particular reference to: (i) the governance model and organisational structure of SIMEST; (ii) the Supervisory Body; (iii) whistleblowing; (iv) disciplinary system, understood as the set of measures to be adopted in the event of non-compliance with the provisions of the Model; (v) training, dissemination of the Model and contractual clauses; and (vi) updating and adaptation of the Model.

16 On 21 March 2022, in execution of Article 1, paragraph 1, letter a), of the Decree of the Italian Ministry of Economy and Finance, in agreement with the Italian Ministry of Foreign Affairs and International Cooperation – signed respectively on 19 January 2022 and 22 January 2022, and registered by the Court of Auditors – SACE Spa ("SACE") transferred to Cassa Depositi e Prestiti Spa ("CDP") the equity investment held in SIMEST, equal to 76.005% of the share capital of SIMEST. As a result of the endorsement of the related share certificate, with effect from 21 March 2022, SACE ceased to exercise management and coordination activities over SIMEST.

The General Part also consists of the following Annexes:

- "List and description of offences and administrative offences envisaged by Italian Legislative Decree 231/2001", which provides a brief description of the fact that where these offences and administrative offences are committed, if the conditions set out in the Decree are met, this determines the administrative liability of the Entity pursuant to and for the purposes of the aforementioned legislation;
- "Information flows to the Supervisory Body pursuant to Italian Legislative Decree 231/2001", which provides, for each significant activity envisaged in the 231 Model, the information that must be submitted, with the relative frequency, to the Supervisory Body. Specifically, the required information flows within the Company structures have been defined by distinguishing between general flows and specific flows. Additionally, a flow structure for "exceptions" has been outlined. With reference to this last category of flows, in the context of the activities relevant under Decree 231, the corporate Organisational Units are also required to notify the Supervisory Body of: (i) exceptions to the proceduralised manner of performing the activities in question; (ii) the activities performed and not proceduralised; (iii) any other exceptions noted by the Key Officer;

B. a Special Part, in which are listed in organised form: (i) the so-called relevant activities pursuant to Decree 231, *i.e.*, the areas in which the offences provided for by the Decree could be committed; (ii) the Key Officers of the relevant activity; (iii) the offences, *i.e.*, the types of offence considered abstractly relevant for SIMEST in the context of the relevant activity; (iv) the illustrative ways in which the offence may be committed; (v) the Internal Control System Controls and Principles, prepared by the Company also for the purpose of mitigating the risk of commission of unlawful conduct.

In July 2023, the General Part of the Model was updated in order to incorporate the regulatory changes introduced by Italian Legislative Decree 24/2023 on whistleblowing. On this occasion, the updated version of the "Code of Ethics of Cassa Depositi e Prestiti Spa and the companies subject to its management and coordination" (hereinafter also referred to as the "Code of Ethics" or "Group Code of Ethics") was also incorporated. This was revised to include the regulatory changes introduced by the Decree in the area of whistleblowing. Furthermore, the updating of the 231 Model as a whole is being finalised, in order to incorporate, among the main aspects: (i) the new regulations on the administrative liability of entities pursuant to Italian Legislative Decree 231/2001 and the doctrinal and jurisprudential guidelines on the matter that have been introduced since the date of the last revision of the Special Part of the Model; (ii) the new organisational structure of the Company following its subjection to management and coordination by Cassa Depositi e Prestiti Spa (see above); (iii) developments in the Company's internal regulatory framework.
The Supervisory Body currently in office was appointed by SIMEST's Board of Directors on 25 October 2022, with effect from 1 November 2022, and is made up of three members, two of whom are external to the CDP Group, including the Chair. The causes of ineligibility and forfeiture envisaged for statutory auditors by the statutory and regulatory provisions in force from time to time apply to the members of the Supervisory Body.
The Supervisory Body is entrusted with the task of supervising the operation of and compliance with the 231 Model, of sending proposals for its updating to the competent bodies/departments, supervising the activities functional to this purpose, as well as analysing the ordinary and extraordinary information flows transmitted by the corporate structures and the Parent Company's structures, for the aspects falling within their remit. The functioning of the Supervisory Body is established in the specific Regulation that it has adopted.
The Supervisory Body relies on the Company's Internal Audit Function for its secretarial and operational activities.

Code of Ethics

The Code of Ethics defines the set of principles, guiding values, models and rules of conduct that are recognised, accepted and shared, at all levels of the organisational structure, in the performance of business activities.
The document, in particular, is "value oriented" and consists of five guiding values, represented by: (i) integrity; (ii) inclusion; (iii) environmental responsibility; (iv) impact; (v) skills.
The values of the Code of Ethics are binding for the members of the Corporate Bodies (Directors, Statutory Auditors and any other member of collegiate bodies), employees, contract staff, consultants, suppliers, partners, business counterparts

and, in general, for all third parties acting on behalf of the Company regardless of the legal relationship that binds them to it.
Following the placement of SIMEST under the management and coordination of CDP, SIMEST's Board of Directors in its meeting of 23 March 2023 approved the adoption of the "Code of Ethics of Cassa Depositi e Prestiti Spa and the companies subject to its management and coordination".
This document was subject to an initial update, approved at a meeting of CDP's Board of Directors held on 28 June 2023 and subsequently adopted by SIMEST's Board of Directors at a meeting held on 4 July 2023 and effective from 15 July 2023, in order to incorporate the regulatory changes introduced by Italian Legislative Decree 24 of 10 March 2023 and, subsequently, a second update approved at a meeting of CDP's Board of Directors held on 24 November 2023 and adopted by SIMEST's Board of Directors at a meeting held on 18 December 2023.
SIMEST's 231 Model and the Group's Code of Ethics can be consulted on the Company intranet. The General Part of the Model can also be consulted in both Italian and English on the Company's corporate website, in the "Ethics" section. In this section, it is also possible to consult the Code of Ethics and the Group Policy on anti-corruption.

Internal committees

In February 2022, the Company Committees were updated, with particular reference to the composition of the Executive Committee and the Projects Committee following the introduction of the new first-line Marketing & CEO Staff structure.
In March 2022, with the elimination of the Chief Business Officer Department, the Executive Committee, the Governance Risk Committee and the Evaluation Risk Committee were aligned with the new organisational model.
In relation to the latter, as part of the overall review of the investment process, the verification of the requirements for the appointment of representatives to the Corporate Bodies of the investee companies was transferred to the Monitoring and Restructuring Committee.
Lastly, in November 2022, following the reorganisation of the corporate scope and the introduction of the People, Innovation & Digital Transformation and Internal Audit Departments, the following changes were made to the Company Committees: (i) the elimination of references to SACE; (ii) the introduction of the People Manager to the effective members of the Executive Committee; (iii) the introduction of the Innovation & Digital Transformation Manager to the effective members of the Executive Committee; (iv) the introduction of the Innovation & Digital Transformation Manager to the effective members of the Projects Committee; and (v) the participation of the Head of Internal Audit in the meetings of the Executive Committee, at the invitation of the Chairperson, as auditor.

Related parties

Since 21 March 2022, the Company is 76% owned by CDP Spa.
With regard to relations with the majority shareholder CDP Spa, 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 exports of Italian businesses.
In relations with the majority shareholder, note should be taken of the use, in 2023, of the credit lines provided by Cassa Depositi e Prestiti (CDP), both individually and in a pool with other lenders.
Also, again with regard to relations with CDP, in 2023 remuneration was paid for the members of SIMEST's Board of Directors appointed from among CDP's senior managers and lease was paid for the Milan Office.
As at 31 December 2023, sixteen employees were seconded from CDP.
With regard to tax items, we note the payable to CDP in connection with the Group's tax consolidation.
As at 31 December 2023, note should be taken of SIMEST receivable from Ansaldo Energia Spa in relation to the investment in Ansaldo Energia Switzerland AG.
These transactions with related parties have all been conducted at arm's length.

9. SUSTAINABILITY

9.1 Corporate Social Responsibility

In 2023, SIMEST continued its commitment to supporting corporate welfare and workplace safety initiatives, in addition to activities aimed at reducing its environmental impact.
Consistent with the 2023-2025 Plan, during the year the actions and processes envisaged in the ESG area were positively implemented by the various structures involved thanks to the coordination of the various working groups as defined by the organisational process for implementing the Strategic Plan.
Specifically, the Plan’s areas of intervention included four macro areas in 2023: initiatives for employees, environmental impact management, community initiatives and, more generally, stakeholder management.
The following paragraphs provide a summary of the activities and results achieved during the year.

Initiatives for employees

SIMEST also in 2023 continued to meet the needs that the pandemic situation has imposed, remaining close to its workers, offering them the possibility of smart working, alternating with days of attendance in person. In line with the other Group companies, SIMEST believes that its people play a central role and that they should be supported with diversified solutions, which is why in 2023 it signed a supplementary smart working agreement to protect specific cases, giving the possibility to derogate from the limit of 10 days per month. During the year, the activity of listening to the needs of people continued, through management interviews carried out by the HR Business Partner. Employees were contacted and they had the opportunity to discuss their professional situation with the People and Organisation Department. During the year, SIMEST launched an international mobility programme for all employees, which provides them with the opportunity to gain cross-border experience, in Italy and abroad, at one of the partner companies.
During 2023, the provision of training was ensured. Specialised technical skills were strengthened through the identification of training needs across the entire Company, leading to the establishment of tailored training courses for each department. Regarding cross-functional skills, managers participated in a programme aimed at enhancing their managerial abilities as part of the Cultural Regeneration project. All employees in the Company had the option to voluntarily engage in individual language training sessions conducted remotely in real-time.
In 2023, the CDP Group’s e-learning portal for “mandatory training”, within which great importance is given to courses on sustainability, was also extended to SIMEST.
For SIMEST’s junior figures, the first edition of the “Aim high with SIMEST” initiative has started, a path focused on strengthening soft and technical skills, which aims to support and accelerate the professional development and integration of young people in SIMEST.

In 2023, SIMEST launched numerous welfare initiatives and services aimed at ensuring people’s well-being. In this context, in addition to the already active check-up service, nursing services, free specialist medical examinations at the Rome headquarters and totally free and anonymous remote psychological support were introduced.
Additionally, a platform has been launched to support a healthier, more active and balanced lifestyle. Through this platform, discounted sports subscriptions can be purchased, access to a network of sports centres, swimming pools and spas throughout Italy is provided, and online sports services can be utilised by employees. In addition, a refrigerator has been placed in the cafeteria of the Rome office, which allows employees to buy healthy and tasty dishes to eat during lunch breaks or to take home.

With regard to mobility, in addition to subsidies for the purchase of public transport season tickets, sustainable mobility services such as motor scooter, electric scooter and e-bike sharing were launched in 2023 to facilitate travel to and from work.

Regarding time-saving benefits, SIMEST has provided its employees with several services. These include a tax assistance service to help with filling out tax returns, a caregiving service for employees and their family members, and an insurance advice desk located directly at SIMEST's headquarters in Rome. In addition to this, agreements are in place that allow employees to access cultural, recreational and sporting events at special rates, as well as to benefit from discounts with shops, restaurants and other businesses.

Moreover, for the fifth consecutive year, SIMEST has offered a flexible benefit plan with a view to strengthening Company welfare, ensuring greater purchasing power for beneficiaries. 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.

Supporting parenthood is also a priority for SIMEST. Alongside socio-educational support and scholarships tailored to each child's educational level, new initiatives have been introduced this year. These include contributions and partnerships for age-specific training programmes such as sports camps, summer schools, study trips abroad and orientation courses in collaboration with major universities in Italy.

Keeping this in mind, SIMEST chose to provide pregnant employees with free parking near the Company headquarters. Additionally, in the first year following the pandemic emergency, SIMEST organised a new edition of the "Children's Festival". This event offered an opportunity for employees' children to gather and enjoy themselves within the Company premises. During the festival, young participants had the chance to engage in activities and workshops focused on technology, innovation, robotics and coding. These activities were specifically tailored to accommodate all needs and age groups.

Lastly, in 2023, the Mortgages and Loans Regulation underwent a revision, offering increasingly favourable conditions for employees applying for these services.

Environmental impact management

Throughout 2023, SIMEST continued its awareness campaigns among staff to promote reduced paper usage for printing and to encourage environmentally friendly practices regarding plastic consumption.

Furthermore, communication initiatives throughout the year targeted the corporate population with the aim of reducing electricity consumption resulting from improper use of devices, lighting and other work tools. Additionally, promoting the proper use of air conditioners/fan coils was emphasised to contain consumption related to heating as well. Equally significant was the effort to promote the use of sustainable transportation for commuting between home and work. This involved an awareness campaign as well as the establishment of agreements, Company subsidies and discounts for electric motorcycles, scooters, bicycles and public transportation.

Simultaneously, with the continued focus on reducing its carbon footprint, initial measures were developed to first contain and then reduce the overall emissions generated by the Company. These include starting the process of replacing vehicles in the Company fleet with more efficient, hybrid or electrically powered vehicles.

Community initiatives

In line with the objectives outlined in the 2023-2025 Plan, the Company initiated its first significant community engagement efforts, along with internal listening and awareness-raising initiatives focusing on volunteering and support for social initiatives.
In this regard, an event was organised to support the Comunità di Sant'Egidio in collecting and distributing essential items (such as food, personal care products and household supplies). Around 70% of employees participated, resulting in a total collection of 450 kg of materials.
At the same time, the first SIMEST Sustainability Day was organised, during which special attention was paid to the topic of social impact and awareness of the importance of ESG issues. On this occasion, the entire Company came together to support various organisations and social causes. Employees actively participated in implementing social and environmental initiatives to benefit the Rome community.

Stakeholder management

With regard to the management of relations with stakeholders, in particular the Parent Company, 2023 was marked by significant efforts to integrate and align with the Group's ESG governance and management processes. In this context, SIMEST made its first contribution to the drafting of the Group NFS (both for the half-year report and for the annual report). This involved training internal staff on the procedure and the tools for collecting, processing and transmitting data and information in line with reporting standards. Equally important was the first-time involvement of SIMEST's community in updating the Group's materiality matrix (inside out perspective). This initiative aimed to better understand the Company's perspective given its unique positioning and the specific stakeholders it engages with. Finally, alongside the non-financial reporting process, SIMEST participated in CDP's strategic monitoring. This special tool verifies the impact generated by the Group for the benefit of the country concerning the objectives outlined in the Strategic Plan.
Throughout the year, as part of an approach focused on collaboration and engagement with stakeholders, a national roadshow was developed and subsequently finalised. This roadshow covered topics related not only to internationalisation but also to sustainability as a key driver of success and enhanced competitiveness. To this end, in 2023, besides designing these initiatives, the first two stages were held in Naples and Brescia, respectively.

10. BALANCE SHEET AND INCOME STATEMENT FIGURES

An analysis of the Financial Statements as at 31 December 2023 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 2023 included the following items:

ASSET ITEMS (millions of euro)

	31/12/2023	31/12/2022	Change %
Cash and cash equivalents	0.1	0.0	211%
Financial assets measured at fair value through other comprehensive income	5.2	5.2	-
Receivables for equity investments	471.1	508.6	-7%
Other financial receivables	3.4	3.6	-5%
Property, plant and equipment	11.2	3.1	261%
of which: right of use on buildings	*10.3*	*2.4*	*328%*
Intangible assets	2.6	1.9	34%
Tax assets	1.2	1.1	8%
a) current	-	-	-
b) deferred	*1.2*	*1.1*	*12%*
Other assets	22.6	21.1	7%
TOTAL ASSETS	**517.3**	**544.7**	**-5%**

As at 31 December 2023, total assets amounted to 517.3 million euro (544.7 million euro as at 31 December 2022), a decrease of 27.4 million euro from the previous year. The changes in Assets are mainly due to the decrease in the total value of “Receivables for equity investments”, which amounted to 471.1 million euro (508.6 million euro as at 31 December 2022). This is the main asset item, accounting for about 91% 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 partner companies 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 37.5 million euro in this item was due essentially to the trend in payments of equity investments (61.3 million euro), collections (-88.0 million euro), net income from receivables for equity investments measured at fair value, including individual write-downs of impaired positions (-6.0 million euro), credit risk adjustments to equity investments measured at amortised cost (-5.8 million euro) and other changes (1.0 million euro).

“Financial assets measured at fair value through other comprehensive income” as at 31 December 2023 amounted to 5.2 million euro, unchanged from 31 December 2022, and represent the equity investment in FINEST (which is not an associate).

“Other financial receivables”, amounting to 3.4 million euro (3.6 million euro as at 31 December 2022), refer to mortgage and personal loans granted to employees.

Of note is the increase of 8.1 million euro in the item "Property, plant and equipment" to 11.2 million euro as at 31 December 2023 (3.1 million euro as at 31 December 2022). 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 10.3 million euro relating to the right of use of the leased building housing the Company headquarters in Rome.
"Tax assets" totalled 1.2 million euro (1.1 million euro as at 31 December 2022), referring to deferred tax assets recognised on income components that will become taxable in future tax periods.
Lastly, "Other assets", totalling 22.6 million euro (21.1 million euro as at 31 December 2022), mainly include trade receivables accrued in respect of the agreement to manage public funds in the amount of 21.9 million euro (20.0 million euro as at 31 December 2022) and advances to suppliers and other assets in the amount of 0.7 million euro.

LIABILITIES AND EQUITY ITEMS (millions of euro)

	31/12/2023	31/12/2022	Change %
Loans payable measured at amortised cost	179.2	215.0	-17%
Other liabilities and tax liabilities	18.8	16.7	12%
Employee severance indemnity	1.4	1.7	-18%
Provisions for risks and charges	4.9	1.7	185%
Equity	313.1	309.6	1%
TOTAL LIABILITIES AND EQUITY	**517.3**	**544.7**	**-5%**

As at 31 December 2023, "Loans payable measured at amortised cost" amounted to 179.2 million euro (215.0 million euro as at 31 December 2022) and refer to the use of loans and credit lines granted by CDP and other banks, aimed at supporting net flows of funding.
As at 31 December 2023, this item also includes payables (10.7 million euro) arising from rights of use acquired under leases, based on the IFRS 16.
"Other liabilities and tax liabilities", totalling 18.8 million euro (16.7 million euro as at 31 December 2022), mainly include trade payables and other items in the amount of 13.7 million euro (12.0 million euro as at 31 December 2022), amounts due to employees, the related social security contributions and other liabilities, including tax liabilities in the amount of 5.1 million euro (4.7 million euro as at 31 December 2022).
"Employee severance indemnity", amounting to 1.4 million euro (1.7 million euro as at 31 December 2022), reflects the amounts due to employees under the specific legal and contractual provisions in force as at 31 December 2023. These amounts are recognised in the Financial Statements in accordance with IAS 19.
"Provisions for risks and charges", amounting to 4.9 million euro (1.7 million euro as at 31 December 2022), represent provisions for likely liabilities relating to personnel charges and other provisions that relate to risks arising from the Company's core business.
As at 31 December 2023, "Equity" amounted to 313.1 million euro (309.6 million euro as at 31 December 2022) and represented approximately 61% of total liabilities.

10.2 Reclassified Income statement

The economic performance of SIMEST was analysed using the reclassified Income statement layout:

INCOME STATEMENT (millions of euro)

	2023	2022	Change %
Income from equity investments	27.1	26.0	4%
Interest expense and similar expense	(5.7)	(2.1)	171%
Commission income	47.3	35.3	34%
Net profit (loss) on assets mandatorily measured at fair value through profit or loss	(3.9)	(8.1)	-52%
Gross income	**64.8**	**51.1**	**27%**
Net adjustments/recoveries for credit risk on assets measured at amortised cost	(5.5)	(3.4)	63%
Administrative expenses and other expense and income	(44.7)	(40.5)	10%
Other operating income (costs)	0.0	0.0	-
Operating result	**14.6**	**7.3**	**101%**
Net allocations to provisions for risks and charges	(2.2)	0.0	-
Net adjustments/recoveries on property, plant and equipment and intangible assets	(3.5)	(2.8)	25%
Income (loss) before tax	**8.9**	**4.5**	**100%**
Income tax for the year	(5.4)	(4.0)	36%
INCOME (LOSS) FOR THE YEAR	**3.5**	**0.5**	**593%**

The Income statement shows that in 2023 SIMEST posted an income for the year of 3.5 million euro (0.5 million euro in 2022) after provisions for taxes (current and deferred) of 5.4 million euro.
On the revenue side, “Income from equity investments” totalled 27.1 million euro (26.0 million euro in 2022) and includes fees, interest on deferred payments and default interest on equity investments as well as interest on shareholder loans. The average annual return on the equity investment portfolio was around 4.7% (4.6% in 2022). “Interest expense and similar expense” amounted to 5.7 million euro (2.1 million euro in 2022) and refers to interest expense on financial payables. In addition, as at 31 December 2023, this item also included the interest expense on lease payments recognised on the basis of the IFRS 16 (0.2 million euro). The average annual cost of financial payables for 2023 was approximately 2.8%, up compared to 2022 (1.0%).
“Commission income” totalled 47.3 million euro (35.3 million euro in 2022) and essentially concerns fees received for management of the Venture Capital Fund, the Law 394/81 Fund and NRRP, 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 3.9 million euro, which takes into account individual write-downs (in terms of principal, fees and default interest net of value reversals) applied to impaired positions of approximately -9.8 million euro, offset by value reversals and capital gains of approximately 5.9 million euro. It should be noted that, as part of the fair value measurement model in line with the Parent Company CDP, the value sets for the Point in Time Probabilities of Default (PDs) were confirmed and the market variables updated.
“Gross income” for 2023 amounted to 64.8 million euro.

The item "Net adjustments/recoveries for credit risk on assets measured at amortised cost" amounted to 5.5 million euro and refers to value adjustments made to the portion of receivables for equity investments and shareholder loans.
"Administrative expenses" amounted to 44.7 million euro (40.5 million euro in 2022), an increase of 4.2 million euro. The increase is mainly attributable to ICT investments to enable the digital transformation, in addition to the higher expenses incurred for HR investments, also related to the transformation process in line with the 2023-2025 Strategic Plan. With regard to personnel expenses, there was an increase essentially due to the increase in the number of employees compared to last year as a result of the increased operations for the management of Public Funds and the consolidation of the new organisational structure.
"Net adjustments on property, plant and equipment and intangible assets", deriving from the depreciation of capital goods, amounted to 3.5 million euro (2.8 million euro in 2022) and take into account the application of IFRS 16.
The operating result for 2023 was a positive 14.6 million euro.
As a result of the above trends, "Income before tax" of 8.9 million euro was recorded (income of 4.5 million euro in 2022).

11. DISCLOSURE ON THE MACROECONOMIC SCENARIO

In 2023, the global economy experienced a slowdown, as growth prospects were impacted by heightened geopolitical tensions and a slowdown in economic activity in China. In Italy, risks to financial stability are mitigated by improved conditions in the banking system and the low level of private sector debt. However, the macroeconomic environment remains uncertain. The economic slowdown and increasing financing costs are impacting the financial health of companies, although their overall risk level remains relatively low.

The macroeconomic landscape felt the effects of tighter credit conditions for both businesses and households due to interest rate hikes throughout the year. The geopolitical environment remains one of the main factors of instability, which could lead to new increases in commodity prices and a deterioration in the confidence of households, businesses and investors. Alongside the global economic fragility, concerns about high public debt and the possibility of reverting to a sustained low-growth state are putting pressure on the macroeconomic environment.

After a slight increase in the summer months of 2023, Italy's GDP stagnated in the fourth quarter of the year with a forecast of gradual expansion starting in early 2024. The growth of the Italian economy for 2023 was 0.9%, down compared to +4.0% in 2022. Growth would be down in 2024 (+0.6%) in line with continued economic weakness and up in 2025 (+1.1%), due to the assumption of slightly lower interest rates.[17]

Italian consumer inflation decreased in 2023 to +0.6% year-on-year, down from 11.6% in December 2022, mainly due to the favourable trend in energy, food and transport prices, only partly offset by the acceleration of wages. On average in 2023, consumer prices recorded a growth of 5.7% (*vs* 8.1% in 2022). In the following three-year period, a gradual decline in inflation is expected, which should reach the target set by the ECB with values on average below 2% (in 2024 1.9% and in 2025 1.8%).

During 2023, the measures to combat inflation applied by the central banks of the main advanced economies continued. In particular, the European Central Bank implemented restrictive monetary policy measures, including measures to raise interest rates with a consequent increase in the cost of credit for businesses and households. These measures should ease as inflation decreases. Interest rate cuts by the ECB are therefore expected in 2024.

The contribution of foreign demand on domestic product growth was marginal in 2023, with an improvement expected for 2024. In terms of net foreign demand, the contribution to growth was marginal in 2023 and is expected to be zero in 2024.[18] Furthermore, there are significant risks for exports that need to be taken into account, linked to the evolution of global economic activity. This could be further impacted by monetary tightening in advanced economies, resulting in reduced demand abroad for Italian goods and services.

Regarding credit risk, the economic downturn led to a rise in corporate deterioration rates, surpassing pre-Covid levels in 2023 (3.1% in 2023 compared to 2.9% in 2019). This increase in risk affected companies of all sizes. A possible risk mitigation factor could be found in the funds allocated under the NRRP.

17 Bank of Italy figures, *Macroeconomic projections for the Italian Economy*, 15 December 2023.
18 Bank of Italy figures, *Macroeconomic projections for the Italian Economy*, 15 December 2023 and ISTAT forecasts December 2023.

The macroeconomic context also remains strongly influenced by the evolving tensions in the Middle East and the continuing conflict in Ukraine. In 2023, SIMEST continued to provide soft loans from the 394 Fund until 31 October to support Italian exporting companies and supplying countries at risk affected by the conflict between Russia and Ukraine.

With reference to the Italian context, following the wave of severe weather in 2023, which caused floods damaging the land and economic infrastructure, particularly in Emilia-Romagna and Tuscany, the Government enacted the “Flood Decree”. This aimed to facilitate the prompt resumption of economic activities in the affected areas. As envisaged by the Decree, SIMEST has launched a new package of extraordinary measures, including non-repayable compensation and support measures under the Law 394/81 Fund, to support exporting companies in Emilia-Romagna and Tuscany damaged by the floods of May and November 2023.

The reference framework also confirms some potential impacts for SIMEST in terms of (i) credit risk due to the possible deterioration of creditworthiness (worsening of the expected default rating/growth) and higher provision; (ii) economic-financial risks related to budget reviews, forecasts, mobilised resources, risk provisions, impairment, and (iii) fraud, anti-money laundering and reputational risks also linked to operations of public resources managed.

In order to better monitor the risks associated with the historical reference context, SIMEST’s control functions continued to consolidate the framework for the monitoring and control of risks, in order to understand, in an even more prompt manner, any changes in the scenario in terms of credit, liquidity, interest rate and other risks and ensuring reactivity and an ability to adapt.

Credit risk

In the current macroeconomic context, with reference to credit risk, SIMEST continued with the consolidation of measurement and monitoring models and tools by applying conservative provisioning policies at both portfolio (collective) and individual counterparty (analytical) level.

For the portfolio component classified at amortised cost (equal to approximately 88% in 2023), the model in terms of Expected Credit Losses factored in (i) the updating of the risk parameters, including the ratings on the “single names” subject to specific review and performance monitoring, and (ii) the application of prudential approaches involving Stage 2 classification for the portion of the portfolio most exposed to the macroeconomic situation. In particular, for the valuation of Expected Credit Losses, SIMEST uses the methodology developed internally by the Parent Company, which makes provision for:

- a robust estimate of the probability of default Through-the-Cycle, which incorporates not only historical information, but also forward-looking elements aimed at ensuring the adequacy of the estimates even in periods of serious crisis, over the entire life of the financial instruments;
- an internal model for estimating the cyclical component of probabilities of default, aimed at producing forward-looking estimates of Point-in-Time parameters.

The model for estimating the cyclical component incorporates the main macroeconomic drivers including the trend in GDP and the employment rate, with reference to the Eurozone and the USA. The quantitative model implemented internally has not undergone any changes, in particular without applying corrective measures on a sector basis, since it was considered that any alternative methodologies do not offer a greater degree of reliability in the current phase, instead introducing, at least potentially, greater risks of arbitrariness. Although the effects of the changing economic context are hardly visible up until now on the counterparties in the portfolio, the Parent Company saw fit to maintain a management overlay in quantifying the ECL, aimed at offsetting the effect of decreasing the Point-in-Time default probabilities that otherwise would be the result of the trend recorded by the macroeconomic and credit indicators observed in the model. The application of this overlay, consistent with the recommendations of the Supervisory Authority in the banking sector aimed at limiting excessive volatility in the quantification of reserves, is understood as referring to the contingent situation: the Parent Company will assess the evolution of the economic framework in order to remove it in the event of a return to a situation characterised by minor anomalies.

For the portion of the portfolio measured at fair value, the impairment values, calculated using updated market parameters, factor in (i) interest rate trends and (ii) updated risk parameters, including ratings (with downgrades performed on certain counterparties). The overall effect, however, was mitigated by the progressive reduction of exposures in the portfolio at fair value, which to date represent approximately 12% of the total.
The coverage ratio of the performing portfolio was 2.6% as at December 2023, in line with the results of December 2022, with a year-on-year impact on the Income statement of 0.35 million euro.
With reference to the analytical impairment, the valuations are carried out at the level of the individual counterparty/transaction according to the expected cash flows, the presence of guarantees, the timing and the recovery percentages, also according to the reference economic context. These variables, together with general considerations on the evolution of the economic environment, led to a revision of valuations for the year 2023, with an increase in analytical write-downs mainly attributable to counterparties already in the portfolio and the entry of new defaults (total impact of 9.8 million euro).

In the area of public funds, portfolio monitoring of the Venture Capital Fund and the Law 394/81 Fund continued in 2023.

Liquidity and interest rate risk

With regard to liquidity risk, monitoring activities continued on risk indicators formulated in compliance with prudential regulations and suitably adapted to SIMEST's business model (i) short-term liquidity indicator and (ii) structural liquidity indicator. The activities carried out during 2023 confirmed the effectiveness of these indicators.

Regarding interest rate risk, especially considering the increasing trend in interest rates, the monitoring of this risk type was stepped up in the first quarter of 2023. This was achieved through the publication of the Interest Rate Risk Policy, which outlines, in line with market and Group best practices, certain advancements for measuring and monitoring this risk, along with corresponding warning thresholds. The new system envisages the adoption of the "Repricing Gap" methodology, which quantifies the interest rate risk by calculating the "imbalance", differentiated by predetermined time buckets, between assets and liabilities exposed to interest rate risk. The Repricing Gap on the various maturities, combined with an assumption of changes in rates, makes it possible to quantify the potential impacts on the Income statement, identifying the relative limits on two levels: soft limits and hard limits.

With regard to public funds and with particular reference to the operations of the Law 295/73 Fund, interest rate risk management and monitoring activities continued; at the beginning of 2023, an inter-functional working group was also launched, which also involves the MEF and the MAECI, aimed at revising the Fund's interest rate and exchange rate risk measurement and management framework. As a result, regulatory changes were implemented through the 2024 Italian Budget Law, which, among other things, outline guidelines for establishing a monitoring system to evaluate the solvency of the Fund. This includes considerations of scenario analyses. Additionally, the law specifies the method for provisioning requirements in detail.

Reputational, fraud and money laundering risk

The risk control and monitoring framework includes safeguards against reputational, fraud and money laundering risks – both in the *ex ante* and *ex post* phases of the granting, management and reporting process – for the activities covered by the equity and public funds operations.

In this context, monitoring activities continued on the Law 394/81 Fund (with a focus on the NRRP) and the integrated framework of controls and risk management was further strengthened. This included gradually standardising processes through the automation of controls. Currently, the adoption of an application (*Cerved - hawk*) is in progress to facilitate operational workflow between level I and II structures, resulting in increased efficiency in terms of timing, traceability, consistency, and replicability of controls.

12. CLIMATE-RELATED MATTER DISCLOSURE

Disclosure on risks, significant uncertainties and other potential impacts of climate change

The climate and sustainability objectives, as set out in the CDP Group's internal policies and Code of Ethics, complement the mission and institutional role of SIMEST as a medium and long-term investor supporting the internationalisation of Italian enterprises. SIMEST, in line with the Group's sustainability framework, is committed to guiding investment activities by taking environmental, social and governance (ESG) issues into account.

In this context, SIMEST has undertaken a process of internal transformation towards a business and operating model oriented towards the creation of sustainable value, in line with the Group's approach and with the 2023-2025 Strategic Plan, envisaging, among other things, the launch of projects aimed at integrating sustainability analysis and ESG risk assessment into the evaluation processes of eligible financing operations, expanding the framework of traditional analysis variables related to the economic and capital sustainability and reputational sustainability of counterparties (rating, concentration, reputational risks, etc.).

In addition, SIMEST is defining and implementing policies, principles and systems that enable effective monitoring and impact assessment, aware of the importance of control systems that ensure the monitoring of impacts on the environment and the proper monitoring and management of any risks and negative effects.

With reference to the organisational structure, in 2023 a specific Area (ESG Area) was set up to manage the implementation of ESG strategies in line with the CDP guidelines, the assessments of the impact on the economic, environmental and social development of SIMEST's support actions, and the monitoring and reporting of ESG objectives and related KPIs, in coordination with and with the support of the business units.

With reference to governance, in order to ensure an effective risk management and control system, SIMEST, in 2023, assigned roles and responsibilities on ESG matters to internal committees supporting the decision-making body.

In particular, the Governance Risk Committee, is tasked, among other things, with the following:

- contributing to the definition of corporate risk management strategies and policies (including non-compliance, reputational, money laundering and ESG risks) by supporting the Board of Directors in determining and periodically reviewing risk appetite levels and operating limits, in accordance with strategic guidelines;
- evaluating proposals for determining corporate guidelines for the management and possible transfer and mitigation of risks, including non-compliance, reputational, money laundering and ESG risks;
- analysing, evaluating and issuing opinions on risk methodologies and models including those related to ESG and sustainability.

As mentioned above, the gradual implementation of sustainability and ESG risk analyses is envisaged. These analyses will supplement those carried out by the Evaluation Risk Committee (a technical-advisory body supporting the decision-making body) in preparation for the assessment of the admissibility of transactions in terms of risks, economic, financial and equity sustainability and strategic alignment.

With regard to the risk aspects, during the second half of 2023 SIMEST's Board of Directors formally approved the adoption of the Group Policy "ESG Risk Assessment and Management" (hereinafter the ESG Risk Policy), which describes the principles and metrics that CDP and the Group companies must adhere to when assessing ESG risks and the related scope of application, envisaging a transitional period during which the Company undertakes to bring its business and organisational processes into line with the Group's forecasts.

Therefore, as part of a broader project activity relating to ESG issues (assessment and reporting), also with the support of a consulting firm, a project was launched aimed at defining and developing an ESG risk assessment methodology in line with the Policy guidelines, integrating this assessment, according to a progressive and evolutionary approach, into the governance system and operating processes.

13. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Since 1 January 2024, SIMEST has been included in the list of public administrations included in the Consolidated income statement, identified pursuant to Article 1, paragraph 3, of Italian Law 196 of 31 December 2009. However, Article 7, paragraph 2, of Italian Law Decree 131 of 29 September 2023 provided for the exemption for SIMEST from the application of the restrictions, prohibitions and obligations regarding the containment of public spending envisaged by law for the subjects included in the indicated list.

14. BUSINESS OUTLOOK

Following the stagnation experienced in the latter half of 2023, economic activity in Italy is forecast to rebound this year (+0.6%), driven by the recovery of disposable income and increased foreign demand. Overall, the macroeconomic framework continues to be influenced by risks arising from ongoing weak global trade dynamics and escalating international political tensions. Despite signs of recovery in the final months of 2023, investment will continue to be affected by the high cost of credit and companies' negative outlook on the general economic situation and their operating conditions.

Regarding SIMEST's operations and the resources of the 394 Fund and the Integrated Promotion Fund managed by SIMEST on behalf of MAECI, the beginning of 2024 saw the start of measures to compensate exporting companies for the material damages caused by the November 2023 floods in Tuscany. These companies are eligible for the conditions dedicated to flood-affected areas outlined in the instruments of the 394 Fund.

In 2024, the subsidised financing programme renewed in July 2023 will continue, with a growing emphasis on assisting Italian companies, particularly SMEs, interested in strategic markets. This includes a new initiative specifically tailored for African markets, as part of a larger governmental cooperation project with countries of that area.

In terms of equity investments, there is a positive trend in pipeline projects, largely thanks to stronger commercial partnerships with the Parent Company Cassa Depositi e Prestiti. The objective is to increase investment volumes, capitalise on new market opportunities and provide support to innovative start-ups and SMEs through the operations of the Venture Capital Fund.

Regarding export support instruments (Law 295/73 Fund), for buyer credit a significant increase in projects is anticipated in 2024. This growth underscores the strategic importance of the Fund's intervention, which, along with SACE's insurance coverage, enables the procurement of vital orders for domestic enterprises. This has significant systemic impacts in terms of both GDP and employment.

Supplier credit operations continue to evolve, playing a vital role in improving the competitiveness of SMEs and Mid-Caps in the Italian manufacturing sectors.

15. 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 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

RIZOMA

WITH US IN 2023…

RIZOMA'S ACCESSORIES AND COMPONENTS WIN OVER MOTORCYCLISTS AROUND THE WORLD

We provided soft loans for international expansion to this leading company based in the Province of Varese, known for its high-tech motorcycle accessory design and production. This assistance enabled it to develop an e-commerce platform to sell its products worldwide.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

FORM AND CONTENT OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

The Financial Statements as at 31 December 2023 have been prepared in accordance with applicable regulations and consist of:

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

Contents of the Notes to the Financial Statements:

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

Balance sheet

Asset items (euro)	**Note**	**31/12/2023**	**31/12/2022**
Cash and cash equivalents	A.1	59,729	19,489
Financial assets measured at fair value through other comprehensive income	A.2	5,164,569	5,164,569
Financial assets mandatorily measured at fair value through profit or loss	A.3	59,191,388	106,470,724
of which: Receivables for equity investments		*59,169,170*	*106,447,857*
Financial assets measured at amortised cost	A.4	415,333,699	405,753,021
of which: Receivables for equity investments		*411,918,908*	*402,094,071*
of which: Other financial receivables		*3,414,791*	*3,658,950*
Property, plant and equipment	A.5	11,187,076	3,059,240
of which: right of use on buildings		*10,279,283*	*2,389,176*
Intangible assets	A.6	2,553,589	1,916,094
Tax assets	A.7	1,231,630	1,136,947
a) current		-	*37,583*
b) deferred		*1,231,630*	*1,099,365*
Other assets	A.8	22,619,335	21,140,690
Total assets		**517,341,014**	**544,660,774**

Liabilities and equity items (euro)	**Note**	**31/12/2023**	**31/12/2022**
Loans payable measured at amortised cost	P.1	179,174,005	214,986,275
of which: payables relating to rights of use on buildings		*10,372,379*	*2,463,473*
Other liabilities	P.2	18,182,807	16,576,921
Employee severance indemnity	P.3	1,400,280	1,677,095
Tax liabilities	P.4	585,525	101,670
a) current		*585,525*	*101,670*
b) deferred		-	-
Provisions for risks and charges	P.5	4,872,390	1,714,500
c) other provisions		*4,872,390*	*1,714,500*
Share capital	P.6	164,646,232	164,646,232
Share premium reserve	P.7	1,735,551	1,735,551
Reserves	P.8	143,233,261	142,717,156
- 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		*(18,562,347)*	*(19,041,989)*
Income (Loss) for the year (+/-)	P.9	3,510,963.27	505,374
Total liabilities and equity		**517,341,014**	**544,660,774**

Income statement

Items (euro)	**Note**	**31/12/2023**	**31/12/2022**
Income from equity investments	C.1	26,957,269	25,992,512
Interest expense and similar expense	C.2	(5,718,187)	(2,066,068)
Commission income	C.3	47,331,623	35,266,433
Net profit (loss) on assets mandatorily measured at fair value through profit or loss	C.4	(3,865,516)	(8,110,574)
Other financial income	C.5	108,964	46,929
Gross income		**64,814,153**	**51,129,233**
Net adjustments/recoveries for credit risk on assets measured at amortised cost	C.6	(5,500,080)	(3,367,289)
Administrative expenses:	C.7	(42,240,076)	(38,848,976)
a) staff costs		*(21,338,340)*	*(19,878,212)*
b) other administrative expenses		*(20,901,736)*	*(18,970,764)*
Other operating income (costs)	C.8	-	-
Operating result		**17,073,996**	**8,912,968**
Net allocations to provisions for risks and charges	C.9	(4,630,426)	(1,664,500)
Net adjustments/recoveries on property, plant and equipment	C.10	(1,656,302)	(1,565,579)
Net adjustments/recoveries on intangible assets	C.11	(1,875,688)	(1,217,364)
Income (loss) before tax		**8,911,580**	**4,465,524**
Income tax for the year	C.12	(5,400,616)	(3,960,151)
Net income (loss) for the year		**3,510,963**	**505,374**

Statement of comprehensive income

Items (euro)	**31/12/2023**	**31/12/2022**
Income (Loss) for the year	**3,510,963**	**505,374**
Other comprehensive income net of taxes without reversal to Income statement		
Cash flow hedges	-	-
Non-current assets held for sale	-	-
Defined benefit plans	10,731	76,894
Total other comprehensive income net of taxes	**10,731**	**76,894**
Comprehensive income	**3,521,694**	**582,268**

Statement of changes in equity: current financial year

(euro)	Equity as at 31/12/2022	Allocation of net income (loss) for previous year		Changes for the year Equity transactions								Equity as at 31/12/2023
		Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Special dividend distribution	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income 2023	
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	**156,795,464**	25,732										**156,821,196**
b) other	**5,164,569**											**5,164,569**
c) Retained earnings/losses carried forward	**(19,041,989)**	479,642										**(18,562,347)**
Revaluation reserves												
a) available for sale	-											-
b) cash flow hedges	-											-
c) other reserves	**(200,890)**										10,731	**(190,159)**
Equity instruments	-											-
Treasury shares	-											-
Income (Loss) for the year	**505,374**	(505,374)									3,510,963	**3,510,963**
Total equity	**309,604,313**	**0**									**3,521,694**	**313,126,007**

Statement of changes in equity: previous financial year

(euro)	Equity as at 31/12/2021	Allocation of net income (loss) for previous year		Changes for the year								Equity as at 31/12/2022
					Equity transactions							
		Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Special dividend distribution	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income 2022	
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	**156,600,630**	194,834										**156,795,464**
b) other	**5,164,569**											**5,164,569**
c) Retained earnings/losses carried forward	**(22,743,842)**	3,701,853										**(19,041,989)**
Revaluation reserves												
a) available for sale	-											-
b) cash flow hedges	-											-
c) other reserves	**(277,784)**										76,894	**(200,890)**
Equity instruments	-											-
Treasury shares	-											-
Income (Loss) for the year	**3,896,687**	(3,896,687)									505,374	**505,374**
Total equity	**309,022,045**	**0**									**582,268**	**309,604,313**

Statement of cash flows (indirect method)

(euro)	31/12/2023	31/12/2022
A. OPERATING ACTIVITIES		
1. Operations	**20,190,483**	**14,112,257**
- Net income for the year (+/-)	3,510,963	505,374
- Net profit (loss) on financial assets mandatorily measured at fair value through profit or loss (Revenues)/Costs	3,865,517	8,110,575
- Income and commissions not yet collected (-)	889,307	(1,021,774)
- Net adjustments/recoveries for credit risk on assets measured at amortised cost (+/-)	5,500,899	3,367,288
- Net adjustments/recoveries on property, plant and equipment and intangible assets (+/-)	3,531,991	2,782,944
- Net provisions for risks and charges and other costs/revenues (+/-)	2,891,806	367,850
- Other adjustments (+/-)	-	-
2. Cash generated by/used in financial assets	**25,869,606**	**(4,676,414)**
- Financial assets measured at fair value and at amortised cost	27,199,184	(6,352,084)
of which: Receivables for equity investments	*27,199,184*	*(6,352,084)*
- Other current assets	(1,329,578)	1,675,670
3. Cash generated by/used in financial liabilities	**2,089,741**	**0**
- Other current liabilities	2,089,741	0
Cash generated by/used in operating activities	**48,149,830**	**9,435,843**
B. INVESTING ACTIVITIES		
1. Cash generated by	**1,676,400**	105,978
- Sales of property, plant and equipment	1,676,400	105,978
- Sales of intangible assets	-	-
2. Cash used in	**(13,973,721)**	**(3,366,404)**
- Purchase of property, plant and equipment	(11,460,538)	(838,505)
- Purchase of intangible assets	(2,513,183)	(2,527,899)
Cash generated by/used in investing activities	**(12,297,321)**	**(3,260,426)**
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	**35,852,509**	**6,175,417**
RECONCILIATION		
Opening cash and cash equivalents/(financial payables)	(214,966,785)	(221,142,202)
Total cash generated/used during the year	35,852,509	6,175,417
Closing cash and cash equivalents/(financial payables)	**(179,114,277)**	**(214,966,785)**

For the Board of Directors
The Chairman
Pasquale Salzano

NOTES TO THE FINANCIAL STATEMENTS

Introduction

Information about the Company

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

General preparation principles

I. Declaration of compliance with the International Financial Reporting Standards

SIMEST's Financial Statements 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 Italian Legislative Decree 38 of 28 January 2005 (IAS Decree), as amended by Italian Law Decree 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 Italian 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 the information required by the regulations as well as the additional information deemed necessary to give a true and fair view of the Company's situation. With regard to disclosure 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 2022.
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 2023 and new standards not yet in force

International accounting standards approved as at 31 December 2023 and in force from 2023
As required by IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", the new international ac-

counting standards, or amendments to existing accounting standards, whose application became mandatory as of 1 January 2023, are listed below:
- Commission Regulation (EU) 2021/2036 of 19 November 2021 amending 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 17;
- Commission Regulation (EU) 2022/357 of 2 March 2022 amending Regulation (EC) 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 1 and 8;
- Commission Regulation (EU) 2022/1392 of 11 August 2022 amending Regulation (EC) 1126/2008 as regards International Accounting Standard (IAS) 12;
- Commission Regulation (EU) 2022/1491 of 8 September 2022 amending Regulation (EC) 1126/2008 as regards International Financial Reporting Standard 17;
- Commission Regulation (EU) 2023/2468 of 8 November 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard (IAS) 12.

New accounting standards and interpretations already issued and endorsed by the European Union but not yet in force (effective date as from the financial years beginning 1 January 2024)

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 as at 31 December 2023:
- Commission Regulation (EU) 2023/2579 of 20 November 2023 amending Regulation (EU) 2023/1803 as regards International Financial Reporting Standard 16;
- Commission Regulation (EU) 2023/2822 of 19 December 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard 1.

Accounting standards, amendments and interpretations not yet endorsed by the European Union at the reference date of 31 December 2023

Certain accounting standards, interpretations and amendments had been issued by the IASB but had not yet been endorsed by the European Union at the date of preparation of this annex:
- Amendment to IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current (issued on 23 January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022);
- Amendment to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments": Disclosures: Supplier Finance Arrangements (issued on 25 May 2023);
- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates": Lack of Exchangeability (issued on 15 August 2023).

The complete list of international accounting standards and amendments published by the IASB, with indication of whether or not they are adopted by the European Union, is available on the EFRAG website at the following address:
www.efrag.org/Endorsement.

International Tax Reform – Pillar Two Model Rules

Directive 2022/2523 – on the basis of the paper "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two)" issued by the OECD on 14 December 2021 – introduced an effective minimum taxation regime for national and multinational groups at the rate of 15% for each jurisdiction in which they are located, providing for the application of a supplementary tax in cases where the effective tax rate per country, with the adjustments envisaged by the application rules, is lower than the 15% minimum taxation. This legislation was transposed into domestic law with Italian Legislative Decree 209 of 27 December 2023 ("Pillar II" or "global minimum tax") effective from the 2024 tax period.

In this regard, in 2023, the Parent Company CDP launched a group-wide project, with the support of a leading advisor, to: (i) map the relevant entities for Pillar II purposes; (ii) collect the information needed to determine the Transitional Country-by-Country safe harbour; (iii) collect the information needed to calculate the Globe Income and Adjusted Covered Taxes required to compute the minimum 15% tax rate; (iv) prepare a Gap Analysis. This activity was carried out with reference to the 2022 tax year.

On 23 May 2023, the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules". The document, whose adoption process by the EU was completed on 8 November 2023, introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (which are effective in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides for specific disclosure requirements for entities affected by the related International Tax Reform. The document provides, in particular, for the immediate application of the temporary exception, while the disclosure requirements will only be applicable to annual Financial Statements commencing on or after 1 January 2023.

As a result of the work carried out so far in relation to the year 2022, based on the information currently available, the mapping has involved some 390 entities located in around 60 jurisdictions whose effective tax rate is generally higher than 15%. Of these, around 20 smaller entities are resident in five countries with an effective tax rate of less than 15% and an estimated supplementary tax rate at the CDP Group level that is not significant.

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 the 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 not listed on active markets, the Level 2 valuation requires the use of valuation models that process market parameters 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. In choosing the models to be applied for Level 2 assessments, the Company takes into account the following considerations:

- 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).
Also in the case of Level 3 valuations, valuation techniques are 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 SIMEST's Financial Statements as at 31 December 2023.

Cash and cash equivalents

"Cash and cash equivalents" are measured at fair value. Liquidity is represented by cash on hand at the Company and at banks with yields in line with market conditions. The availability is increased by the interest accrued on the available funds, even if not yet paid.

Financial assets measured at fair value through profit or loss

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

In particular, this item includes:

- financial assets held for trading, represented by debt and equity securities and the positive value of derivative contracts held for trading;
- financial assets mandatorily measured at fair value, represented by the financial assets which do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not provide solely for payments of principal and interest on the principal amount outstanding

(*i.e.*, those financial assets that do not pass the "SPPI test"), or financial assets not held within a business model whose objective is to hold assets in order to collect contractual cash flows (the "Hold to Collect" business model), or whose objective is achieved by both collecting contractual cash flows and selling financial assets (the "Hold to Collect and Sell" business model);
- financial assets designated at fair value, *i.e.*, those financial assets defined as such at the time of initial recognition and where the conditions are met. In such a case, at initial recognition an entity has the option to irrevocably designate a financial asset as measured at fair value through profit or loss if, and only if, this will eliminate or significantly reduce a recognition inconsistency.

In SIMEST's Financial Statements, this amount includes receivables from partner companies resulting from investment transactions in investees which, under IFRS 9, do not pass the SPPI test "solely payments of principal and interest on the principal amount outstanding" and therefore must be measured at fair value.

In particular, the relationships between SIMEST, its partner companies and its investees are considered financial assets ("linked transactions") whereby SIMEST is entitled to receive a contractually defined amount of money from the partner companies which is not less than the amount disbursed, thereby substantiating the relationship with the partner within the context of the linked transaction. These relationships, regardless of their legal form, are classified as loans and receivables.

Financial assets measured at fair value through other comprehensive income

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

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

Financial assets measured at amortised cost

This item includes debt securities and loans allocated to the portfolio 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 partner 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 provides 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, 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

Fixed assets refer to non-current assets intended for long-term use in the exercise of business activities. 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. Capital assets by purpose or by nature are depreciated each year on a straight-line basis in relation to their residual possibility of use. Maintenance and repair costs that do not result in an increase in the utility and/or useful life of the assets are charged to the Income statement for the year.

“Property, plant and equipment represented by the right of use” (RoU) of assets under lease agreements are recognised by the lessee on the effective date of the agreement, *i.e.,* the date on which the asset is made available to the lessee and is initially measured at cost. Against the asset consisting of the right of use, the lessee recognises a liability corresponding to the present value of the lease payments due. The discount rate used is the implicit interest rate, if determinable; otherwise the lessee’s incremental borrowing rate is used. In the case of operating sub-leases, the sub-lessor recognises the right of use as property, plant and equipment held for investment purposes.

The depreciation of the right of use is based on the straight-line method over the lease term, for which both the non-cancellable contractual period and renewal options are taken into account if the lessee is reasonably certain to exercise them.

During the term of the lease, the carrying amount of the right of use shall be adjusted in the event of a change in the lease term or lease payments, as well as for changes in the lease agreement that increase or decrease the subject of the lease.

Intangible assets

“Intangible assets” are governed by IAS 38. Intangible assets are recognised at acquisition or production cost including ancillary charges and amortised for the period of their expected future usefulness which, at the end of each year, is subject to valuation to verify the adequacy of the estimate. 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 from the Balance sheet if no future profits are expected or at the time of disposal. Costs incurred for the purchase and production of software by third parties are amortised on a straight-line basis, in relation to their residual possibility of use, which does not exceed 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 refer to deductible temporary differences, meaning the differences between statutory and tax values that in future years will give rise to deductible amounts, to the extent that there is a probability of their recovery; (ii) in tax liabilities, where they refer to temporary taxable differences representing liabilities as they are related to accounting items that will become taxable in future tax periods. In particular, with regard to IRES, following the adoption of the National Tax Consolidation of the CDP Group and in compliance with the provisions of both the Consolidation Regulation and the prevailing doctrine and practice on the subject, the Company determined its own “potential” charge, recognising as a contra-item a payable to the consolidating Company which, in accordance with the new provision, is the only one obliged to settle the relationship 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

Commissions are recognised in the Income statement on an accrual basis; commissions considered as part of the amortised cost for the purpose of determining the effective interest rate, which are recognised under interest, are excluded.

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	31/12/2023	31/12/2022
Banks	56	13
Cash	4	6
Total	**60**	**19**

This item represents bank deposits as at 31 December 2023, which include interest income credited by banks and cash on hand at the same date, in euro and in foreign currencies.

A.2 Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income

Items	31/12/2023	31/12/2022
Financial assets measured at fair value through other comprehensive income	5,165	5,165
Total	**5,165**	**5,165**

The item refers to the share (non-significant interest) that SIMEST holds in FINEST Spa.

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

Items	31/12/2023			31/12/2022		
	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 Measured at fair value						
2.2 Measured 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

The 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 partner 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. The exposure measured at fair value within the equity portfolio is of a residual nature and amounts to a total of approximately 53 million euro, of which more than half have maturities up to the year 2024, with a difference compared to the nominal redemption value of 2% on average. The overall portfolio is within a fair value delta range of 5% on average, with maturities ending in 2027.

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

	31/12/2023	31/12/2022
1. Equity securities	**4**	**5**
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	*4*	*5*
2. Debt securities	18	18
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	18	18
3. Units in collective investment undertakings	**-**	**-**
4. Loans	**59,169**	**106,448**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	59,169	106,448
f) Households	-	-
Total	**59,191**	**106,471**

The reduction in this item (47.3 million euro) is essentially due to the trend in loan repayments during the year (45.0 million euro) and the net result of loans for equity investments measured at fair value, including analytical write-downs on impaired positions (2.3 million euro).

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

Items/Values	31/12/2023			31/12/2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**18**	**-**	**-**	**18**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	18	-	-	18	-
2. Equity securities	**4**	**-**	**-**	**5**	**-**	**-**
3. Units in collective investment undertakings	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**59,169**	**-**	**-**	**106,448**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	59,169	-	-	106,448
Total	**4**	**18**	**59,169**	**5**	**18**	**106,448**

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

	31/12/2023			
		Non-performing		
Items	**Performing**	**Purchased**	**Other**	**Total**
Receivables from:				
a) Governments	-	-	-	-
b) Other public entities	-	-	-	-
c) Other parties	52,150	-	7,041	**59,191**
Total	**52,150**	**-**	**7,041**	**59,191**

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	2,653	-	32,894	23,644	-	**59,191**
Total						**59,191**

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	31/12/2023			31/12/2022		
	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:	**406,185**	**5,734**	**-**	**399,530**	**2,564**	**-**
a) Public administrations	-	-	-	-	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	406,185	5,734	-	399,530	2,564	-
d) Households		-	-	-	-	-
Total	**406,185**	**5,734**	**-**	**399,530**	**2,564**	**-**

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

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

	Gross value				Accumulated impairment			
	First stage	of which: instruments with low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	Total partial write-offs
Debt securities	-	-	-	-	-	-	-	-
Loans	319,611	-	96,597	31,637	(3,258)	(6,765)	(25,903)	-
Total	**319,611**	**-**	**96,597**	**31,637**	**(3,258)**	**(6,765)**	**(25,903)**	**X**

Other financial receivables: breakdown

The item refers to mortgages and loans disbursed to employees.

Items	31/12/2023	31/12/2022
Mortgage loans for employees	3,198	3,409
Loans for employees	217	250
Total	**3,415**	**3,659**

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	68	204	1,048	1,878	3,198
Receivables for loans to employees	23	46	138	10	217
Total					**3,415**

A.5 Property, plant and equipment

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

Items	31/12/2023	31/12/2022
1. Owned assets	**549**	**526**
a) land	-	-
b) buildings	-	-
c) furniture	285	302
d) electronic equipment	264	224
e) others	-	-
2. Rights of use acquired through leasing	**10,638**	**2,533**
a) land	-	-
b) buildings	10,279	2,389
c) furniture	-	-
d) electronic equipment	-	-
e) others	359	144
Total	**11,187**	**3,059**

This item also includes assets deriving from rights of use acquired under leases, based on the IFRS 16, amounting to around 10.7 million euro as at 31 December 2023.

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	**1,803**	**2,509**	7,626	232	203	**12,373**
A.1 Total net write-downs	(1,501)	(2,286)	(5,235)	(174)	(117)	(9,313)
A.2 Net opening balance	302	223	2,391	57	86	3,059
B. Increases	**37**	**136**	**10,819**	**469**	**-**	**11,461**
B.1 Purchases	37	136	10,819	469	-	11,461
C. Decreases	**(54)**	**(95)**	**(2,931)**	**(167)**	**(86)**	**(3,333)**
C.1 Sales	-	-	(1,637)	(11)	(28)	(1,676)
C.2 Depreciation	(54)	(95)	(1,294)	(156)	(58)	(1,657)
D. Net closing balance	**285**	**264**	**10,279**	**359**	**-**	**11,187**
D.1 Total net impairments	(1,555)	(2,381)	(8,166)	(341)	(203)	(12,646)
D.2 Gross closing balance	**1,840**	**2,645**	**18,445**	**701**	**203**	**23,834**

Depreciation is calculated by applying the straight-line method and on the basis of rates determined in relation to the use of the assets and their residual life.

Purchases during the year essentially concern the implementation of hardware for the Company information system as well as the purchase of 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	31/12/2023	31/12/2022
Software licenses	2,487	1837
Office renovation costs	67	79
Total	**2,554**	**1,916**

The item includes the costs for updating the IT procedures for the management of Company operating activities.

The amortisation of the software and the expenses incurred for the development plan is calculated on a straight-line basis over a period of three years.

Intangible assets: changes for the year

A. Opening balance	**18,388**
A.1 Total net write-downs	(16,472)
A.2 Net opening balance	1,916
B. Increases	**2,514**
B.1 Purchases	2,514
of which: business combinations	-
C. Decreases	**(1,867)**
C.1 Sales	-
of which: business combinations	-
C.2 Write-downs	(1,867)
- Amortisation	(1,867)
- Impairment:	-
+ Equity	-
+ Income statement	-
D. Net closing balance	**2,554**
D.1 Total net write-downs	(18,348)
E. Gross closing balance	**20,902**

A.7 Tax assets

Items	31/12/2023	31/12/2022
Tax assets for direct taxes		
a) current	-	38
b) deferred	1,232	1,099
Total	**1,232**	**1,137**

Deferred tax assets: breakdown

Items	31/12/2023	31/12/2022
Deferred tax assets recognised in the Income statement	**1,232**	**1,099**
- provisions for risks and charges	971	758
- write-downs on receivables	261	341
Deferred tax assets recognised in Equity	-	-
Total	**1,232**	**1,099**

Changes in deferred tax assets

Items	31/12/2023
Opening balance	**1,099**
2. Increases	**921**
2.1 Deferred tax assets recognised during the year	921
2.2 New taxes or increases in tax rates	-
2.3 Other increases	-
2.4 Business combinations	-
3. Decreases	**(788)**
3.1 Deferred tax assets derecognised during the year	(788)
a) reversals	(788)
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	**1,232**

A.8 Other assets

Other assets: breakdown

Items	31/12/2023	31/12/2022
Trade receivables and advances to public entities	22,332	20,546
Advances to suppliers	84	111
Other trade receivables	-	-
Tax receivables from fiscal consolidation	-	215
Accrued income and prepaid expenses	203	269
Total	**22,619**	**21,141**

The item “Trade receivables and advances to public entities” includes receivables for the commissions under the agreement to manage the Law 295/73 Fund, the Law 394/81 Fund (including management of the resources of the NRRP), the Sustainable Growth Fund, the Venture Capital Fund and the Start-Up Fund.

Liabilities

P.1 Loans payable measured at amortised cost

Loans payable measured at amortised cost: breakdown

Items	31/12/2023	31/12/2022
Due to banks	140,602	162,288
Due to Cassa Depositi e Prestiti	27,840	50,090
Payables relating to right of use	10,732	2,608
Total	**179,174**	**214,986**

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	31/12/2023	31/12/2022
Loans repayable on demand	11,657	11,953
Term loans and loans repayable with notice	156,785	200,425
Payables relating to right of use	10,732	2,608
Total	**179,174**	**214,986**

The item "Loans repayable on demand" refers to the current account overdraft, at the end of the year, activated with the banking system. The amount is recognised at nominal value and includes accrued fees payable.

The item "Term loans and loans repayable with notice" refers to the outstanding payable (including accrued liabilities), at the end of the period, relating to 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 10.7 million euro, determined based on the discounting of the minimum lease payments due up to maturity (IFRS 16).

The following table provides a breakdown by maturity of those payables:

Assets/Values	31/12/2023
Lease liabilities	
Total cash outflows for leases within 5 years	**4,135**
Within 1 year	945
From over 1 year to 2 years	870
From over 2 years to 3 years	803
From over 3 years to 4 years	763
From over 4 years to 5 years	754
Total cash outflows for leases beyond 5 years	**6,597**

P.2 Other liabilities

Other liabilities: breakdown

Items	31/12/2023	31/12/2022
Amounts due to employees	1,949	2,785
Trade payables and other items	13,669	11,985
Tax payables	1,524	1,011
Due to social security institutions	1,041	796
Total	**18,183**	**16,577**

P.3 Employee severance indemnity

Employee severance indemnity: changes for the year

	31/12/2023	31/12/2022
A. Opening balance	**1,677**	**1,844**
B. Increases	**66**	**216**
B.1 Provision for the year	-	-
B.2 Other increases	66	216
C. Decreases	**343**	**383**
C.1 Severance payments	322	177
C.2 Other decreases	21	206
D. Closing balance	**1,400**	**1,677**

IAS 19, issued in 1998 and subsequently revised, is the standard that covers the benefits that, for various reasons, a company may provide to its employees (employee benefits) and defines the accounting treatment of these benefits.

IAS 19 is based on the principle that the cost of employee benefits is recognised not when it is paid or made payable but in the period in which the benefit becomes an employee's right; the benefits governed by IAS 19 are classified into the following four categories, for which there are different accounting methods:
- "short-term employee benefits": short-term benefits provided by the company within twelve months following the Financial Statements, other than benefits due for termination of employment; this category of benefits includes, among other things, employee wages and social security contributions;
- "post-employment benefits": post-employment benefits due after the end of the employment relationship, such as, for example, supplementary pensions and health care benefits, severance payments, additional monthly payments;
- "other long-term employee benefits": other long-term benefits that cover a range of items and that do not end within the first twelve months following the Financial Statements, other than benefits due on termination of employment and those due after termination of the employment relationship, such as, for example, disability allowances and seniority bonuses;
- "termination benefits": services due for termination of employment; these are benefits provided by the company in particular cases of interruption of the employment relationship, such as, for example, early retirement incentives.

"Post-employment benefits" are distinguished between defined benefit plans and defined contribution plans, depending on the economic nature of the plan. In defined contribution plans, the company, based on an agreement, pays fixed contributions to a separate entity (a fund) and has no real or implicit obligation to pay additional contributions, so that the actuarial risk (benefits lower than expectations) and the investment risk (assets invested insufficient to meet the expected benefits) fall on the employee. In defined benefit plans, on the other hand, the actuarial risk and the investment risk fall on the company.

As expressly noted in IAS 19 itself, the employee severance indemnity, despite the terminological affinity with “termination benefits”, is classified among “post-employment benefits” regardless of the causes of termination.

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 technical parameters	2023	2022	2021
Nominal annual discount rate	3.4%	4.0%	0.7%
Annual inflation rate	2.40%	8.10%	1.90%

Demographic technical parameters	2023
Removal from service - Death	Probability of removal due to death: equal to those of the Italian population of 30%, broken down by age and gender
Removal from service - Various causes	Possibility of removal of assets for various reasons (resignations, dismissals) equal to 3% up to 54 years of age and equal to 5% for subsequent ages
Retirement age	Provisions contained in Italian Law 214/2011 and Italian Law Decree 4/2019, assuming that workers leave the service when they reach the first right

Reconciliation of liabilities 01/01/2023-31/12/2023

(euro)	31/12/2023	31/12/2022
A. Opening balance	**1,677,095**	**1,844,139**
B. Increases	**66,236**	**215,965**
B.1 Provision for the year	-	-
B.2 Other increases	66,236	215,965
C. Decreases	**343,051**	**383,009**
C.1 Severance payments	322,341	176,567
C.2 Other decreases	20,710	206,442
D. Closing balance	**1,400,280**	**1,677,095**

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	31/12/2023	31/12/2022
Tax liabilities for direct taxes		
a) current	586	102
b) deferred	-	-
Total	**586**	**102**

The item refers to the IRAP payable and additional IRES for the year 2023.

P.5 Provisions for risks and charges

Provisions for risks and charges: breakdown

Items	31/12/2023	31/12/2022
1. Company pension funds		
2. Other provisions for risks and charges	**4,872**	**1,715**
2.1 Legal disputes	-	-
2.2 Staff costs	2,717	1,715
2.3 Other	2,155	-
Total	**4,872**	**1,715**

Provisions for risks and charges represent the allocations to cover future outlays deemed probable in relation to events known by the date of approval of the draft Financial Statements for the year 2023. The item includes the provision for charges relating to employees and other provisions, with a specific purpose, which relate to risks deriving from the Company's core business.

Provisions for risks and charges: changes for the year

Items	31/12/2023	31/12/2022
A. Opening balance	**1,715**	**1,257**
B. Increases	**4,630**	**1,715**
B.1 Provision for the year	4,630	1,715
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	**1,473**	**1,257**
C.1 Use during the year	1,473	1,257
C.2 Changes due to amendments in the discount rate	-	-
C.3 Other changes	-	-
D. Closing balance	**4,872**	**1,715**

Equity

P.6 Share capital

Share capital: breakdown

Items	31/12/2023	31/12/2022
Share capital subscribed and paid in	164,646	164,646
Total	**164,646**	**164,646**

As at 31 December 2023, 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 Transactions for the sale of businesses	-	-
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	31/12/2023	31/12/2022
Share premium reserve	1,736	1,736
Total	**1,736**	**1,736**

The premiums concerned a total of 22,403,298 shares.

P.8 Reserves

Reserves

As at 31 December 2023, the Company reported the following "Reserves":

Items	31/12/2023	31/12/2022
Capital reserves:	**5,165**	**5,165**
Reserve pursuant to Article 88(4) of Italian Presidential Decree 917/86	5,165	5,165
Income reserves:	**138,068**	**137,552**
Legal reserve	22,986	22,961
Other reserves	60,663	60,653
First Time Adoption Reserve	63,527	63,527
IFRS 9 FTA reserve	9,454	9,454
Retained earnings (losses carried forward)	(18,562)	(19,043)
Total	**143,233**	**142,717**

The reserve pursuant to Article 88(4) of Italian Presidential Decree 917/86 regards the capital grant received from the Italian Ministry of Economic Development to subscribe to the equity investment in FINEST Spa of Pordenone, as established by Italian Law 19 of 9 January 1991. The item "Other reserves", based on the second paragraph of Article 6 of Italian Legislative Decree 38/2005, includes restricted reserves of 28 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	31/12/2023	31/12/2022
Income from equity investments	26,957	25,993
Total	**26,957**	**25,993**

The item refers to the fees deriving from equity investments (22,744 thousand euro) and also includes income deriving from shareholder loans (2,506 thousand euro) and default interest (1,707 thousand euro).

C.2 Interest expense and similar expense

Interest expense and similar expense: breakdown

Items	31/12/2023	31/12/2022
Interest expense and similar expense	(5,718)	(2,066)
Total	**(5,718)**	**(2,066)**

The item refers to the interest expense accrued on the current account overdraft facility provided by the banking system and the use of credit lines 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	31/12/2023	31/12/2022
Commission income	47,332	35,266
Total	**47,332**	**35,266**

This item refers to fees received for managing the Venture Capital Fund (7,926 thousand euro), the Law 394/81 Fund and managing the resources of the NRRP (31,071 thousand euro), the Sustainable Growth Fund (191 thousand euro) and the Law 295/73 Fund (8,144 thousand euro).

It should be noted that the increase in fees for the year 2023 is due to the increased operations in the management of the Funds and of the NRRP (National Recovery and Resilience Plan) 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	**2,466**	**3,443**	**(9,775)**	**-**	**(3,866)**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 Units in collective investment undertakings	-	-	-	-	-
1.4 Loans	2,466	3,443	(9,775)	-	(3,866)
2. Financial assets: exchange rate differences	**-**	**-**	**-**	**-**	**-**
Total	**2,466**	**3,443**	**(9,775)**	**-**	**(3,866)**

It should be noted that, as part of the fair value measurement model, in line with the Parent Company CDP, the value sets for the Probability of Default (PD) Point in Time were confirmed and the market variables were updated.

C.5 Other financial income

Other financial income: breakdown

Items	31/12/2023	31/12/2022
Other financial income	109	47
Total	**109**	**47**

The item mainly refers to interest income deriving from bank deposits and other financial receivables for mortgage loans and loans disbursed 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	Adjustments			Recoveries		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: purchased or originated impaired loans	-	-	-	-	-	-
B. Receivables from customers	**(3,001)**	**-**	**(2,855)**	**356**	**-**	**(5,500)**
- Loans	(3,001)	-	(2,855)	356	-	(5,500)
- Debt securities	-	-	-	-	-	-
of which: purchased or originated impaired loans	-	-	-	-	-	-
Total	**(3,001)**	**-**	**(2,855)**	**356**	**-**	**(5,500)**

For the component classified at amortised cost, the impairment valuation model (pursuant to IFRS 9) factors, taking into account the reference macroeconomic scenario, the updating of the risk parameters, the application of prudential classification approaches to Stage 2 and the adjustment of write-downs on the non-performing stock component.

C.7 Administrative expenses

Administrative expenses: breakdown

Items	31/12/2023	31/12/2022
a) Staff costs	(21,338)	(19,878)
b) Other administrative expenses	(20,902)	(18,971)
Total	**(42,240)**	**(38,849)**

The increase is mainly attributable to ICT investments to enable the digital transformation, in addition to higher expenses incurred for HR investments, also related to the transformation process in line with the 2023-2025 Strategic Plan.

Staff costs: breakdown

Items	31/12/2023	31/12/2022
1) Employees	**(18,625)**	**(17,457)**
a) Wages and salaries	(12,040)	(11,059)
b) Social security costs	(37)	(32)
c) Employee severance indemnity – payments and accruals	(792)	(703)
d) Pension costs	(3,001)	(3,015)
e) Payments to external supplementary pension funds:	(557)	(526)
- defined contribution	*(557)*	*(526)*
f) Other employee benefits	(2,198)	(2,122)
2) Other personnel in service	**(2,439)**	**(2,147)**
3) Directors and Statutory Auditors	**(274)**	**(274)**
Total	**(21,338)**	**(19,878)**

With regard to staff costs, there was an increase essentially due to the increase in the number of employees compared to last year as a result of the increased operations for the management of Public Funds and the consolidation of the new organisational structure.

Other employee benefits: breakdown

Items	31/12/2023	31/12/2022
Meal vouchers	(333)	(342)
Insurance policies	(1,260)	(855)
Leaving incentives	(453)	(820)
Other benefits	(152)	(105)
Total	**(2,198)**	**(2,122)**

Other administrative expenses: breakdown

Items	31/12/2023	31/12/2022
Professional and financial services	(7,686)	(7,223)
Outsourcing	(1,719)	(1,940)
Information services	(1,852)	(757)
Advertising and marketing expenses	(3,227)	(3,449)
General services	(1,829)	(1,272)
Utilities, duties and other expenses	(4,464)	(4,155)
Expenses for other corporate bodies	(125)	(175)
Total	**(20,902)**	**(18,971)**

Expenses for 2023 relating to services provided by the Independent Auditors are as follows:

Items	Subject that provided the service	Amount of fees
Statutory audit of accounts and Financial Statements for the year	Deloitte & Touche Spa	62,182
Audit of the annual and half-yearly Reporting Package for the Parent Company and Ultimate Parent Company	Deloitte & Touche Spa	18,702
Other Audit services (audit of the accounting separation file)	Deloitte & Touche Spa	8,088
Total		**88,972**

C.9 Net allocations to provisions for risks and charges

Net allocations to provisions for risks and charges: breakdown

Items	31/12/2023	31/12/2022
Net allocations to provisions for sundry expenses for personnel	(2,475)	(1,715)
Net allocations to other provisions	(2,155)	50
Total	**(4,630)**	**(1,665)**

The item includes the provision for charges relating to employees and other provisions, with a specific purpose, which relate to risks deriving from the Company's core business.

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 recoveries (c)	Net balance (a + b - c)
A. Intangible assets				
A.1 Owned	(149)			(149)
- For operations	(149)			(149)
- For investment	-			-
A.2 Acquired under lease	(1,507)			(1,507)
- For operations	(1,507)			(1,507)
- For investment	-			-
Total	**(1,656)**	-	-	**(1,656)**

C.11 Net adjustments/recoveries on intangible assets

Net adjustments/recoveries on intangible assets: breakdown

Items	Amortisation (a)	Value adjustments for impairment (b)	Value recoveries (c)	Net balance (a + b - c)
A. Intangible assets				
A.1 Owned	(1,876)			(1,876)
- Other	(1,876)			(1,876)
A.2 Acquired under lease				-
Total	**(1,876)**	**-**	**-**	**(1,876)**

C.12 Income tax for the year

Income tax for the year on continuing operations: breakdown

Items	31/12/2023	31/12/2022
1. Current taxes (-)	(5,533)	(4,132)
2. Changes in current taxes from previous years (+/-)	-	-
3. Reduction in current taxes for the year (+)	-	-
4. Changes in deferred tax assets (+/-)	132	172
5. Change in deferred tax liabilities (+/-)	-	-
6. Income tax for the year (-) (-1+/-2+3+/-4+/-5)	**(5,401)**	**(3,960)**

In 2023, provisions were made for current and deferred tax totalling 5,401 thousand euro. For deferred tax items, a receivable of 1,232 thousand euro with respect to deferred tax assets was recognised on the basis of the calculation of assets and liabilities as at 31 December 2023.
The following tables provide a reconciliation of the theoretical tax liability and the actual tax liability.

	31/12/2023
Gross income (loss) before tax	**8,912**
Theoretical IRES tax charge (rate 27.5%)	**2,451**
Increases	
- Temporary changes	1,442
- Permanent changes	3,929
Decreases	
- Dividends	(483)
- Gains on equity investments	(178)
- Other changes	(2,692)
Changes in the previous year	**-**
IRES effective tax on Financial Statements	**4,469**

Difference between value and cost of production	**20,193**
Theoretical IRAP tax charge (rate 5.57%)	**1,125**
- Increases in taxes	-
- Decreases in taxes	(61)
Changes in the previous year	**-**
IRAP effective tax on Financial Statements	**1,064**

Information on risks and hedging policies

With reference to identifying the risks that characterise SIMEST's activities, while not subject to prudential regulation, the Company adheres to current supervisory regulations for banks and the principles adopted by the Basel Committee.
The identification and classification of the different types of risk are set out in SIMEST's Risk Regulation; this document was updated during the first half of 2023 and approved by the Board of Directors in April 2023, as part of the broader process of assessment and sharing with the Parent Company (*i.e.,* release of Non-Binding Opinions). The updated Risk Regulation provides a comprehensive overview of the risk areas relevant to SIMEST, in line with the Company's operational changes and the Group's framework. It references specific policies and regulations governing the technical aspects of assessing, managing and monitoring individual risks.
The most significant risks to which the Company is exposed are listed below.

Credit risk: understood as the risk that a borrower will not fulfil its commitments in relation to a loan and will not be able to repay its debt. The Risk Regulation provides guidelines and specific control measures, both *ex ante* and *ex post*, broken down by counterparty and/or transaction, referring, for risk measurement aspects, to the Rating and Recovery Rate Policy and, for monitoring limits, tools and metrics, to the Credit Risk Policy.
To protect against credit risk, the Company adopts specific processes to assess, monitor and manage individual exposures and the portfolio through the use of models, operational tools and reporting. In particular, in the various phases of the process, the Company uses tools and models to support analysis (*e.g.*, rating and early warning system) aimed at measuring and monitoring the counterparty's credit risk and the possible deterioration of the credit profile so as to support Management and the structures responsible for initiatives to protect its assets and, where necessary, initiating credit recovery activities.
The credit risk associated with the equity investments is mainly mitigated through the direct commitments of the Italian partners to the forward purchase of SIMEST's equity investments, partially secured by corporate sureties, collateral and bank or insurance guarantees.
As at 31 December 2023, the direct commitments of the Italian partners for the forward purchase of equity investments amounted to approximately 428 million euro (455 million euro as at 31 December 2022); commitments backed by bank and/or insurance guarantees amounted to approximately 26 million euro (32 million euro as at 31 December 2022); those backed by collateral amounted to 27 million euro (29 million euro as at 31 December 2022).

Guarantees

(%; millions of euro)	2023		2022	
Direct commitments of Italian partners	89%	428	88%	455
Commitments secured by banks and insurance companies	5%	26	6%	32
Commitments secured by collateral	6%	27	6%	29
Total amount disbursed		**481**		**516**

In line with its institutional role, SIMEST supports – as a partner – companies with adequate creditworthiness, operating in strategic sectors and supply chains with sustainability and impact investing characteristics geared towards international expansion.
The Credit Risk Policy provides specific guidelines on the structuring, monitoring and management of transactions from a risk-sensitive perspective, differentiating them by duration, repayment plan, guarantee framework according to the rating, with the aim of further strengthening the credit risk controls. In 2023, the monitoring of operational limits by rating and by counterparty/group provided for in the Credit Risk Policy continued, with related periodic reporting to the corporate bodies.
In line with the indications of the Policy, particular attention was paid to the credit origination phase, directing new equity loan transactions towards counterparties with better credit standing, consistent with the objective of progressively reducing the cost of risk and the significance of the non-performing component of the portfolio.

Ratings, as a measure of default risk, are particularly important for the purposes of measuring credit risk. Ratings of creditworthiness 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.
As part of the credit risk monitoring tools and in line with the provisions of the Strategic Plan, SIMEST has launched a project aimed at defining an approach for monitoring and classifying credit exposures in line with the taxonomy and tools used at Group level (*i.e.*, the early warning system model).
As part of the risk-adjusted pricing methodology applied to financing transactions, some refinements to the calibration of specific model components were carried out in 2023. The pricing methodology provides risk-based returns in relation to the characteristics of the investment (*e.g.*, duration and expected collateral framework) and creditworthiness of the counterparties with the objective of estimating the reference value for achieving a level of risk-adjusted profitability that is consistent with the economic value creation objectives set forth in the Strategic Plan. In addition, to support the business, the Risk Management Unit periodically updates the pricing grids that highlight the spread levels applicable to the transaction when parameters such as the rating, duration and security package change and corresponding to different levels of expected shareholder return (expressed by the RAROC – risk-adjusted return on capital – measure) in order to guide risk/return assessments.
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 almost fully 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, albeit gradually decreasing, to potential value changes stemming 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 risks control framework provides a structured set of processes, functions and tools for the identification, assessment and monitoring of this kind of risk. 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, LDC) and (ii) the assessment of the level of Company exposure to operational risks through a Risk Self Assessment.
From January 2023, operational risks are managed in collaboration with CDP on the basis of a service contract. During the year, in the LDC area, along with monitoring and follow-up activities on action plans, corporate information sources were updated, training sessions were organised for the various LDC contact persons and managers, and a number of Near Miss events were noted. In the area of Risk Self Assessment, in addition to the monitoring of the existing action plans, Operational Risk Assessments were carried out on the Law 394/81 Fund and the equity portfolio.
Operational risks also include ICT risk, *i.e.*, the risk of (current or potential) economic, reputation and market share losses in relation to the use of Information and Communication Technology (ICT) due to events likely to compromise the availability, integrity and confidentiality of technical infrastructures and/or data.
Liquidity risk: the risk of default with respect to the Company's payment commitments includes two forms of risk that are often strongly correlated: (i) funding liquidity risk (inability/difficulty to raise funds with the risk of not being able to meet one's payment commitments) and (ii) market liquidity risk (difficulty in liquidating assets, and other assets to settle its financial obligations as they fall due, quickly and without incurring losses). Liquidity risk management 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 to verify and guarantee the Company's ability to deal with cash outflows in the short term and the right balance between the 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. The monitoring activities carried out in 2023 confirmed the effectiveness of the liquidity indicators and the warning thresholds introduced.

Interest rate risk: risk of losses caused by adverse movements in interest rates in terms of economic value and/or reinvestment of flows. In the first quarter of 2023, the Interest Rate Risk Policy was published, outlining some developments in the measurement and monitoring of this risk. The new system envisages the adoption of the "Repricing Gap" methodology, which quantifies the interest rate risk by calculating the "imbalance", differentiated by predetermined time buckets, between assets and liabilities exposed to interest rate risk. The Repricing Gap on the various maturities, combined with an assumption of change in rates, makes it possible to quantify the potential impacts on the Income statement, identifying the relative limits ("hard limits") and the relative warning thresholds ("soft limits").
During 2023, the maximum risk limits envisaged were respected and – also taking into account the subscription of a medium/long-term funding line that took place in the second half of the year – the early warning indicators are also largely "on target".
Concentration risk: in the case of "single name" and "geo-sector" risk, this refers to the risk arising from concentrated exposures to counterparties and/or groups of connected counterparties and to borrowers belonging to the same economic sector or engaged in the same activity or located in the same geographical area. During 2023, periodic monitoring of the operating limits by counterparty/group was carried out with reference to SIMEST's equity and sector concentrations with related reporting to the corporate bodies.
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, investors or regulators. 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 are carried out to mitigate the aforementioned risk and specific safeguards are adopted to prevent reputational events in the ordinary operations and management of public funds.
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 2023, SIMEST continued its monitoring and control activities, which also included the Reports of Suspicious Transactions made by the SOS representative to the FIU. These latter, drawn up in the event of anomalies and/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 the objective and subjective elements of the transactions. SIMEST operated in compliance with the principle of confidentiality, the prohibition of communication and all the principles established by current legislation. It should be noted that the process of strengthening the anti-money laundering control has made it possible to identify an increasing number of suspicious transactions to be reported to the FIU.
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) as well as sanctions. These risks are particularly relevant in view of SIMEST's institutional role as well as its extensive operations in the management of Public Funds.
SIMEST adopts the Group's framework that includes specific policies, processes and procedures to prevent, mitigate and reduce compliance, reputational and sanction risks.
Climate and ESG (Environmental, Social, Governance) risks: risks arising from factors related to environmental, social and governance issues with an impact on the performance of counterparties/projects. The climate and sustainability objectives, as set out in the CDP Group's internal policies and Code of Ethics, complement the mission and institutional role of SIMEST as a medium and long-term investor supporting the internationalisation of Italian enterprises. SIMEST, in line with the Group's sustainability framework, is committed to guiding investment activities by taking environmental, social and governance (ESG) issues into account. In this context, SIMEST has undertaken a process of internal transformation towards a business and operating model oriented towards the creation of sustainable value, in line with the Group's approach and with the 2023-2025 Strategic Plan, envisaging, among other things, the launch of projects aimed at integrating sustainability analysis and ESG risk assessment into the evaluation processes of eligible financing operations. During the fourth quarter of 2023, SIMEST's Board of Directors formally adopted the Group Policy "ESG Risk Assessment and Management", which describes the principles and metrics that CDP and the Group companies must comply with in the

assessment of ESG risks, the relative scope of application, the organisational and operational guidelines and establishes the timing of implementation of the specific risk controls. In this context, SIMEST Risk Management will be involved in defining and implementing a work plan for the development and implementation of relevant ESG risk assessment and management methodologies.

Capital adequacy: the Risk Regulation outlines the internal process of assessing the consistency between the capital resources available (represented by equity) and the economic capital necessary to cover existing risks, measured using methodologies consistent with the CDP Group and SIMEST's business model. Results of the 2023 assessments have confirmed the full adequacy of capital resources.

Specific controls are also in place for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which these funds are exposed.

In particular, the Venture Capital Fund historically works together with SIMEST in supporting the international expansion of SMEs with participatory financing at a subsidised rate. The Venture Capital Fund, alongside traditional operations, supports the internationalisation of Italian innovative start-ups and SMEs (start-up operations), through the subscription of equity investments or the subscription of units/shares of Investment Funds, in collaboration with CDP Venture Capital SGR. The available public resources are divided into investments through fund subscriptions and direct co-investments with CDP Venture Capital SGR. In the first quarter of 2023, the investment in the International Fund of Funds was signed, and during the year, the Steering and Reporting Committee began to resolve on direct transactions.

With regard to the Law 295/73 Fund, a cross-functional working group, including the MEF and MAECI, with the support of a consultancy firm, was launched in early 2023 to review the Fund's framework for measuring and managing interest rate and exchange rate risk, with a view to the complete definition of the revision of the applicable regulatory framework. In this context, the 2024 Italian Budget Law specifies the methodology for the provisioning of the Fund's commitments, so as to ensure its continuity, operability and sustainability, and provides that estimates of provisions, in line with best market practices, are made by applying the methodology adopted by the body responsible for administering the Fund upon the proposal of SIMEST as the managing entity.

With regard to the Law 394/81 Fund, in 2023, there was continued strengthening and consolidation of the integrated system of controls to oversee the reputational risks of fraud and money laundering. In addition, activities were carried out to support the business structures on methodological issues with the preparation of risk considerations. In particular, as part of the review of the system of guarantees to be requested from companies for subsidised loans under the Law 394/81 Fund, risk considerations were produced to support the meetings of the Facilities Committee in March and July 2023.

Within the framework of SIMEST's 2023-2025 Strategic Plan, the Risk Department, by participating in various working groups, contributes to the implementation of cross-functional activities and periodically monitors the progress of work in line with the envisaged deadlines.

Transactions with related parties

Since 21 March 2022, the Company is 76% owned by CDP Spa.

With regard to relations with the majority shareholder CDP Spa, 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 exports of Italian businesses.
In relations with the majority shareholder, note should be taken of the use in 2023 of credit lines disbursed by Cassa Depositi e Prestiti (CDP) both individually and in a pool with other credit institutions (exposure of 27,857 thousand euro and interest expense for 479 thousand euro).
Costs were recognised for outsourcing contracts (expiring on 31 December 2023) for the management of ICT Services, Purchasing, Internal Audit, Operational Risk, Human Resources, General Services, Corporate Security and Medicorner (900 thousand euros). Also of note is the lease payment made for the use of offices in Milan, Palermo and Naples (101 thousand euro).
Again with regard to relations with CDP, in 2023 remuneration was paid for the members of SIMEST’s Board of Directors appointed from among CDP’s senior managers (36 thousand euro).
As at 31 December 2023, sixteen employees were seconded from CDP.
With regard to tax items, we note the payable to CDP in connection with the Group’s tax consolidation.

Transactions with other related parties

In terms of relations with the companies forming part of the CDP Group as at 31 December 2023, note the receivable (9.0 million euros) due to SIMEST from Ansaldo Energia Spa in relation to the investment in the company Ansaldo Energia Switzerland AG.

With regard to the company SACE Spa, the cost relating to the outsourcing contract (expiring on 31 March 2023) for the management of the ICT service (46 thousand euros) is recognised. Also of note is the lease payment made for the use of offices in Mestre, Bologna, Palermo and Naples, expiring on 31 March 2023 (7 thousand euros).
Also worth noting are the contracts with SACE SRV Srl (a subsidiary of SACE Spa) for commercial information, registry and credit recovery services expiring on 31 December 2023 (772 thousand euros). Lastly, there are financial assets in relation to Webuild Spa relating to participating financial instruments and shares.

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	195	123	79	69
Total	**195**	**123**	**79**	**69**

Significant events after the reporting date

Since 1 January 2024, SIMEST has been included in the list of public administrations included in the Consolidated income statement, identified pursuant to Article 1, paragraph 3, of Italian Law 196 of 31 December 2009. However, Article 7, paragraph 2, of Italian Law Decree 131 of 29 September 2023 provided for the exemption for SIMEST from the application of the restrictions, prohibitions and obligations regarding the containment of public spending envisaged by law for the subjects included in the indicated list.

Proposal for allocation of the net result for the year

We hereby submit for shareholder analysis and approval the Financial Statements for 2023, 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 2023 profit for the year of 3,510,963 euro will be allocated, less the allocation of 5% to the Legal Reserve for 175,548 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 Italian 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 26,708 euro; consequently, given that the reserves already restricted for this purpose amounted to 124,877 euro, it will be necessary to release the restriction on non-distributable reserves for 98,169 euro.

For the Board of Directors
The Chairman
Pasquale Salzano

Financial highlights of the company performing 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, CDP Spa, with registered office in via Goito, 4 – 00185, Rome, Tax Code 80199230584 and VAT no. 07756511007.

Balance sheet

	(euro) **Asset items**	**31/12/2022**	**31/12/2021**
10.	Cash and cash equivalents	2,630,401,853	263,478,003
20.	Financial assets measured at fair value through profit or loss	3,918,651,643	3,708,759,781
	a) financial assets held for trading	354,937,131	232,358,795
	b) financial assets measured at fair value	-	-
	c) other financial assets mandatorily measured at fair value	3,563,714,512	3,476,400,986
30.	Financial assets measured at fair value through other comprehensive income	10,914,119,245	14,244,059,928
40.	Financial assets measured at amortised cost	346,085,421,500	358,102,654,371
	a) receivables from banks	20,834,490,264	37,801,217,320
	b) receivables from customers	325,250,931,236	320,301,437,051
50.	Hedging derivatives	4,343,993,853	276,053,250
60.	Value adjustment of financial assets subject to macro-hedging (+/-)	(2,986,650,463)	1,267,985,029
70.	Equity investments	33,721,181,345	28,981,649,274
80.	Property, plant and equipment	359,527,218	371,494,657
90.	Intangible assets	71,953,646	59,327,896
	- of which: goodwill	-	-
100.	Tax assets	1,148,326,922	653,835,762
	a) current	398,243,811	115,772,602
	b) deferred	750,083,111	538,063,160
110.	Non-current assets held for sale and disposal groups	-	4,251,174,320
120.	Other assets	483,385,478	778,954,611
	Total Assets	**400,690,312,240**	**412,959,426,882**

(euro)

	Liabilities and Equity items	**31/12/2022**	**31/12/2021**
10.	Financial liabilities measured at amortised cost	371,336,095,285	382,558,801,228
	a) due to banks	36,815,282,530	34,913,216,675
	b) payables to customers	317,370,012,071	325,974,035,731
	c) securities issued	17,150,800,684	21,671,548,822
20.	Financial liabilities held for trading	400,346,683	251,005,952
40.	Hedging derivatives	1,091,387,959	3,073,677,795
50.	Value adjustment of financial liabilities subject to macro-hedging (+/-)	-	2,067,089
60.	Tax liabilities	297,099,385	177,059,232
	a) current	1,451,098	1,450,814
	b) deferred	295,648,287	175,608,418
80.	Other liabilities	1,018,147,110	994,215,254
90.	Employee severance indemnity	1,451,566	1,045,053
100.	Provisions for risks and charges	796,709,865	592,480,846
	a) commitments and guarantees issued	662,182,695	450,819,483
	b) pension and similar obligations	-	-
	c) other provisions for risks and charges	134,527,170	141,661,363
110.	Revaluation reserves	(451,011,157)	315,148,441
140.	Reserves	17,602,162,543	16,519,104,447
150.	Share premium reserve	2,378,517,244	2,378,517,244
160.	Share capital	4,051,143,264	4,051,143,264
170.	Treasury shares (-)	(322,220,116)	(322,220,116)
180.	Net income (loss) for the year (+/-)	2,490,482,609	2,367,381,153
	Total Liabilities and Equity	**400,690,312,240**	**412,959,426,882**

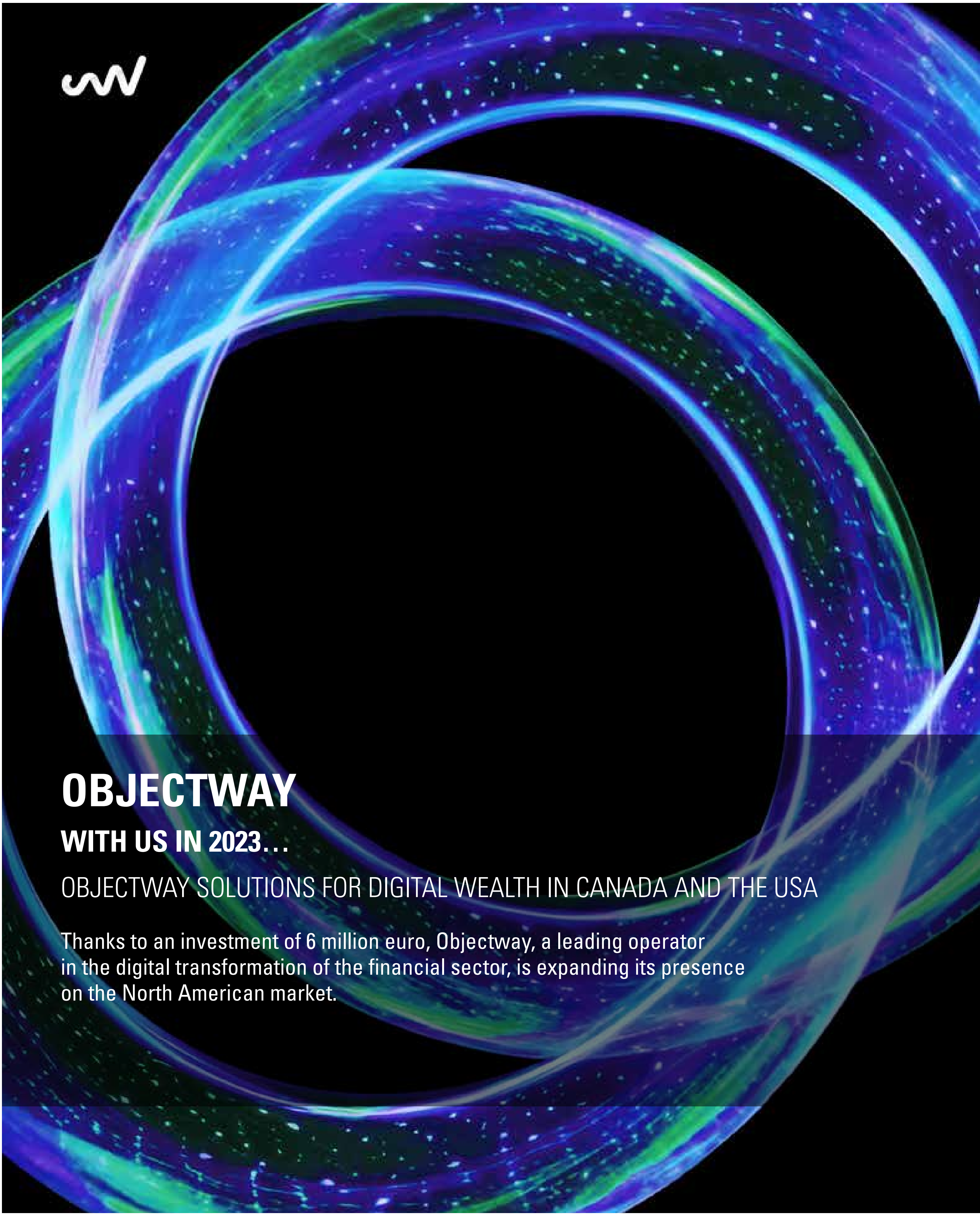
Income statement

	(euro) **Items**	**2022**	**2021**
10.	Interest income and similar income	7,738,935,228	7,598,560,597
	of which: interest income calculated using the effective interest method	*8,085,744,428*	*7,885,064,371*
20.	Interest expense and similar expense	(5,155,950,767)	(4,757,470,080)
30.	**Net interest income**	**2,582,984,461**	**2,841,090,517**
40.	Commission income	400,653,666	378,781,927
50.	Commission expense	(1,163,893,992)	(1,335,465,205)
60.	**Net fee and commission income**	**(763,240,326)**	**(956,683,278)**
70.	Dividends and similar income	1,602,100,779	1,233,649,159
80.	Net profit (loss) from trading	(74,962,284)	(23,440,561)
90.	Net profit (loss) from hedging	102,267,580	160,905
100.	Gains (losses) on disposal or repurchase of	66,499,579	481,842,195
	a) financial assets measured at amortised cost	31,886,788	355,072,776
	b) financial assets measured at fair value through other comprehensive income	34,612,791	126,769,419
	c) financial liabilities	-	-
110.	Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss	33,908,074	161,820,908
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	33,908,074	161,820,908
120.	**Gross income**	**3,549,557,863**	**3,738,439,845**
130.	Net adjustments/recoveries for credit risk of	14,547,897	(33,540,895)
	a) financial assets measured at amortised cost	13,237,830	(34,958,153)
	b) financial assets measured at fair value through other comprehensive income	1,310,067	1,417,258
140.	Gains/losses from contractual changes without cancellations	(39,092)	(377,214)
150.	**Net profit (loss) from financial operations**	**3,564,066,668**	**3,704,521,736**
160.	Administrative expenses	(244,631,565)	(209,456,888)
	a) staff costs	(161,895,326)	(141,103,991)
	b) other administrative expenses	(82,736,239)	(68,352,897)
170.	Net allocations to provisions for risks and charges	52,590,858	16,044,305
	a) commitments and guarantees issued	52,346,658	16,106,525
	b) other net provisions	244,200	(62,220)
180.	Net adjustments/recoveries on property, plant and equipment	(16,233,713)	(15,644,780)
190.	Net adjustments/recoveries on intangible assets	(17,797,728)	(12,861,862)
200.	Other operating income (costs)	(115,769,946)	19,140,539
210.	**Operating costs**	**(341,842,094)**	**(202,778,686)**
220.	Gains (losses) on equity investments	(101,392,404)	(348,652,244)
250.	Gains (losses) on disposal of investments	(6,912)	(135,938)
260.	**Profit (loss) on continuing operations before tax**	**3,120,825,258**	**3,152,954,868**
270.	Income tax for the year on continuing operations	(630,342,649)	(785,573,715)
280.	**Profit (loss) on continuing operations after tax**	**2,490,482,609**	**2,367,381,153**
290.	Profit (loss) from discontinued operations after tax	-	-
300.	**Income (loss) for the year**	**2,490,482,609**	**2,367,381,153**

Statement of comprehensive income

	(euro) **Items**	**2022**	**2021**
10.	**Income (loss) for the year**	**2,490,482,609**	**2,367,381,153**
	Other comprehensive income net of taxes without reversal to Income statement	**(308,723,668)**	**87,637,169**
20.	Equity securities designated at fair value through other comprehensive income	(308,723,668)	87,637,169
	Other comprehensive income net of taxes with reversal to Income statement	**(457,435,930)**	**(425,661,939)**
120.	Cash flow hedges	188,007,690	(270,029,299)
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(645,443,620)	(155,632,640)
170.	**Total other comprehensive income net of taxes**	**(766,159,598)**	**(338,024,770)**
180.	**Comprehensive income (Items 10 + 170)**	**1,724,323,011**	**2,029,356,383**

For the Board of Directors
The Chairman
Pasquale Salzano



OBJECTWAY

WITH US IN 2023…

OBJECTWAY SOLUTIONS FOR DIGITAL WEALTH IN CANADA AND THE USA

Thanks to an investment of 6 million euro, Objectway, a leading operator in the digital transformation of the financial sector, is expanding its presence on the North American market.

ANNEX: EQUITY INVESTMENTS AS AT 31 DECEMBER 2023

EUROPE

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
ACSE RO Srl	ACSE Srl (in liquidation)	Romania	Electronics/IT	25.0	174,994
Adler Pelzer Swiss AG	Adler Pelzer Holding GmbH	Switzerland	Automotive	16.7	7,000,000
AIE RUS Ooo	Anas International Enterprise Spa (in liquidation)	Russian Federation	Infrastructure and Construction	49.0	2,402,196
Alerion Renewable Ro Srl	Alerion Clean Power Spa in short form Alerion Spa	Romania	Renewables	32.7	5,000,144
Alerion Spain SL	Alerion Clean Power Spa in short form Alerion Spa	Spain	Renewables	49.0	49,000
AMA Adriatic D.o.o. Sarajevo	A.M.A. Spa	Bosnia-Erzegovina	Mechanical industry	24.4	1,000,000
Ansaldo Energia Switzerland AG	Ansaldo Energia Spa	Switzerland	Mechanical industry	10.5	10,000,000
Bonfiglioli Swiss S.A.	Bonfiglioli Spa	Switzerland	Mechanical industry	0.1	200,000
Cecomp D.o.o.	Cecomp Spa	Slovenia	Automotive	25.0	2,500,000
Cennamo Pet Food D.o.o. Beograd	Cennamo Srl	Serbia, Republic of	Other industries	19.4	320,000
Cmk Ooo	Cellino Srl	Russian Federation	Metalworking industry	5.6	177,867
Consorzio Casalasco del Pomodoro S. Agr. Coop.	Consorzio Casalasco del Pomodoro S. Agr. Coop.	Italy	Agri-food	25.0	15,000,000
D Print Europe Sh.p.k.	D'Auria Printing Spa	Albania	Other industries	25.0	500,000
Delma Constructions CH SA	Icm Spa	Switzerland	Infrastructure and Construction	24.4	2,000,000
Delma Engineering UK Limited	Icm Spa	United Kingdom	Infrastructure and Construction	44.6	8,478,891
Dorotex Srl	Antica Rocca Filati Srl (in liquidation)	Romania	Textile	25.3	980,000
Doxee CEE GmbH	Doxee Spa	Austria	Electronics/IT	21.3	1,000,000
Drymon Srl	Agroalimentare F.lli Monaldi Spa	Romania	Agri-food	24.5	2,940,000
Ediltec D.o.o.	Decem Srl	Croatia	Chemical/ Petrochemical	22.0	498,806
Farest Rt	Studio Legale De Capoa Guiducci e Associati	Hungary	Non-financial services	25.0	21,983
Ferrarini Sp. z o.o.	Società Agricola Ferrarini Spa; Ferrarini Spa	Poland	Agri-food	30.5	5,000,000
Filmmaster Events Limited	Filmmaster Partecipazioni - Srl in short form Filmmaster Part.	United Kingdom	Non-financial services	11.8	783,177
Foneast Srl	Filatura Fontanella Spa (in liquidation)	Romania	Textile	16.8	2,113,076
GDS Manufacturing Services SA	Global Display Solutions Spa	Romania	Electronics/IT	19.4	2,500,000
Gruppo PSC Spa or in short form PSC Spa	PSC Partecipazioni Spa	Italy	Infrastructure and Construction	9.6	11,000,000
GVM Poland Sp. z o.o.	Gruppo Villa Maria Spa or G.V.M. Spa	Poland	Non-financial services	22.0	1,223,125
IMR-Industrialesud Spa	IMR-Industrialesud Spa; H.G. Srl	Italy	Automotive	18.8	7,500,000
Incoming Italia Spa	The RS Holding Srl	Italy	Non-financial services	14.6	1,500,000
ITM India Srl	Italtractor ITM Spa	Italy	Mechanical industry	49.0	1,274,000
La Linea Verde D.o.o.	La Linea Verde Società Agricola Spa	Serbia, Republic of	Agri-food	24.2	1,000,000
Lucart Hygiene Limited	Lucart Spa	United Kingdom	Other industries	18.5	3,000,000
MA Automotive Deutschland GmbH	MA Srl	Germany	Automotive	19.5	5,000,000
MA Srl	C.L.N. - *Coils Lamiere Nastri Spa in acronym C.L.N. Spa	Italy	Automotive	7.7	8,000,000
Maccaferri Gabions Cis Ooo	Officine Maccaferri Spa	Russian Federation	Metalworking industry	12.7	1,591,796
Marais Technologies	Tesmec Spa	France	Metalworking industry	34.0	3,999,999
Marcegaglia (UK) Ltd	Marcegaglia Carbon Steel Spa	United Kingdom	Metalworking industry	13.6	8,000,000

EUROPE

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
Marcegaglia Poland Spòlka z o.o.	Marcegaglia Carbon Steel Spa	Poland	Metalworking industry	7.8	2,003,817
Marcegaglia Tr Paslanmaz Celik Sanayi Ve Ticaret Anonim Sirketi	Marcegaglia Specialties Spa	Turkey	Metalworking industry	49.0	7,400,000
Marnavi Chem Srl	Marnavi Spa	Italy	Non-financial services	44.4	4,500,000
Met Dev 1 Srl	MET Development Spa	Italy	Chemical/ Petrochemical	49.0	14,900,000
NOVI Tekstili D.o.o.	Norman International Spa	Serbia, Republic of	Textile	32.7	2,008,112
O.M.A. - Officina Metalmeccanica Angelucci Spa	Angelucci Holding Srl	Italy	Mechanical industry	27.0	10,000,000
Ooo Fondital	Fondital Spa	Russian Federation	Mechanical industry	8.3	1,007,823
Ooo Old Mill Kholding	Old Mill Holding Spa	Russian Federation	Chemical/ Petrochemical	33.0	1,238,000
Oxyrom Srl	Ossygeno Srl	Romania	Textile	19.8	60,000
P & T Design D.o.o.	Plados Spa; Delta Srl	Serbia, Republic of	Infrastructure and Construction	14.0	384,979
Pasta Zara Spa	Ffauf Italia Spa	Italy	Agri-food	13.7	11,000,000
Paypermoon Italia Srl	Aislin Srl	Italy	Other industries	13.8	600,000
Pelliconi Asia Pacific Srl	Pelliconi & C. Spa	Italy	Metalworking industry	49.0	4,900,000
PLT Spagna SL	Eni Plenitude Wind & Energy Srl	Spain	Renewables	24.5	24,500
PMC Automotive D.o.o.	Proma Spa	Serbia, Republic of	Automotive	6.8	2,250,000
Prestat Group Ltd	Domori Spa	United Kingdom	Agri-food	7.6	600,000
Prima Components Europe Srl	Prima Sole Components Spa	Italy	Automotive	23.2	7,500,000
Proma Poland Sp. z o.o.	Proma Ssa Srl	Poland	Automotive	16.4	6,000,000
Renco Power Cjsc	Renco Spa	Armenia	Electric	17.9	9,000,000
Roter Romania Srl	Roter Spa (in liquidation)	Romania	Mechanical industry	22.4	1,114,537
Rustichella d´Abruzzo Spa	Hopera Srl; Molino Magri Spa	Italy	Agri-food	26.4	600,000
S.C. Ghimar Srl	International Company Srl (in liquidation)	Romania	Non-financial services	14.9	150,080
S.C. W.S.C. (World Startel Communications Europa) SA	World Startel Communications Spa	Romania	Telecom	15.0	151,500
SAPA Espana SL	SAPA Spa	Spain	Automotive	24.5	1,500,000
SAPA Polska Sp. z o.o.	SAPA Spa	Poland	Automotive	21.7	2,000,000
Serioplast Ambalaj Sanayi Ve Ticaret Anonim Sirketi	Serioplast Global Services Spa	Turkey	Chemical/ Petrochemical	16.9	2,000,000
Serioplast Rus Ooo	Serioplast Global Services Spa	Russian Federation	Chemical/ Petrochemical	33.9	1,360,000
SIGIT Poland Sp. z o.o.	S.I.G.I.T. - Società Italiana Gomma Industriale Torino Spa	Poland	Chemical/ Petrochemical	15.9	1,750,000
Spitali Europian	Gruppo Villa Maria Spa or G.V.M. Spa	Albania	Non-financial services	11.5	400,000
Stahl Gerlafingen Ag	AFV Acciaierie Beltrame Spa	Switzerland	Metalworking industry	10.8	12,000,000
Sujica-Terni D.o.o. Za Proizvodnju I Promet Drvetom	Società Ternana Investimenti Internazionali Srl	Bosnia-Erzegovina	Other industries	11.7	150,000
Terra Moretti Spa	Holding Terra Moretti Srl	Italy	Agri-food	5.7	4,800,000
Tiberina Poland Sp. z o.o.	Tiberina Holding Srl	Poland	Automotive	14.9	1,500,000
Vismara Spa	Ferrarini Spa; Società Agricola Ferrarini Spa	Italy	Agri-food	13.5	5,000,000
Wagon Automotive Nagold GmbH	Metalmeccanica Tiberina Srl	Germany	Automotive	21.9	7,000,000
TOTAL EUROPE					**250,582,403**

AFRICA

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
Afreco Sàrl	R.I. Spa	Djibuti	Infrastructure and Construction	24.5	491,000
Eurotranciatura Tunisia Sàrl	Eurogroup Laminations Spa	Tunisia	Metalworking industry	36.8	3,000,000
Fri-El Ethiopia Farming & Processing Plc	Ener.fin Srl	Ethiopia	Renewables	48.3	2,500,000
Fuda Marble Plc	Fuda Antonio Srl	Ethiopia	Infrastructure and Construction	20.5	125,000
Instant Rentals for Vehicles S.a.e.	J.a.z. Investment Group Srl (in liquidation); International Service Development Srl in acronym I.S.D. Srl (in liquidation)	Egypt	Non-financial services	18.5	483,815
International Environment Services Co.	Gesenu Spa Gestione Servizi Nettezza Urbana Spa	Egypt	Water, Environment, Urban services	5.4	240,175
MA Automotive South Africa Pty Ltd	MA Srl	South African Republic	Automotive	4.6	6,819,924
Mista Tunisia	Mista - Minuterie e Stampi Spa in short form Mista Spa	Tunisia	Mechanical industry	22.1	600,000
Mountain Organic Kiwi Company Pty Ltd	Agricollibio Srl	South African Republic	Agri-food	16.7	500,000
OMH South Africa Pty Ltd	Old Mill Holding Spa	South African Republic	Chemical/ Petrochemical	32.7	2,000,000
Proma Industrie Sàrl	Proma Spa; Proma S.s.a. Srl	Morocco	Automotive	29.1	5,182,418
Renco Moz Green Lda	Renco Spa	Mozambico	Renewables	21.8	1,000,000
Simto Limited	Tozzi Green Spa	Mauritius Islands	Renewables	40.0	6,500,000
Sipa Holdings Ltd	P.A.C. Spa - in short form PAC Spa	Uganda	Renewables	38.5	4,283,033
Sivam Tunisie	Sivam Spa	Tunisia	Non-financial services	24.5	245,000
Tesmec Sa (Pty) Ltd	Tesmec Spa	South African Republic	Mechanical industry	33.3	1,955,761
TOTAL AFRICA					**35,926,126**

ASIA

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
Aircom (Zhejiang) General Equipment Manufacturing Co. Ltd	Baglioni Spa	China	Mechanical industry	16.7	854,628
Artile Roof Ltd	Cunial Antonio I.L.C.A. Srl	Israel	Infrastructure and Construction	10.6	866,668
Atura Industries Ltd	Albis International Srl	Israel	Consumer goods	24.5	1,517,036
Bellelli Emirates Engineering General Contracting LLC	Bellelli Engineering Srl	United Arab Emirates	Oil&Gas	20.0	408,612
Bhoruka Specialty Gases Private Limited	SOL Spa	India	Chemical/ Petrochemical	4.6	2,600,000
Black Share DMCC	Coleman Spa	Dubai (United Arab Emirates)	Non-financial services	49.0	2,071,585
Clabo Pacific Holding Limited	Clabo Spa	China	Mechanical industry	25.0	1,075,000
CMS Precision Mechanical Manufacturing Wujiang Co. Ltd	C.M.S. Spa	China	Metalworking industry	11.3	735,000
Comem (Hefei) Transformers Equipments Ltd	COMEM Spa	China	Electric	24.5	367,500
Contempo Furniture (Shanghai) Co. Ltd	PDC Spa (in liquidation)	China	Other industries	25.0	1,475,791
Decal In - Italian Graphics Industry Private Limited	Serigrafia ´76 Srl	India	Other industries	21.0	75,000
Engineering Projects Ltd	Montalbano Srl Unipersonale	United Arab Emirates	Mechanical industry	49.0	455,000
Euro Group Asia Ltd	Euro Group Spa	China	Metalworking industry	33.3	6,134,821
Fabi Asia Limited	Fabi Spa	Hong Kong	Textile	25.0	500,000
Ferrarini Pacific Ltd	Società Agricola Ferrarini Spa; Ferrarini Spa	China	Agri-food	49.1	4,970,378
Fiamm Autotech Co. Ltd	Elettra 1938 Spa	China	Electric	22.9	4,000,000
Finnord Suzhou Auto Parts Co. Ltd	Meccanica Finnord Spa	China	Mechanical industry	11.5	252,000
Flenco Huashen Automobile Tools Co.	CA Srl	China	Mechanical industry	25.0	500,000
Flenco Ningbo Power Auxiliary Equipment & Systemsco Ltd	Flenco Fluid System Srl	China	Mechanical industry	12.5	500,229
Fluorseals Asia Manufacturing Co. Ltd	Fluorseals Spa	China	Chemical/ Petrochemical	22.8	618,714
Foshan Siti B&T Ceramic Technology Co. Ltd	Siti - B&T Group Spa	China	Mechanical industry	9.9	1,179,430
Frascold Refrigeration (Taizhou) Co. Ltd	Frascold Spa	China	Mechanical industry	25.0	1,096,817
Goglio (Tianjin) Packaging Co. Ltd	Gopack Promotion Spa	China	Other industries	11.1	3,091,327
Green Asu Plant Private Limited	SOL Spa	India	Chemical/ Petrochemical	39.5	12,400,000
Hangzhou Dragon-Light Electron Co. Ltd	Wiva Group Srl	China	Electric	24.5	248,411
IMF Foundry Machinery (Tianjin) Co. Ltd	I.M.F. Impianti Macchine Fonderia Srl	China	Mechanical industry	25.0	625,000
IT Frames (Shanghai) Co. Ltd	IT Frames Srl (in liquidation)	China	Other industries	18.0	282,500
Maccaferri Asia Limited	Officine Maccaferri Spa	Hong Kong	Metalworking industry	24.8	2,849,560
Maccaferri Environmental Solutions Pvt. Ltd	Officine Maccaferri Spa	India	Metalworking industry	4.6	1,750,000
Maccaferri Philippines Manufacturing Inc.	Officine Maccaferri Spa	Philippines	Metalworking industry	46.3	1,320,000

ASIA

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
Master Middle East - Fzco	Master Srl	Dubai (United Arab Emirates)	Other industries	24.0	300,000
Meccanotecnica India Private Limited	Meccanotecnica Umbra Spa	India	Mechanical industry	28.5	1,406,082
Metecno Holding Hong Kong Ltd	Metecno Spa	China	Infrastructure and Construction	11.2	787,099
OLCI Engineering India Pvt. Ltd	O.L.C.I. Engineering Srl	India	Mechanical industry	7.2	600,000
Pama (Shanghai) Machine Tool Co. Ltd	Pama Spa	China	Mechanical industry	22.2	2,000,000
Peuterey Hong Kong	PTH Srl	Hong Kong	Textile	28.2	1,550,000
Saleri India Private Limited	Industrie Saleri Italo Spa	India	Automotive	24.2	850,000
Seco Asia Limited	Seco Spa	Hong Kong	Electronics/IT	27.6	1,930,000
SEKO Saudi Arabia Company for Industry LLC	Seko Spa	Saudi Arabia	Mechanical industry	24.5	292,076
Shanghai Camozzi Automation Control Co. Ltd	Camozzi Automation Spa	China	Mechanical industry	12.0	1,835,000
Shanghai Camozzi Pneumatic Control Components Co. Ltd	Camozzi Automation Spa	China	Mechanical industry	12.0	945,000
Shaoxing Bepping Glassware Co. Ltd	Glaxko Srl Fallita	China	Infrastructure and Construction	12.0	250,506
SIRA (Tianjin) Aluminium Products Co. Ltd	SIRA Industrie Spa	China	Metalworking industry	18.3	2,382,713
Sitindustrie Tubes & Pipes (Foshan) Co. Ltd	Sitindustrie Tubes & Pipes Srl (in liquidation) in composition with creditors	China	Metalworking industry	17.0	666,258
Soilmec (Wujiang) Machinery Co. Ltd	Soilmec Spa	China	Infrastructure and Construction	24.5	1,470,000
Stranich Fans and Duscon India Private Limited	Aeromeccanica Stranich Spa	India	Mechanical industry	24.3	610,000
Suxia Estate & Co. Ltd	Clam Srl (in liquidation); Investa Srl Unipersonale	China	Infrastructure and Construction	14.0	1,960,688
Techno System India Pvt. Ltd	Tecno System Spa	India	Electric	24.0	544,455
Tecnocap Oriental Private Limited	Tgp Tecnocap Group Partecipazioni Srl	India	Mechanical industry	10.0	257,740
Terruzzi Fercalx India Limited	Lombardia Impianti Srl (in liquidation)	India	Mechanical industry	7.6	537,400
Titan-Itm (Tianjin) Co. Ltd	Italtractor Itm Spa	China	Mechanical industry	25.0	1,000,000
U.B.C. Far East Limited	Combo Spa	China	Textile	24.4	202,162
Venchi Greater China Ltd	Venchi Spa	Hong Kong	Agri-food	21.7	2,000,000
Vetrerie Riunite (Hong Kong) Company Limited	Vetrerie Riunite Spa	Hong Kong	Other industries	22.1	2,250,000
Wuxi Gear Tech Co. Ltd	Capi Group Srl	China	Mechanical industry	11.3	770,000
Zhejiang Elleci New Material Co. Ltd	Elleci Spa	China	Chemical/ Petrochemical	20.9	297,500
TOTAL ASIA					**82,515,686**

AMERICA

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
Abet USA Inc.	Abet Spa	United States of America	Chemical/Petrochemical	6.5	1,750,000
Antinori California	Marchesi Antinori Spa in acronym C.d.s. Spa or Cantine Santa Cristina Spa	United States of America	Agri-food	0.5	500,000
Arvedi Metalfer do Brasil S.A.	Arvedi Tubi Acciaio Spa in acronym A.T.A. Spa; Metalfer Spa	Brazil	Metalworking industry	6.5	9,127,000
Astaldi Construction Corporation	Webuild Spa	United States of America	Infrastructure and Construction	34.2	6,308,883
Brita S.A.	Almaviva - The Italian Innovation Company Spa in short form Almaviva Spa	Brazil	Electronics/IT	18.4	10,400,000
Broadcast Global Investment I Inc.	Elenos Srl	United States of America	Electronics/IT	49.0	1,255,766
Bruschitech Usa Inc.	Bruschi Spa	United States of America	Metalworking industry	46.0	1,893,805
Buoninfante Usa Inc.	Gruppo Industriale Buoninfante Spa	United States of America	Other industries	24.5	1,337,730
C Imm Sudamerica S.A.	Imi Real Estate Srl	Argentina	Mechanical industry	19.2	500,000
Clabo Holding Usa Inc.	Clabo Spa	United States of America	Other industries	46.0	1,754,078
Cms Waynesboro LLC.	C.m.s. Spa	United States of America	Automotive	49.0	3,453,136
Coes Sudamerica S.A.	Coes Spa (in liquidation)	Argentina	Mechanical industry	13.6	620,923
Cogne Mexico S.A. de C.V.	Cogne Acciai Speciali Spa in short form C.a.s. Spa or Cogne Spa	Mexico	Metalworking industry	1.1	1,005,852
Cornaglia do Brasil Participações Ltda	Officine Metallurgiche G. Cornaglia Spa in short form Cornaglia Spa	Brazil	Automotive	17.7	800,000
DFV Color Sul Ltda	D.F.V. Srl	Brazil	Metalworking industry	24.5	631,253
Doxee Usa Inc.	Doxee Spa	United States of America	Electronics/IT	49.0	1,121,102
Ducati Energia do Brasil Ltda	Ducati Energia Spa	Brazil	Mechanical industry	23.9	515,877
Ecopol America Inc.	Ecopol Spa	United States of America	Chemical/Petrochemical	5.2	285,687
Eldor Holding North America Inc.	Eldor Corporation Spa	United States of America	Automotive	15.1	6,939,460
Emil Ceramica do Brasil Ltda	Ceramiche Speranza Spa	Brazil	Infrastructure and Construction	23.8	83,333
Energia Pacifica In.	Energie Valsabbia Spa	United States of America	Renewables	48.9	1,897,827
Enerray Global Solar Opportunities Inc.	Enerray Spa	United States of America	Renewables	49.0	9,362,079
Eni Plenitude Investment Colombia S.A.S.	Eni Plenitude Wind & Energy Srl	Colombia	Renewables	24.5	1,050,000
Entreprises Importfab Inc.	Labomar Spa	Canada	Other industries	17.2	2,075,712
Euro High Tech Mexico S.A. de C.V.	Eurotranciatura Spa	Mexico	Metalworking industry	23.3	3,861,066
Fagioli Inc.	Fagioli Spa	United States of America	Non-financial services	9.3	750,000
Fitt North America Holding Inc.	Fitt Spa società unipersonale	United States of America	Chemical/Petrochemical	24.5	1,595,025
Flenco de Mexico S.A. de C.V.	Flenco Fluid System Srl	Mexico	Mechanical industry	7.4	383,331

AMERICA

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
Fluorseals America Inc.	Fluorseals Spa	United States of America	Chemical/Petrochemical	23.1	969,936
Fridyn Corp.	Friem Spa	United States of America	Mechanical industry	14.7	500,000
Fugesco Inc.	Meccanotecnica Umbra Spa	Canada	Mechanical industry	48.9	1,296,835
Geo Investment Holding Inc.	Exergy Spa (in liquidation)	United States of America	Renewables	49.0	6,312,663
Goglio Holding Latam Ltda	Goglio Spa or in extended form Goglio Luigi Milano Spa	Brazil	Other industries	7.3	1,200,000
Gpi Usa Inc.	Gpi Spa	United States of America	Electronics/IT	30.0	3,000,000
Granarolo Usa Corp.	Granarolo Spa in acronym G. Spa	United States of America	Agri-food	29.0	6,000,000
Grastim US	Grastim J.V. Srl	United States of America	Electric	39.2	1,728,090
Gualapack Brasil Indústria e Comércio S.A.	Guala Pack Spa	Brazil	Other industries	11.3	2,500,000
Imi Fabi Brasil Participações Ltda	Imi Fabi Spa	Brazil	Mining	24.2	8,000,000
Irritec Chile S.A.	Irritec Spa	Chile	Chemical/Petrochemical	24.5	1,450,000
Irritec México Sistemas de Riego S.A. de C.V.	Irritec Spa	Mexico	Mechanical industry	9.0	1,500,000
Legnano Teknoelectric Company North America Inc.	Legnano Teknoelectric Company Spa	Canada	Mechanical industry	6.2	2,574,665
M&G Logistics & Engineering	M & G Finanziaria Spa	United States of America	Chemical/Petrochemical	37.7	10,843,147
MA Automotive Argentina S.A.	MA Srl	Argentina	Automotive	39.7	2,500,000
Maccaferri do Brasil Holding Participações Empresariais e Imobiliárias Ltda	Officine Maccaferri Spa	Brazil	Metalworking industry	43.9	3,520,000
Magnaghi Aeronautica Usa Inc.	Magnaghi Aeronautica Spa	United States of America	Aviation	48.5	7,000,000
Mangini South America Participações e Investimentos Ltda	Mangini International Srl	Brazil	Infrastructure and Construction	27.1	199,828
Marcegaglia Mexico S. de R.l. de C.V.	Marcegaglia Carbon Steel Spa	Mexico	Metalworking industry	40.6	5,000,000
Medica Usa Inc.	Medica Spa	United States of America	Other industries	15.0	407,314
Microtec Usa Inc.	Microtec Srl	United States of America	Mechanical industry	25.1	4,178,569
Mintaim S. de Rl de C.V.	Sasch Spa (in liquidation)	Mexico	Textile	17.9	1,696,526
Miscela d'Oro Usa Inc.	Miscela d´Oro Spa	United States of America	Agri-food	48.7	597,949
Nice Brasil Indústria e Comércio de Eletrônicos e Automação Ltda	Nice Spa	Brazil	Other industries	9.3	4,150,000
OMP Mechtron Mexico S.A. de C.V.	OMP Mechtron Srl	Mexico	Electric	22.2	191,213
OMR North America Inc.	OMR Holding Spa	United States of America	Automotive	10.2	1,209,825
Operadora Erogi S.A. de C.V.	Small Building Società a responsabilità limitata, in short form Small Building Srl	Mexico	Non-financial services	30.4	611,735
Pmc Automotiva do Brasil	Proma Spa	Brazil	Automotive	19.0	5,000,000
Poligof Mexico S.A. de C.V.	Poligof Spa	Mexico	Other industries	24.5	886,174

AMERICA

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
Progetti America S.A. de C.V.	Progetti Srl (in liquidation) - in composition with creditors	Mexico	Mechanical industry	19.9	160,033
Proma SSA S.A.	Proma Spa	Argentina	Automotive	7.4	750,000
PSC America Spa	Gruppo PSC Spa or in short form PSC Spa	Chile	Infrastructure and Construction	16.7	1,500,000
Saleri México S.A. de C.V.	Industrie Saleri Italo Spa	Mexico	Automotive	24.4	1,000,000
SCL do Brasil Importação e Comércio Ltda	SCL Italia Spa	Brazil	Chemical/Petrochemical	33.8	3,145,000
Serioplast Us Llc.	Serioplast Global Services Spa	United States of America	Chemical/Petrochemical	47.0	5,000,000
Sfembiopharma Inc.	Sfem Italia Srl	United States of America	Chemical/Petrochemical	34.4	19,668,214
Sipcam Argentina Srl	Sipcam Oxon Spa	Argentina	Chemical/Petrochemical	9.0	1,000,000
Socage do Brasil Indústria e Comércio de Equipamentos Ltda	Socage Srl	Brazil	Mechanical industry	21.9	400,000
Soilmec do Brasil S.A.	Soilmec Spa; Colli Drill Spa	Brazil	Infrastructure and Construction	22.8	568,043
Taro Plast US Inc.	Taro Plast Spa	United States of America	Chemical/Petrochemical	13.6	632,544
Tecnoform USA Inc.	Tecnoform Spa	United States of America	Other industries	15.2	442,559
The Placemakers do Brasil Participações Ltda	Metalco Srl	Brazil	Mechanical industry	24.5	693,141
Thesan Usa Corp.	Savio Thesan Group Spa, in acronym STG Spa or, in alternative, Savio Spa, Thesan Spa	United States of America	Mechanical industry	49.0	1,750,000
Tiberina Automotive Mg - Componentes Metalicos para Indústria Automotiva Ltda	Tiberina Holding Srl	Brazil	Automotive	10.6	4,000,000
Tiberina Detroit Inc.	Tiberina Holding Srl	United States of America	Automotive	21.1	1,500,000
Venchi US Inc.	Venchi Spa	United States of America	Agri-food	18.0	1,750,000
Zordan Usa Inc.	Zordan Srl Società Benefit in short form Zordan Srl Sb	United States of America	Other industries	15.4	462,406
TOTAL AMERICA					**200,705,335**

OCEANIA

Company	Italian partner	Country of operation	Sector	SIMEST % share	Amount in euro
F.P. Australia Holdings Pty Limited	Faresin Formwork Spa	Australia	Metalworking industry	49.0	1,488,000
Serioplast Australia Pty Ltd	Serioplast Global Services Spa	Australia	Chemical/Petrochemical	48.0	2,500,000
Tesmec Australia Pty Ltd	Tesmec Spa	Australia	Mechanical industry	49.0	1,843,260
TOTAL OCEANIA					**5,831,260**

SHAREHOLDER LOAN

Company	Italian partner	Country of operation	Sector	Amount in euro
Abet Usa Inc.	Abet Spa	United States of America	Chemical/ Petrochemical	1,750,000
Alerion Renewable Ro Srl	Alerion Spa	Romania	Renewables	5,000,000
Alerion Spain SL	Alerion Clean Power Spa in short form Alerion Spa	Spain	Renewables	9,951,000
Antinori California	Marchesi Antinori Spa in acronym C.d.s. Spa or Cantine Santa Cristina Spa	United States of America	Agri-food	4,500,000
Apeg International Inc.	Vetagro International Srl	United States of America	Agri-food	1,000,000
Apeg2023 Inc.	Vetagro International Srl	United States of America	Agri-food	1,000,000
Bonfiglioli Swiss S.A.	Bonfiglioli Spa	Switzerland	Mechanical industry	6,800,000
Brita S.A.	Almaviva Spa	Brazil	Electronics/IT	2,600,000
Cecomp D.o.o.	Cecomp Spa	Slovenia	Automotive	2,500,000
Cennamo Pet Food D.o.o. Beograd	Cennamo Srl	Serbia, Republic of	Agri-food	480,000
Cogne Mexico S.A. de C.V.	Cogne Acciai Speciali Spa in short form C.A.S. Spa or Cogne Spa	Mexico	Metalworking industry	994,145
Cornaglia do Brasil Participações Ltda	Officine Metallurgiche G. Cornaglia Spa or Cornaglia Spa	Brazil	Automotive	500,000
DFV Color Sul Ltda	DVF Spa	Brazil	Metalworking industry	618,747
Doxee CEE GmbH	Doxee Spa	Austria	Electronics/IT	1,000,000
Ducati Energia do Brasil Ltda	Ducati Energia Spa	Brazil	Mechanical industry	8,484,123
Ecopol America Inc.	Ecopol Spa	United States of America	Chemical/ Petrochemical	3,714,313
Ediltec D.o.o.	Decem Srl	Croatia	Chemical/ Petrochemical	501,194
Euro Group Asia Ltd	Euro Group Spa	China	Metalworking industry	8,500,000
Filmmaster Events Limited	Filmmaster Partecipazioni Srl in short form Filmmaster Part.	United Kingdom	Non-financial services	1,716,823
Fitt North America Holding Inc.	Fitt Spa Società unipersonale	United States of America	Chemical/ Petrochemical	2,404,975
Fridyn Corp.	Friem Spa	United States of America	Mechanical industry	400,000
Goglio Holding Latam Ltda	Goglio Spa or in extended form Goglio Luigi Milano Spa	Brazil	Other industries	1,800,000
GVM Poland Sp. z o.o.	Gruppo Villa Maria Spa or G.v.m. Spa	Poland	Non-financial services	776,875
Legnano Teknoelectric Company North America Inc.	Legnano Teknoelectric Company Spa	Canada	Mechanical industry	2,500,000
Medica Usa Inc.	Medica Spa	United States of America	Other industries	542,686
OMR North America, Inc.	OMR Holding Spa	United States of America	Automotive	1,290,175
Pelliconi Asia Pacific Srl	Pelliconi & C. Spa	Italy	Metalworking industry	2,100,000
Plt Spagna SL	Eni Plenitude Wind & Energy Srl	Spain		1,725,500
Pmc Automotive D.o.o.	Proma Spa	Serbia, Republic of	Automotive	2,250,000
Poligof Mexico S.A. de C.V.	Poligof Spa	Mexico	Other industries	313,826
Prestat Group Ltd	Domori Spa	United Kingdom	Agri-food	900,000
Proma Poland Sp. z o.o.	Proma S.s.a. Srl	Poland	Automotive	2,000,000
Sapa Espana SL	Sapa Spa	Spain	Automotive	1,500,000
SCL do Brasil Importação e Comércio Ltda	SCL Italia Spa	Brazil	Chemical/ Petrochemical	1,400,000
Simto Limited	Tozzi Green Spa	Mauritius Islands	Renewables	2,000,000
Sipa Holding Ltd	P.a.c. Spa - in short form Pac Spa	Uganda	Renewables	696,154
Sira (Tianjin) Aluminium Products Co. Ltd	Sira Industrie Spa	China	Metalworking industry	1,500,000

SHAREHOLDER LOAN

Company	Italian partner	Country of operation	Sector	Amount in euro
Socage do Brasil Indústria e Comércio de Equipamentos Ltda	Socage Srl	Brazil	Mechanical industry	600,000
Spitali Europian	Gruppo Villa Maria Spa or G.V.M. Spa	Albania	Non-financial services	600,000
Taro Plast U.S. Inc.	Taro Plast Spa	United States of America	Chemical/ Petrochemical	1,867,456
Tecnocap Oriental Private Limited	Tgp Tecnocap Group Partecipazioni Srl	India	Mechanical industry	1,100,000
Tecnoform Usa Inc.	Tecnoform Spa	United States of America	Other industries	557,441
Vetrerie Riunite (Hong Kong) Company Limited	Vetrerie Riunite Spa	Hong Kong	Other industries	2,250,000
Zordan Usa Inc.	Zordan Srl Società Benefit, in short form Zordan Srl SB	United States of America	Other industries	287,593
TOTAL SHAREHOLDER LOAN				**94,973,024**
TOTAL EQUITY INVESTMENTS AND SHAREHOLDER LOANS IN COMPANIES IN ITALY AND ABROAD AS AT 31 DECEMBER 2023*				**670,533,834**

* Nominal subscription amount.

CINQUINA INTERNATIONAL

WITH US IN 2023…

ABRUZZO'S CINQUINA OIL AND OLIVES GO GLOBAL

Cinquina International, a company based in Lanciano, Abruzzo, specialised in the production of table olives and sale of extra virgin olive oil with a long family tradition dating back to the 1950s, has invested in ecological and digital innovation thanks to a loan for internationalisation amounting to 500,000 euro.

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING DURING THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023, DRAWN UP PURSUANT TO ARTICLE 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE

To the Shareholders of SIMEST Spa

The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting on 27 June 2022 and will remain in office until the approval of the Financial Statements as at 31 December 2024.
During the financial year ending 31 December 2023, there were a total of 13 meetings of the Board of Directors and 1 Shareholders' Meeting, all of which were attended by the Board of Statutory Auditors, which, in turn, held 12 meetings, to which the Judge, Ms Stefania Petrucci, designated by the Court of Auditors to oversee the Company's financial operations pursuant to Italian Law 259 of 1958 was always invited.
Our activity was based on the legal provisions and the Rules of conduct of the Board of Statutory Auditors of unlisted companies issued by the National Institute of Chartered Accountants, updated in December 2023 with effect from 1 January 2024.
We hereby inform you of this activity and the results achieved.
We have examined the Financial Statements of SIMEST Spa as at 31 December 2023, approved by the Board of Directors on 20 March 2024, drawn up in compliance with Italian regulations. Furthermore, since 2015 SIMEST has made use of the option provided for by Italian Legislative Decree 38 of 28 January 2005 (IAS decree) as amended by Italian Law Decree 91/2014, adopting the International Financial Reporting Standards adopted by the European Union. The Financial Statements were made available to us within the legal deadline and show a positive result for the year of 3,510,963 euro.
As the Board of Statutory Auditors is not responsible for the statutory audit, it has carried out the supervisory activities on the Financial Statements envisaged by Rule 3.8 of the "Rules of conduct of the Board of Statutory Auditors of unlisted companies" consisting of an overall summary check aimed at verifying that the Financial Statements have been correctly drawn up. Verification of compliance with the accounting data is actually the responsibility of the entity in charge of the statutory audit.
The entity in charge of the statutory audit of the accounts, Deloitte & Touche Spa, has delivered its report dated 3 April 2024 containing an unqualified and unchanged opinion.
Based on the contents of the report of the independent auditors, the Financial Statements as at 31 December 2023 present a true and fair view of the equity and financial position, the economic result and the cash flows of your Company and have been prepared in compliance with regulations which govern their drafting.

1) Supervisory activities pursuant to Articles 2403 *et seq.* of the Italian Civil Code

We monitored compliance with the law and the Articles of Association, observance of the principles of correct administration and the adequacy of the organisational structures, the administrative and accounting system and their concrete functioning.
We participated in the Shareholders' Meetings and the Board of Directors' meetings and, based on the information available, we have no particular findings to report.
During the Board meetings, we analysed the information that had been provided adequately in advance concerning the general performance of operations and the outlook, as well as the transactions carried out by the Company that were of major significance due to their size or characteristics. Based on the information acquired, we have no particular observations to report.
We have periodically exchanged data and information relevant to the performance of our supervisory activities with the entity in charge of the statutory audit.
We met with the Supervisory Body pursuant to Italian Legislative Decree 231/01 on 20 March 2023 and on 20 November 2023.
At the meeting of 4 July 2023, SIMEST's Board of Directors approved the implementation of the new Code of Ethics of the

CDP Group, effective from 15 July 2023, and the adaptation of the General Part of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 following the transfer under the management and coordination of CDP Spa and regulatory changes on whistleblowing pursuant to Italian Legislative Decree 24/2023. The Code of Ethics was subsequently updated on 18 December 2023.

In 2023, the Company started the process of updating the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01 and the related information flows on the process of which we have been kept up to date. At the meeting of 8 February 2024, SIMEST's Board of Directors approved the update of the Company's Model 231/01.

We acquired the half-yearly and annual reports of the Company control functions and the Supervisory Body pursuant to Italian Legislative Decree 231/01.

We acquired knowledge of and supervised the adequacy of the organisational, administrative and accounting structure and its actual functioning, including by collecting information from the heads of Functions. The Board reports that organisation strengthening activities have begun, with some steps already completed, and that these will continue with the implementation of specific additional controls also for the public funds managed by the Company, in order to monitor and mitigate the main risks through initiatives aimed at strengthening the integrated system of controls to also monitor reputational, fraud and money laundering risks.

The Board also reports that the Board of Directors, in its meeting of 21 February 2023, approved the new organisational macro-structure, which is being followed by the strengthening of processes and procedures also through the implementation of IT systems, on which we receive regular updates. In this regard, the Board of Statutory Auditors deems it essential that this implementation is completed in accordance with the planned timescales.

In implementation of SIMEST's 2023-2025 Strategic Plan, the Board of Directors, during the meeting of 23 March 2023, reformulated the powers of the Chief Executive Officer, pursuant to Article 2381 of the Italian Civil Code, regarding the approval of individual investment and financing transactions, limited to amounts and conditions expressly provided for. For the aforementioned powers, no further remuneration is attributed pursuant to Article 2389, paragraph 3, of the Italian Civil Code.

We acquired knowledge and supervised, for matters within our competence, the adequacy and functioning of the administrative-accounting system, as well as its reliability in correctly representing the operating events, by obtaining information from the heads of the Functions, the Independent Auditors and by examining Company documents, and in this regard, we have no particular observations to report.

No complaints were received from shareholders pursuant to Article 2408 or Article 2409 of the Italian Civil Code. We filed no complaints with the court pursuant to Article 2409 of the Italian Civil Code.

We did not make any reports to the management body pursuant to and for the purposes of Article 15 of Italian Law Decree 118/2021 or pursuant to and for the purposes of Article 25-*octies* of Italian Legislative Decree 14/2019. We have not received reports from public creditors pursuant to and for the purposes of Article 25-*novies* of Italian Legislative Decree 14/2019, or pursuant to and for the purposes of Article 30-*sexies* of Italian Law Decree 152/2021, converted by Italian Law 233/2021, and subsequent amendments.

On 12 April 2023, the Board of Statutory Auditors, pursuant to Article 13 of Italian Legislative Decree 39/2010, issued the reasoned proposal for the assignment of the statutory audit of the accounts for the financial years 2023, 2024 and 2025 to the Independent Auditors Deloitte & Touche Spa, whose appointment was conferred by the Shareholders' Meeting of 9 May 2023.

During the supervisory activity, as described above, no other significant facts emerged that would require mention in this report.

2) Comments on the Financial Statements

The Financial Statements for the year ended 31 December 2023, consisting of the Statement of Financial Position, the Income statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, the Notes to the Financial Statements and accompanied by the Report on Operations show a profit for the year amounting to 3,510,963 euros and present, in summary, the following values:

STATEMENT OF FINANCIAL POSITION

ASSETS	
Cash and cash equivalents	59,729
Financial assets measured at fair value through other comprehensive income	5,164,569
Financial assets measured at fair value through profit or loss	59,191,388
Financial assets measured at amortised cost	415,333,699
Property, plant and equipment	11,187,076
Intangible assets	2,553,589
Tax assets	1,231,630
Other assets	22,619,335
TOTAL ASSETS	**517,341,014**
LIABILITIES	
Loans payable measured at amortised cost	179,174,005
Other liabilities	18,182,807
Employee severance indemnity	1,400,280
Tax liabilities	585,525
Provisions for risks and charges	4,872,390
Share capital	164,646,232
Share premium reserve	1,735,551
Reserves	143,233,261
Profit	3,510,963
TOTAL LIABILITIES	**517,341,014**

INCOME STATEMENT

Gross income	64,814,153
Operating result	17,073,996
Profit before taxes	8,911,580
Income for the year	3,510,963

Based on the contents of the report of the independent auditors, “the Financial Statements provide a true and fair view of the Company’s equity and financial position as at 31 December 2023 and of the economic result and cash flows for the year ended on that date, in compliance with the International Financial Reporting Standards adopted by the European Union”.
The Board of Statutory Auditors also acknowledged 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 Italian Legislative Decree 39/2010.
In view of the above, we would like to point out that the Board of Statutory Auditors has verified compliance with the laws relating to the preparation of the Financial Statements and, in this regard, on the basis of the information obtained, has no observations to report, noting that:

- the Financial Statements schemes and the measurement criteria adopted comply with the law and are adequate in relation to the activity carried out by the Company;
- in drawing up the Draft Financial Statements, the Directors have complied with the principles set forth in Articles 2423 and 2423-*bis* of the Italian Civil Code, not making recourse to the derogation envisaged by the fifth paragraph of the aforementioned Article 2423;

- pursuant to Article 2426, first paragraph, no. 5 and no. 6 of the Italian Civil Code, the Board specifies that long-term costs (start-up, expansion, research and development, advertising and goodwill) for which the Board of Statutory Auditors must express its consent are not recognised in statement of financial position assets;
- the Draft Financial Statements, as prepared, correspond and are consistent with the facts and information of which the Board of Statutory Auditors is aware following participation in the meetings of the corporate bodies and the supervisory activity carried out during the year;
- the accounting standards and measurement criteria are reported in the Notes to the Financial Statements.

As better illustrated in the Notes to the Financial Statements, the Directors have prepared the Financial Statements on the basis of the going concern assumption and the accounting standards applied are analytically indicated in the same and there are no differences with respect to the previous year.
In addition, the Report on Operations illustrates the main risks and the outlook for operations.

3) Observations and proposals regarding the approval of the Financial Statements

Considering the results of the activities carried out by us and the opinion expressed in the audit report issued by the entity in charge of the statutory audit, we see no reason for shareholders not to approve the Financial Statements for the year ended 31 December 2023, as prepared by the Directors.
The Board of Statutory Auditors agrees with the proposal to allocate the result for the year formulated by the Directors in the Notes to the Financial Statements.

Rome, 3 April 2024

The Board of Statutory Auditors
Ugo Venanzio Gaspari
Franca Brusco
Paolo Cotini

SACMI

WITH US IN 2023…

SACMI'S CERAMIC INDUSTRY PLANTS IN THE UNITED STATES OF AMERICA

A leading international group in the production of machinery and plants for Tiles, Whiteware, Advanced Materials, Rigid Packaging, Beverage, Packaging & Chocolate, SACMI was supported by the "Export Subsidy on Supplier Credit", in the export of machinery and complete plants for the production of ceramic granite slabs and tiles, for a total amount of approximately 10.25 million euro.

REPORT
OF THE INDEPENDENT
AUDITORS

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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 2023, 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 le informazioni rilevanti sui 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 2023, 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.

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.

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Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

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

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

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

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

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

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

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

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

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- 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 2023, 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 2023 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 2023 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.

Enrico Pietrarelli
Socio

Roma, 3 aprile 2024

FINCANTIERI

WITH US IN 2023…

BUSINESS RELATIONS WITH CARNIVAL CORPORATION & PLC CONSOLIDATED

Fincantieri, one of the most important shipbuilding complexes in the world with over 230 years of history and a track record of constructing more than 7,000 ships, and holding a leading position in high-value segments such as cruise ships, defence vessels and specialised offshore vessels, received assistance from the “Export Subsidy on Buyer Credit” in the export of two cruise ships in the Premium segment under the Princess Cruises brand, for a total value of 1.7 billion euro.

APPROVAL OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

APPROVAL OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

The Ordinary Shareholders' Meeting held today 22 April 2024, unanimously, with the presence of 95.5475% of the share capital, approved the Financial Statements for the year ended as at 31 December 2023 and the allocation of profit of 3,510,963 euro for the year 2023, as follows:

- 175,548 euro, equal to 5%, to the legal reserve pursuant to Article 2430 of the Italian Civil Code;
- 3,335,415 euro to "Reserves: c) Retained earnings (accumulated losses)."

In addition, the restriction on unavailable reserves was released for an amount of 98,169 euro.

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