

Consolidated Financial Statements at 31.12.2021

ADMINISTRATIVE AND CONTROL BODIES

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Managing Director	Domenico ARCURI
Directors	Paola CIANNAVEI Stefania COVELLO Sergio MACCAGNANI

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Standing Auditors	Rosalba COTRONEO Adriano MESSAROLI
Alternative Members	Cinzia VINCENZI Giovanni DESANTIS

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DIRECTORS' REPORT ON OPERATIONS

Consolidated Financial Statements

INTRODUCTION

Dear Shareholder,

The consolidated financial statements for 2021 closed with a profit of € 84,452 thousand.

The Invitalia Group has maintained its commitment to supporting the Government's action in the creation of new businesses and to protecting existing ones, combating the crisis in industry and employment, supporting both large investments and the competitive strengthening of companies so that they can express economic potential in terms of employment, social aspects and the creation of value, and also responding specifically to regional demands for local development by creating new opportunities for growth in line with economic and financial policy guidelines and supporting all public administrations in meeting the investment and expenditure targets of the National Recovery and Resilience Plan.

A) 2021 ECONOMIC SITUATION

In 2021, the world's main economies continued to build on their economic recovery from the previous year's levels. The global economy grew at more than 5% with Italy posting growth of +6%. However, this recovery was interspersed with periodic re-emergences of the pandemic, especially in the final part of the year, and this has exacerbated some of the critical aspects of the economic system.

The recovery of global demand has put pressure on supply and distribution chains weakened by the effects of lockdown; the production of microchips, which are essential for the overwhelming majority of tech products, is unable to cope with the demand and this has had a major domino effect on the supply of many essential consumer goods. Finally, the high demand for energy, which is needed for industrial production and is driven primarily by the Far Eastern economies, has led to a sharp rise in inflation.

As far as Italy is concerned, in 2021 the national economy recorded a significant growth due to the strong recovery in production activity. The growth of GDP was mainly driven by domestic demand. In terms of volume, GDP has risen by 6.6%, while on the internal demand side, in 2021 there was an increase of 17.0% in gross fixed investments (in terms of volume) and growth of 4.1% in national consumption. With regard to foreign trade flows, exports of goods and services rose by 13.3% and imports by 14.5%. Net-stock national demand made a positive contribution of 6.2 percentage points to the GDP trend, whereas the contribution of net foreign demand was +0.2%, and the change in stocks also rose by +0.2%. On the supply side of goods and services, added value has increased markedly, particularly in manufacturing activities, construction and in many tertiary sectors. Value added increased by 11.9% in industry, 21.3% in construction and 4.5% for the service activities. There was a drop of 0.8% in agriculture, forestry and fishing.

The net indebtedness of Public Administrations has improved. Net borrowings were -7.2% compared to -9.6% in 2020. The primary balance (net borrowings less interest cost) measured in relation to GDP was -3.6% (-6.1% in 2020).

On the social front, preliminary estimates place the percentage of families living in absolute poverty in Italy at 7.5% in 2021 (7.7% in 2020), which equates to approximately 5.6 million people (9.4%, the same as last year), essentially confirming the estimates for 2020.

The incidence of absolute poverty is substantially stable among families in which the head of household is employed, falling from 7.3% in 2020 to 7.0% (almost 922,000 families in total). There has been an improvement in this category in the north of Italy (from 7.9% to 6.9%) while the percentage remains essentially the same in the South (7.6% to 8.2%). The situation has worsened among families in which the head of household is looking for work (19.7% in 2020 to 22.6%). In the South of Italy, where there are 195,000 more people living in poverty than in 2020, the poverty rates are the highest: 12.1% for individuals (up by 11.1%) and 10.0% for families. In the North, there has been an improvement among families (7.6% in 2020 compared to 6.7% in 2021) and also for single-person households (9.3% to 8.2%). The substantial stability in the percentage of absolute poverty comes against an increase in the spend on household consumption (on which the poverty indicator is based). According to preliminary estimates, the average monthly spend has risen by 4.7% (+2.8% net of inflation), with evident differences between better-off households (+6.2%) and those less well-off (+1.7%).

In conclusion, 2021 was another year affected by the pandemic, but there were clear signs of economic recovery. Expenditure on consumption, measured by the household index, has returned to growth (+4.7% in current terms compared to the previous year), but it has not offset the drop seen in 2020 and is still down by 4.7% on 2019.

B) THE ROLE OF INVITALIA IN THE CURRENT ECONOMIC SITUATION

The Agency has confirmed and extended its role as a catalyst for funding and initiatives to support the production system, particularly in the southern regions of Italy, by supporting more than 4,000 entrepreneurial initiatives, for a total of € 1.3 billion in funding, and the creation of 24,600 new employees.

With regard to the traditional package of financial aid, the Agency has stepped up its efforts to provide guidance, promotion and support for ongoing projects, particularly those addressed to start-ups and new businesses.

As a Central Procurement and Contracting Authority, Invitalia helps to speed up the implementation of strategic interventions aimed at territorial cohesion and economic growth, and works to improve the quality of the projects, particularly those financed with national and EU funds. The calls for tender launched on behalf of the awarding Administrations related to the completion of projects already financed in the 2014-2020 programme cycle, and to the public investments funded by the NRRP and the new 2021-2027 programmes.

The Agency also operates as a partner for the Public Administrations administering public resources for major operational development programmes, both EU and domestic, both by managing projects and strengthening the administrative capacity. This commitment has focused more heavily on the partnership processes for the 2021-2027 programming period.

In supporting government initiatives to fight the crisis in industry and employment (also due to multinational groups' decisions to relocate their production operations), the Agency has assisted the Ministry for Economic Development (MED) in managing the crisis talks and in acquiring equity interests in struggling companies.

Mainly, Invitalia has operated through equity investments and the new schemes set up by the Government: the Large Companies Fund, the Protection Fund, the SME Asset Fund and the Grow in the South Fund.

With regard to schemes for investment in the equity of struggling companies, during 2021 an important stake was acquired as a solution to the crisis talks for the ex-Ilva steelworks in Taranto. On 14 April 2021 Invitalia subscribed to the capital increase of AM InvestCo Italy SpA, the lessee of the business units of Ilva in Extraordinary Administration (EA). This was a condition of the co-investment agreements between Arcelor Mittal Holding Srl, Arcelor Mittal SA and Invitalia, aimed at launching a new phase of eco-sustainable growth for Ilva (Taranto). The acquisition was made using capital grants of € 400 million from the Italian Ministry of Economy and Finance, and Invitalia has thus acquired 50% of the voting rights.

The simultaneous launch of the public investment programmes for the NRRP and the new plans for 2021-2027 (which can be added to the commitment to complete the investments for the 2014-2020 programme period and the fulfilment of routine institutional activities) represents an uncommon operational and organisational effort for the administrations involved, one that has never been seen in recent decades.

In this scenario, the Parent Company continues to act a point of reference for the Public Administrations, and as a skills centre for Programme Management, by supporting the implementation and acceleration of complex investments. The parent company has provided technical and operational support for the definition, implementation, monitoring and evaluation of projects and to reinforce administrative capacity as required.

Additionally, the parent company is involved in promoting and managing programmes, projects and actions for the clearance, environmental reclamation and reindustrialisation of areas in crisis, projects to overcome environmental emergencies, improve the efficiency of public services and make full use of public assets.

In all activities, the signing of specific Legal Protocols with various administrations and Cooperative Supervisory Protocols with the National Anti-Corruption Authority (ANAC) has made it possible to maintain high levels of transparency and legality in procedures.

As a partner to the Public Administrations administering public resources for major operating programmes, both EU and domestic, aimed at developing Italy, during 2021, Invitalia contributed to:

- the partnership consultation process for the 2021–2027 programme period in order to define the strategies, resources and programmes for Italy's new cycle of cohesion policies. In this context, the assumptions have now been defined for a national operating programme aimed at developing production and entrepreneurship, along with another programme for the energy transition (both managed by the MEF);
- collaborations with various administrations have been started or developed further — ranging from planning, managing and monitoring funding through to managing of call for tenders with local authorities and businesses, including: the Ministry of the Interior, the Ministry of Health, the Ministry for Labour and Social Policies, the Ministry for the Environment, Land and Sea Protection, the Ministry of Transport, the Ministry for Education and Research, the Department for Economic Policy Programming and Coordination, the Ministry for Tourism and the Commissioners for Reconstruction;
- Systemic Actions have been upgraded, with particular reference to the National Aid Register. During 2021, changes were made to the National Aid Register, which now also records the progress made regarding expenditure on aid granted and includes details of the calls for tenders posted on the portal incentivi.gov.it, which is intended to reconcile the demand and supply for government aid;

- work has been done to spread awareness of the innovation and digitisation of the Administrations' support processes, even beyond the traditional scope of managing of Ministry of the Economy's calls for tenders;
- assistance has been provided in preparing the NRRP projects and the related Complementary Plan measures, and in preparing the terms of implementation for the reference Administrations (MED, Directorate for Business Incentives, Department for Digital Transformation, Commissioner for Reconstruction and the Ministry for the Ecological Transition). The pre-launch technical support activities for the NRRP projects have been proposed and negotiated, to benefit the coordination teams and the implementing structures.

The 2021 financial statements of the parent company Invitalia closed with a profit of € 80,179 thousand.

C) COMPOSITION OF THE GROUP

At 31 December 2021, the parent company held control over the following companies:

- **Mediocredito Centrale SpA - Banca del Mezzogiorno SpA**, whose mission is to support SMEs, mainly in the South of Italy, by providing financing and managing the public guarantee funds. Its mission dovetails with that of Invitalia, as it is aimed at increasing Italy's competitiveness and providing support for those sectors which are strategic for economic and social development.

MCC-BdM controls 96.8% of the share capital of Banca Popolare di Bari (BPB) and its subsidiaries. MCC-BdM exercises the direction and coordination of the MCC Banking Group, as parent company. This control does not pertain to Invitalia, as per the legal opinion on proper accounting under the provisions of Italian Decree Law 142/2019. Consequently, this equity investment and the relative subsidiaries are not included in the Agency's consolidated financial statements, nor in its consolidated non-financial report. For more details on this accounting treatment, see Section 4 - Other Aspects in Part A of the Notes;

- **Infratel Italia SpA**, which is engaged in the construction and management of telecommunications infrastructure to implement the Broadband and Ultra-Broadband Development Programmes.
- **Invitalia Partecipazioni SpA**, which acts as a vehicle company tasked with completing the remaining disposal processes and resolving various legal disputes.

Invitalia also controls **Italia Turismo SpA**, for which it has defined a plan for divestment of the equity investment or, alternatively, only of its assets. Regarding the plan to sell the Group's non-strategic assets, certain assets of Italia Turismo and Invitalia Partecipazioni have been included in the Plan for the Rationalisation and Disposal of Group Real Estate Assets launched by Invitalia and Invimit Sgr (a property management firm owned by the MEF). This will lead to a large part of the real estate portfolio being transferred to "Fondo i3-Sviluppo Italia" managed by Invimit and subscribed by Invitalia.

In 2021, the process of selling off the non-strategic equity investments included the sale of the subsidiary **Marina di Portisco**.

On 31 December 2021, Invitalia held 100% of the shares in **Invitalia Global Investment**, a financial institution authorised to provide loans to promote the development of exports and

internationalisation of the Italian economy relative to countries classified as high risk by the International Financial Action Group, also known as the Financial Action Task Force (FATF). In view of the termination of its company object, this company was placed into liquidation on 26 January 2022 and an entry was made on the Rome Companies Register on 9 February 2022. The final liquidation statements were approved at the shareholders' meeting on 19 May 2022.

D) GROUP ACTIVITIES DURING THE 2021 FINANCIAL YEAR

D1) The Parent Company

Support for business development

During 2021, the parent company, through the Innovation Incentives Business Unit, achieved the following results:

	Initiatives financed	Investments (€/000)	Subsidies (€/000)	Newly employed
Italy	4,002	1,362,356	615,617	24,602
Southern Italy	3,839	309,570	245,742	13,427

Of which:

	Initiatives financed	Investments (€/000)	Subsidies (€/000)	Newly employed
Business Creation (Smart & Start Italy, NITO, Selfie, Remain in the South, Create Culture)	3,972	359,477	286,007	14,128
Large Investments and Competitive Strengthening (Dev. contracts, It. Law 181)	30	1,002,879	329,611	10,474

In relation to innovative start-ups, the EU managed the new Smart Money project incentive, through which incentives are provided in the form of outright grants for the purchase of acceleration services. It also continued to manage, promote and upgrade the Invitalia Start up Network, which brings together Italy's leading innovation players (incubators, accelerators and business angels) and now has 70 partners.

In the area of open innovation, the BU has continued and completed its collaboration with Elite-Borsa Italiana, regarding the training and acceleration programme for innovative SMEs, start-ups and university spin-offs. It has also overseen the operational launch of the Bravo Innovation Hub in Brindisi, with two acceleration programmes for business start-ups, the first in the tourism/cultural heritage sector and the second in agri-food.

An innovation model has also been developed in order to promote the data assets available to the Agency, and to facilitate business matching and open innovation schemes for innovative start-ups, the corporate sector and the public administration, together with an impact analysis model designed to give a systemic evaluation of the results and effects generated by the current system of incentives.

Finally, business education programmes have continued, aimed at beneficiaries or potential beneficiaries of the measures, particularly start-ups, schools and universities. The most important initiative was the launch of the National Prize for Entrepreneurship, addressed to all Italian universities. The 2022 award will reward the best business ideas. Finally, an important digital awareness scheme has been launched for teachers and students at high school level.

The parent company has also launched a business education programme, "Business in Action", promoted by Junior Achievement Italia, the world's largest non-profit organisation whose aim is to prepare young people for business ownership and future employment.

In 2021 the parent company continued its membership of TAFTIE, the network of Europe's main agencies for innovation. The network cooperates on the main issues associated with innovation and relative European policies (in course and future ones), working constantly with the European Union to influence the allocation of financial resources in European budgets relative to innovation and development in the near future.

In relation to the Funds, which are additional development and support facilities for Italian businesses, the Company Protection Fund serves to acquire minority interests in the risk capital of companies in financial difficulty. Using the Fund's resources, the parent company makes direct investments in risk capital to support struggling companies.

During the Fund's first year of operation, 9 investment operations were authorised and there is a good number of potential operations in the pipeline for 2022. The mission is to safeguard employment and the unique and outstanding products "Made in Italy".

The third instrument, the Growth in the South Fund, acquires stakes (mainly non-controlling) in the risk capital of SMEs based in the eight regions of Southern Italy.

In 2021, 4 investments were authorised for the Growth in the South Fund, for the same number of companies. Two of them closed with a total investment of € 14.1 million, one will close in the first quarter of 2022 with a planned investment of € 5 million, and for the other one, a letter of intent has been signed.

Further potential operations are in the pipeline for 2022 thanks to the scouting activity of the management team.

The Support Decree, converted with Italian Law 69 of 21 May 2021, set up the Large Companies Fund for companies in temporary financial difficulty due to the economic crisis resulting from the COVID-19 epidemic. The Fund has resources of € 400 million.

New funds totalling € 630 million were allocated to development contracts in 2021, which has seen an acceleration in the evaluation of applications.

Public Investments - Acceleration and management of development and cohesion programmes and projects as part of the NRRP

The simultaneous launch of the public investment programmes for the NRRP and the new plans for 2021-2027 (which can be added to the commitment to complete the investments for the 2014-2020 programme period and the fulfilment of routine institutional activities) represents an uncommon operational and organisational effort for the administrations involved, one that has never been seen in recent decades.

Article 10 of Italian Decree Law 77/2021 provides for specific implementing measures to support the launch of the award procedures and to accelerate the implementation of these public investments. Specifically, the law provides that the interested Administrations can rely on the

technical and operational support of qualified in-house entities (Article 38 of the Italian Public Procurement Code), through specific agreements.

Invitalia-Public Investments thus fully corresponds to the provision of the law.

During 2021, discussions began with the Central Department for the NRRP, which has been set up by the Italian Ministry for the Economy and Finance - General Accounting Office (MEF-GAO), which has led to the drawing up of an agreement to strengthen technical and operational capacity and the controls required to accelerate investment. The MEF-GAO aims to launch a specific support action whereby the administrations interested in implementing public investments under the NRRP and the Complementary Plan can use the services of Invitalia.

In recent years, the Agency has developed an operational model to speed up the implementation of public investments, by digitising the entire process, including project execution, on a new platform for public investments. This is an innovative tool, and discussions have already begun with the MEF regarding its integration with the new digital platforms for the NRRP.

In addition to process digitisation, in 2021 Public Investments also launched an academy, which marks a commitment to further consolidating and upgrading its in-house skills, also in light of the legislative changes made in order to simplify and accelerate public investment procedures. This initiative has drawn attention in particular from institutions and the university system, and a collaboration protocol has been agreed with Politecnico di Milano.

The platform is a physical and virtual space for training, research and innovation and is intended to promote and manage know-how, values, behaviours and strategies for public investment. The objective is to further develop the human resource skills according to a "learning organisation" approach, and to upgrade the skills of the principal stakeholders in the area of public investments, thus consolidating the reputation of the Invitalia brand.

Public Investments has also strengthened its role as the entity qualified to implement Institutional Development Contracts (IDCs) and as a leading player in the governance of this type of contract. Between the end of 2021 and the beginning of 2022, IDCs were signed for the communities at the epicentre of the 2016 earthquake and Terra dei Fuochi (Land of Fires). During the past year, renewed interest in this implementing measure has seen the start of an IDC process for:

- Vesuvio Pompei;
- Brindisi-Lecce (Salento);
- Calabria.

In 2022, Public Investments will become a structural partner for central and regional public administrations in implementing NRRP and National Plan projects for complementary NRRP investments.

At the end of 2021, the parent company signed a framework agreement with ANCI in order to support and accelerate the implementation of projects funded by the NRRP and by the national and EC programme cycles for 2014-2020 and 2021-2027, implemented by the municipalities and the metropolitan cities.

With Resolution 484 of 30 May 2018, ANAC registered all the central procurement authorities and the Cohesion Agency on the register, referred to in Article 192 of the Italian Code for Public Procurement, of central procurement authorities that operate by means of direct service agreements with Invitalia as their in-house provider.

During 2021 and the early part of 2022, the Central Procurement Authorities held competitive procedures for an increasingly large number of contracting administrations, some of which are already committed to making investments already financed through the 2014-2020 programme cycle and the public investments financed by the NRRP and the new 2021-2027 programmes.

Following the approval of the planning variant for the Bagnoli-Coroglio Area of National Interest, work has continued on preparing the plans for the clearance, regeneration and building of infrastructure in this area.

The final plans for Phase III "Parco dello Sport" and the reclamation of Phase I "Fondiarie" were drawn up and approved during the Conferences of Services held in 2021.

The preliminary work for the award of the integrated contracts is now underway.

Work has continued on the clearing of asbestos from the "Ex Eternit" site in the Bagnoli-Coroglio area of natural interest.

Chemical and physical pilot tests have been carried out, and the pilot testing of reclamation technologies (bio phytoremediation) is ongoing.

A tender procedure has been launched for the final planning and project management required to remove the infill and clean up the seashore, including restoration of the marine sediment.

May 2021 saw the announcement of the winner of an International Ideas Competition, which was organised to find a designer for the new landscape of Bagnoli. The winner has elaborated the plani-volumetric data required for the implementation plan, which was approved along with the Technical Regulations at the Conference of Services ending with the Commissioner Decree of 25 August 2021.

With regard to the building of infrastructure on the site, following the signing of an agreement on 11 December 2020 between the City of Naples, Invitalia and the Commissioner of the agreement for primary urbanisation, work is still ongoing for the preparation of the final plan.

Support to Public Administrations for Operating Programmes

The parent company, through the Operating Programmes Business Unit (OP BU), works to support the Central and Regional Administrations in implementing programmes co-financed by the European Union and national policies.

During 2021, the existing collaborations were strengthened and new ones were developed to support various Administrations, including: Ministry for Economic Development, Ministry of the Interior, Ministry for Health, Ministry for Labour and Social Policies, Ministry for the Ecological Transition, Ministry for Universities and Research, the Department for Economic Policy and Programming and Coordination, the Ministry for Infrastructure and Sustainable Mobility and INAIL.

The number of active projects in 2021 has increased considerably, from 45 in 2020 to 60 in 2021.

The support provided to the various public customers covers the following areas of operation:

1. Technical Assistance;
2. Digital Administration and P.A. Modernisation;
3. Reconstruction Projects;
4. Incubators.

D2) Corporate transactions

ReiThera Srl

On 9 February 2021 the parent company acquired a shareholding of 27% in ReiThera, using some of the funds allocated by the Extraordinary Commissioner for the COVID-19 Emergency to the pharmaceutical research sector.

Toscana Life Science Sviluppo Srl

On 26 February 2021 the parent company acquired a shareholding of 30% in the company, using some of the funds allocated by the Extraordinary Commissioner for the COVID-19 Emergency to the pharmaceutical research sector.

Acciaierie d'Italia Holding SpA

On 14 April 2021, the parent company acquired a stake of 38% in the capital of the Company, using the funds made available under the Italian Law of 7 February 2020. It operates in the production of steel and the processing and sale of metals.

Marina d'Arechi SpA

The date of the sale to Giuseppe Gallozzi & Figli SpA of the equity investments held in Marina d'Arechi SpA by the parent company and its subsidiary Invitalia Partecipazioni SpA was 15 April 2021.

The parent company sold 37,000 shares, retaining ownership of 3,000 shares equal to 1% of the company's capital, whereas Invitalia Partecipazioni sold its entire shareholding of 80,000 shares and has thus left the shareholder body.

Italian Cool Design Srl

On 31 March 2021 the parent company, as the manager of the Grow in the South Fund, acquired a shareholding of 35% in Italian Cool Design, which was the vehicle used to acquire 100% of the capital of Frigomeccanica srl.

Tesi Srl

On 13 October 2021 the parent company, as the manager of the Grow in the South Fund, acquired a shareholding of 20% in Tesi srl, which specialises in manufacturing components and assemblies for the civil aeronautics, defence and space industry.

Siculiana Navigando Srl

On 19 June 2021, an extraordinary shareholders' meeting was held to reinstate the capital to € 20,000.00. The Municipality of Siculiana did not participate, and thus 100% of the company's capital is now held by Invitalia Partecipazioni SpA.

Industria Italiana Autobus SpA

On 7 July 2021, the ordinary and extraordinary shareholders' meeting of the Company was held. It authorised, among other things, the reduction of the share capital to € 4,671,779.00 in order to cover losses and its restoration to the previous amount of € 21,050,000.00 through the payment on a pro-quota basis of a total of € 16,378,221.00 (the parent company, which holds a stake of 42.76%, subscribed € 7,002,565.00).

The company bodies, whose term of office had ended, were also re-elected at the same meeting.

Canepa SpA

On 3 November 2021, the parent company paid a total of € 3 million to acquire a shareholding with premium in this company, which operates in the manufacturing, processing and trading of fabrics.

Marina di Portisco SpA

On 21 October 2021 the investment was sold to Portisco Holding srl.

Sicamb SpA

On 24 November 2021, through the Fondo Salvaguardia Imprese e Livelli Occupazionali [Fund to Protect Enterprise and Employment], the parent company acquired a stake of € 4,500,028.00 (30.30%) in this company, which operates in the management of aeronautics sites.

Corneliani SpA

On 21 November 2021, the parent company acquired a stake with a nominal value of € 6.5 million (48.15%) in this clothing firm via Fondo per la Salvaguardia dei Livelli Occupazionali e la Prosecuzione dell'Attività di Impresa [Fund to Protect Enterprise, Employment and Business Continuity].

Infratel SpA

The shareholders' meeting on 22 December 2021 authorised an increase in the share capital from € 1,000,000.00 to € 8,594,044.00, which was subscribed in full by the parent company.

Mediocredito Centrale – Banca del Mezzogiorno SpA

The company name was changed to Mediocredito Centrale - Banca del Mezzogiorno SpA (MCC-BdM SpA) at the shareholders' meeting of 2 December 2021.

D3) Activities of the subsidiaries

The Parent Company controls the following subsidiaries:

Company name	% Stake held	Share capital (€/000)	Shareholders' equity (€/000)	Value of production (€/000)	Result for the year (€/000)
Solely-held subsidiaries					
Mediocredito Centrale - Banca del Mezzogiorno S.p.A.	100	204,509	861,126	190,908*	86,517
Infratel Italia S.p.A.	100	8,594	21,223	233,129	2,450
Invitalia Partecipazioni S.p.A.	100	5,000	(5,772)	664	165

* For this company, these values indicate the net banking income.

Mediocredito Centrale – Banca del Mezzogiorno SpA

The share capital of Banca del Mezzogiorno SpA is 100% held by the parent company.

The Bank's mission is to support SMEs, mainly in the South, through the provision of loans and the management of public guarantee funds.

Mediocredito Centrale (MCC) has the goal of providing medium/long-term loans to businesses, households (mortgages, salary or pension-backed loans) and public administrations (through the

Entity Treasury service provided by Poste Italiane). It manages the Central SME Guarantee Fund, which supports access to credit for small and medium enterprises, and the Sustainable Growth Fund, which mainly finances investments in research and innovation.

The 2021 financial year closed with a strong bounceback in the global economy after the COVID-19 recession. In the banking sector, there was a rise in household loans, with a drop in lending to non-financial companies partly due to the ample liquid assets accumulated over the past two years. Profitability has improved, mainly as a result of the reduction in write-downs on loans.

MCC has continued to provide support for businesses by utilising the new government schemes. In particular, the Guarantee Fund has been a key tool in implementing the support measures. On 19 January 2021 the MEF published a call for tenders, for the 9-year management of the Guarantee Fund for Small and Medium Enterprises set up under Article 2 paragraph 100(A) of Italian Law no. 662 of 23/12/1996. MCC participated as the lead member of a temporary association formed of MPS Capital Services SpA, Intesa Sanpaolo SpA, BFF Bank SpA, Artigiancassa SpA and Unicredit SpA. Following the award of the contract, it signed a new agreement for the management of the Small and Medium Enterprise Guarantee Fund. As of 31 December 2021 the Fund had commissions totalling € 154 million (€ 107.6 million at 31 December 2020). A total of 983,023 applications were received (-39.4% compared to 2020), whereas the operations accepted for funding totalled 999,064 (-37.0% compared to 2020) giving a total funding of € 93.6 billion (-24.8% with respect to 2020) and a guaranteed amount of € 67.6 billion (-36.1% compared to 2020).

During the year, the Bank:

- consolidated its role in the transmission of public intervention to support the manufacturing sector during the final phase of the pandemic emergency, partly thanks to the renewal of the agreement for management of the Guarantee Fund;
- gave a strong push to lending activity, also serving as a "level two" bank, serving primarily the needs of SME and corporate customers;
- assured a good coverage ratio for the lending portfolio thanks to the derisking of non-performing accounts;
- further controlled the level of cost income, partly due to the consolidation of the parent company's role in the new MCC Group, and of its institutional and industrial role in the development of the "Financial District" of the south of Italy;
- carried out impairment testing on the equity investment in Banca Popolare di Bari, and posted the related adjustments;
- approved the MCC Group's new Business Plan for the 2022-2024 period, which defines the banking group's mission as a provider of support to households and businesses with an increasing focus on the SME segment in the south of Italy.

In 2021, the management of the Guarantee Fund and the COVID-19 emergency measures as provided for in the Cura Italia and Liquidity Legislative Decrees generated additional income of € 65.4 million compared to the previous year.

MCC also manages the Sustainable Growth Fund, as the lead contractor of a temporary association formed of 6 banks and the National Council for Research. The Fund supports investments in R&D and also co-finances using E&C NOP funds. Following expiry of the agreement signed in 2014, during the second half of the year the MED held an open competition which was won by the new temporary association with the same members as the previous grouping.

The 2021 financial year closed with net banking income of € 190.9 million and a net profit of € 86.5 million.

In 2021, there was also an increase in net lending to customers, which went from € 2,108.6 million as at 31 December 2020 to € 2,465.5 million at 31 December 2021. Gross performing loans to customer stood at € 2,338.4 million (€ 2,055 million at 31 December 2020).

Loans to customers include bonds, mainly subscribed with the basket bond mechanism, based on the issuing of an ABS guaranteed by a pool of minibonds, for € 155.4 million (gross value € 158.4 million with adjusting provisions of € 3 million).

Non-performing loans (with a gross value of 56 million and adjustment provisions of 36.5 million) amounted to 19.5 million (compared to 34.2 million in 2020), accounting for 0.8% of total financial receivables (compared to 1.7% in 2020). Loans classified as bad loans amounted to € 5.5 million (0.2% of loans to customers), with a coverage of 73.9%. Unlikely-to-Pay amounted to € 13.6 million (0.6% of loans to customers), with coverage of 60.7%. Non-performing Past-due loans exposures amounted to € 0.5 million, with coverage of 17%.

The ratio of non-performing loans relative to total loans to customers, on a net basis, is 0.8% (from 1.6% as at 31 December 2020).

As at 31 December 2021, performing loans totaled € 2,486.8 million (€ 2,103.9 million as at 31 December 2020), of which € 2,133.6 million were Stage 1 (€ 1,861.8 million as at 31 December 2020) and € 353.2 million were Stage 2 (€ 242.1 million as at 31 December 2020) for which a provision totaling € 41.0 million have been made (€ 29.6 million as at 31 December 2020), of which € 23.0 million are Stage 1 (€ 15.0 million as at 31 December 2020) and € 18.0 million are Stage 2 (€ 14.6 million as at 31 December 2020) with a coverage rate of 1.6% (1.4% at 31 December 2020), of which 1.1% were Stage 1 (0.8% at 31 December 2020) and 5.1% were Stage 2 (6.0% at 31 December 2020).

MCC controls 96.8% of the shares representing the share capital of Banca Popolare di Bari (BPB) and its subsidiaries. MCC-BdM exercises the direction and coordination of the BDM-MCC Banking Group, as parent company. However, this control does not extend to Invitalia, which has not consolidated Banca Popolare di Bari and its subsidiaries (mainly Cassa di Risparmio di Orvieto), based on a legal opinion on proper accounting procedure following Italian Decree Law 142 of 2019. (For more details see the contents of the following section of the Notes – Other aspects – Application Art. 1 of Italian Decree Law 142 of 16 December 2019).

The parent company, which is the sole shareholder of the parent company Mediocredito Centrale, admitted the subsidiaries Banca Popolare di Bari and Cassa di Risparmio (Orvieto), which are part of the banking group, to its fiscal consolidation scheme starting from the 2021 tax year.

Infratel Italia SpA

The share capital of Infratel Italia is 100% held by the parent company. Infratel Italia is a skills center for the design, build and management of infrastructure serving telecommunications networks, and is the implementing entity for the government's strategies in this sector.

With the new Programme Agreement between MED, Invitalia and Infratel, it is committed to the digital transformation, from infrastructure to services delivered through digital technology.

The 2021 financial year was heavily impacted by the effects of the COVID-19 pandemic, which in the early part of the year hampered progress on national construction projects due to the introduction of new anti-contagion precautions.

The “White Areas” Plan, which involves building the ultra-broadband network in “market failure” areas of Italy, is proceeding apace although it is restricted to the control and testing operations covered by the three calls for tender won by Open Fiber (the concession holder). Operational difficulties have led Infratel Italia, as the contracting authority, to step up its control and testing activity.

As regards the SINFI (National Federated Information System for Infrastructure), the uploading of infrastructure data by operators has now been completed with the assistance of 825 operators, who have now provided a full mapping of their infrastructure.

The Piazza Wi-Fi Italia Project has been extended to include Wi-Fi for hospitals, which has provided public access Wi-Fi in more than 177 public health centers.

The activities of Infratel Italia continued in close collaboration with the MED, which is responsible for the guidance and monitoring of the Broadband and Ultra-Broadband Development Programmes; there was also close cooperation with the Regional Government Administrations.

The NRRP projects owned by the Italian Ministry for Innovation and Digital Transformation were assigned to Infratel in an agreement signed in December 2021, after which time Infratel quickly launched the calls for tender.

As of 31 December 2021, various funds have been allocated to Infratel Italia in order to implement the Programmes. This funding includes € 1,625 million for the “White Areas” Plan, € 400 million for the Schools Plan, € 204 million for a voucher scheme for low-income families, € 45 million for the Wi-Fi project, € 5 million for the National Federated Information System (SINFI), € 6,700 million for the roll-out of NRRP projects and € 0.6 billion for a voucher scheme for companies with up to 250 employees.

The 2021 financial year closed with a turnover of € 233.1 million and a net profit of € 2.5 million.

Invitalia Partecipazioni SpA

Invitalia Partecipazioni SpA, wholly owned by the parent company, is a special-purpose vehicle responsible for managing the sell-off of non-strategic equity investments as part of the broader restructuring of the Group in accordance with Italian Law 296/2006.

In December 2020, the Agency’s Board of Directors authorized the restructuring of the company perimeter by launching a “Plan for the reorganization and disposal of the Group’s real estate assets”: properties which are no longer functional to the parent company’s mission. That plan was then included in the Agreement signed by Invimit SGR (100%-owned by the MEF) and Invitalia, whereby various property assets will be transferred to a real estate fund named “i3 Sviluppo Italia” and will be administered by Invimit SGR.

In 2021 the advisors of Invimit SGR launched a preliminary activity on the incubators of Invitalia Partecipazioni. Following that activity, the scope of assets in the sale perimeter was redefined, and the time frame for the operations on those assets was moved forward.

On 24 February 2021, the Board of Directors of Invitalia Partecipazioni authorized the sale of the incubator to its private business tenants at a price of € 950 thousand. The sale has not yet been finalized, although completion is expected shortly.

In the 2021 financial year the Company continued to experience difficulty in achieving financial equilibrium in its operations. However, the financial statements closing on 31 December 2021 show a profit for the period of € 165 thousand, with a negative adjustment of net equity reserves of € 615 thousand in application of Article 47 of Italian Decree Law of 19 May 2020 converted by

Italian Law 77 of 17 July 2020. This led to increase in the asset shortfall (negative net equity) of € 5.8 million; therefore, the Company remains in the conditions described in Article 2447 of the Italian Civil Code. Despite this, the resulting equity measures can be implemented over the next few years thanks to Italian Law 15 of 25 February 2022 which extended the provisions of Article 1 paragraph 266 of Italian Law 178 of 30 December 2020 (2021 Budget Bill).

Business continuity was guaranteed by the parent company in a letter of 11 March 2022.

D4) Associates

Company name	% Stake held	Share capital (€/'000)	Shareholders' equity (€/'000)	Value of production (€/'000)	Result for the year (€/'000)
E.2 Associate companies					
CDP Venture Capital SGR	30	2,596	11,355	21,827*	5,464
Istituto Enciclopedia Italiana fondata da Giovanni Treccani S.p.A.	5.98	76,521	82,222	14,602	374

* For this company, these values indicate the net banking income.

CDP Venture Capital SGR

With the 2019 Stability Act, the MED authorized the sale of 70% of the equity held in Invitalia Venture SGR by Invitalia to Cassa Depositi e Prestiti SpA.

On 15 January 2020, Invitalia Ventures SGR held its shareholders' meeting, changing the company name to CDP Venture Capital SGR.

CDP Venture manages the National Innovation Fund, with the aim of making venture capital an important factor in Italy's economic growth.

In 2021 CDP Venture Capital SGR defined the activities launched in accordance with the guidelines of the 2020-2022 Plan. The main investments relate to the following funds: Italia Venture I, Italia Venture II, Fondo di Fondi VenturItaly, Fondo Acceleratori, Fondo Boost Innovation, Fondo Rilancio, Fondo Technology Transfer (Direct and Indirect segments), Fondo Evoluzione and Fondo Corporate Partners I – Comparto Industry Tech.

The company has allocated € 417 million, launched the set-up of a new fund to supplement the measures available to cover the start-up life-cycle (for example Large Venture) and supported the post COVID-19 relaunch. The 2021 financial year closed with net banking income of € 21.8 million and net profits of € 5.5 million, against net equity of € 11.4 million.

Istituto Enciclopedia Italiana fondata da Giovanni Treccani SpA

The Group holds a 5.98% stake in the share capital of "Istituto della Enciclopedia Italiana" founded by Giovanni Treccani SpA.

The economic trend in 2021 was positive and in line with the company's budget objectives. There was a significant improvement on the previous year, which was inevitably marked by the COVID-19 public health emergency.

Core business gradually picked up following the initiatives taken to provide training and professional guidance to the sales force and call center staff. A new e-commerce channel is in the pipeline,

named "Treccani Emporium"; this is a new marketplace whose mission is to host prestigious Italian brands from the world of luxury crafts, design and food.

The 2021 financial year closed with a value of production of € 14.6 million and net profit of € 374 thousand, against net equity of € 82.2 million.

D5) Other companies invested in with government grants/external resources

The accounting treatment of equity investments acquired with government grants/external resources is illustrated in the Notes.

Invitalia Global Investment SpA

On 31 December 2021 Invitalia Global Investment was a financial institution within the meaning of Italian Law 205 of 27 December 2017. It was set up on 9 January 2018. The company has been licensed to provide finance aimed at promoting the development of exports and internationalization of the Italian economy, in countries classified as high risk by the International Financial Action Group, also known as the Financial Action Task Force (GAFI-FATF).

As of 31 December 2021 the parent company held 100% of the share capital, although the company is controlled by the Ministry of Economy and Finance.

The 2021 financial year closed with a loss of € 469 thousand against net equity of € 9.2 million.

On 26 January 2022 the shareholders' meeting approved the liquidation of the company and an entry was made on the Rome Companies Register on 9 February 2022. A liquidator was appointed. The final liquidation statements were approved at the shareholders' meeting on 19 May 2022.

Toscana Life Science Sviluppo Srl and ReiThera Srl

After carrying out a detailed analysis of the market for the potential of development work and studying the research to date, the Extraordinary Commissioner for the Covid-19 Emergency identified and proposed two companies – Toscana Life Science Sviluppo Srl and ReiThera Srl - with the aim of boosting Italian industry by continuing the process of research and development into monoclonal antibodies and vaccines aimed at weakening COVID-19. Both these companies applied for funding under the Italian Ministerial Decree of 9 December 2014 and confirmed their intention of proceeding with a capital increase to allow the Agency to acquire shares. In view of the emergency situation, which required the urgent strengthening of the national pharmacological and medical industry in order to develop an integrated offer of vaccines and monoclonal antibodies to tackle COVID-19, these companies have been approved.

On 27 December 2020, the Italian Ministry for the Economy and Finance, Decree of the Italian Ministry for Universities and Research in concert with the Italian Ministry for the Economy and Finance ordered Invitalia to subscribe to shares in Toscana Life Science Sviluppo Srl and ReiThera Srl and ReiThera Srl (Art. 34 of Italian Decree Italian Law 104 of 14/08/2020 converted with amendments by Italian Law 126 of 13/10/2020).

Toscana Life Science Sviluppo Srl

On 26 January 2021, the parent company acquired a stake in this company, by subscribing to the capital increase for € 15 million with a 30% shareholding.

During 2021 the company completed Clinical Phase I and launched the Clinical Phase II experimentation stage.

The procedure for the finalization of the development contract (Italian Ministerial Decree 09/12/2014) is under review by MED.

On 30 March 2022 the company's directors formally notified the shareholders that they would be relying on the provisions of Article 2364 of the Italian Civil Code (extended deadline), so that they could give a more detailed representation of the statutory aspects for the 2021 financial year, together with the prospects for the project under development in the broader context of the special importance of its object.

As of the reporting date, the financial statements to 31 December 2021 had not yet been approved and thus we do not have any up-to-date information about the valuation of this company.

ReiThera Srl

The parent company's Board of Directors authorized the investment in the capital of ReiThera Srl at a meeting on 25 January 2021. The stake was acquired on 9 February 2021 through a subscription to the capital increase, leading to the acquisition of a stake of € 15 million, equal to 27% of the share capital.

The procedure for the finalization of the development contract (Italian Ministerial Decree 09/12/2014) is under review by MED.

On 20 December 2021 the Company received a declaration of interest from a major pharmaceutical fund, for the acquisition of up to 100% of the shares in ReiThera. Due diligence is still ongoing as of the reporting date.

On 28 March 2022 the company's Chairman informed the members of the BoD and the Board of Statutory Auditors of the need to use the extended deadline of 180 days, for the approval of the 2021 financial statements.

As of the reporting date, the financial statements to 31 December 2021 had not yet been approved and thus we do not have any up-to-date information about the valuation of this company.

Acciaierie d'Italia Holding SpA

On 14 April 2021, Invitalia subscribed to the capital increase of AM InvestCo Italy SpA, the company which is leasing some of the Ilva business units under extraordinary administration in order to begin a new phase of eco sustainable growth for the Taranto company.

On the orders of the Italian government, Invitalia subscribed to ordinary shares to the value of € 400 million, using capital grants from the Italian Ministry of Economy and Finance. Following its participation in the capital increase, it now holds 38% of the share capital. The remaining shareholding of 62% is still held by the ArcelorMittal Group. The extraordinary shareholders' meeting that authorized the capital increase reserved for Invitalia also authorised the change of company name from AM InvestCo Italy SpA to Acciaierie d'Italia Holding SpA.

Invitalia, in accordance with the investment agreement signed on 10 December 2020 with Arcelor Mittal S.A., has issued commercial guarantees in the interests of Acciaierie d'Italia Holding SpA and in favour of ENI (approximately € 86 million), with counter guarantees in favour of AM S.A. (for approximately € 47 million, of which € 45 million relate to the performance bond) and will sign additional guarantees as necessary during the term of the contract.

As of the reporting date, no impairment indicators had emerged that would require an adjustment in the value of this investment. For further details see "Caption 70 - Equity investments".

Banca Popolare di Bari SpA

In implementation of Italian Decree Law 142/2019, containing “Urgent support measures for the credit system in the South and formation of an investment bank” converted into Italian Law 5/2020, on 30 June 2020 Mediocredito Centrale - Banca del Mezzogiorno SpA acquired 96.8% of the shares of Banca Popolare di Bari (BPB) in EA, and of its subsidiaries. The funding necessary for the operation (€ 430 million) was paid by the MEF to Invitalia through a grant of the same amount transferred to MCC-BdM as a capital grant. According to a reliable opinion prepared for this purpose, this equated to an absence of control and therefore the non-consolidation by Invitalia of the stake held directly in Banca Popolare di Bari and indirectly in Cassa di Risparmio (Orvieto) (see next section). (For more details, see the following section of the Notes – Other Aspects – Application Article 1 of Italian Decree Law 142 of 16 December 2019).

BPB was founded in 1960 by a group of professionals and businesspeople from Bari and has maintained its local focus, although it is now a national enterprise.

In December 2019 the Bank of Italy put BPB into extraordinary administration due to its asset losses. The EA procedure ended on 15 October 2020 with the restoration of the company bodies and the approval of the financial statements for the year of extraordinary administration (from 1 January 2019 until 15 October 2020) with a loss of € 1,399 million and net equity of € 720 million.

The 2021 financial year closed for BPB with a net loss of € 170.76 million. The result for 2021 reflects the net net losses and recoveries for credit risk totaling € 84.36 million and operating costs of € 319.60 million.

The extraordinary shareholders’ meeting of 28 October 2021 authorized a reduction in the share capital due to losses, after using the available reserves. This took the net equity to € 554.8 million against a net equity of € 705 million as at 31 December 2020, with a change of -21.3%.

The subsidiary Banca Popolare di Bari is currently considering an offer from MCC to purchase the stake in Cassa di Risparmio di Orvieto SpA (73.57% of the share capital) for a total of € 27.96 million.

Cassa di Risparmio di Orvieto SpA (controlled by Banca Popolare di Bari SpA which was acquired by Banca del Mezzogiorno - MedioCredito Centrale SpA)

Cassa di Risparmio di Orvieto SpA, founded in 1852 by 40 people from Orvieto, is owned with a 73.57% stake by Banca Popolare di Bari. It operates in the provinces of Terni and Perugia (Umbria), Rome and Viterbo (Lazio) and Pistoia (Tuscany). Invitalia does not have control over the bank and therefore has not consolidated Cassa di Risparmio di Orvieto. This is based on a legal opinion on proper accounting (Italian Decree Law 142 of 2019), for which the reasoning was the need to recognize the grant received from Invitalia (Italian Law 142) in accordance with IAS 20 (For more details, see the following section of the Notes – Other Aspects – Application Art. 1 of Italian Decree Law 142 of 16 December 2019).

The 2021 financial year saw an improvement in the net banking income compared to the previous period (€ 43.35 million compared to € 35.91 million in 2020). This is linked to better performance of the interest margin, net commissions and the result on own finance. However, the Bank did see higher write-downs on the value of loans (€ 14.61 million compared to 11.22 million in 2020) — affected by the provisions for non-performing loans — while operating costs fell (€ 28.84 million compared to 36.26 million in 2020).

The 2021 financial year closed with a net loss of € 0.13 million (€ 8.46 million as at 31 December 2020), while the statutory shareholders’ equity was € 58.98 million.

D6) Other equity investments held for sale

Italia Turismo SpA

The share capital of Italia Turismo is 100% held by the parent company.

Italia Turismo holds a large number of real estate assets, mainly in Southern Italy (Puglia, Basilicata, Calabria, Sicily and Sardinia) consisting of tourist villages leased to leading sector operators and land destined for tourism development.

The process for the divestment of Italia Turismo began in 2017, in line with the 2017-2019 Business Plan of the parent company Invitalia. An open procedure was launched for the sale of the equity investment and, as an alternative, of the assets only. The process to sell part of these assets to a major Italian operator, announced by the parent company in March 2020, was not completed due to the prospective buyer's withdrawal following the pandemic-induced difficulties in the tourism industry. The assets of Italia Turismo have thus been included in the "Plan for the Rationalization and Disposal of Group Real Estate Assets", launched by Invitalia in cooperation with Invimit Sgr, a real estate management company owned by the MEF. At the end of 2020 this led to the signing of an inter-party agreement for the sale of the entire real estate portfolio to the "i3-Sviluppo Italia" fund.

After several amendments, the new agreement was signed on 30 December 2021 and defines the perimeter of operational tourist villages for Italia Turismo. Based on the Invimit-Invitalia Agreement, Italia Turismo has adjusted the book values of these assets to their market value. Under Article 47 of Italian Law 77/2020 (the Relaunch Decree), these adjustments have been balanced in a negative net equity reserve. These adjustments, cumulatively with the sums already set aside in 2020, have created an Art. 47 reserve amounting to € 13.6 million as at 31 December 2021. The subsidiary's assets not included in the Invimit perimeter include land and development projects expected to be realized over the next three years using funding already granted, and other funds that may become available from the implementation of the NRRP; they are based on development projects intended to complement the investment programme and show a gradual profit from 2025/2026. Other assets are also excluded; due to their nature and condition they are held for sale and will be disposed of in the short-term after new negotiations, independent of those currently ongoing with Invimit.

In the context of the Plan for the Rationalization and Disposal of Group Real Estate Assets, the company, with the support of the parent company, began negotiating with a pool of banks at the end of 2020 in order to close the relative debt position. The operation was completed on 06 May 2021.

The company operates on a going-concern basis and is guaranteed by Invitalia's commitment to support any financial imbalance that may emerge; this was assured by the shareholder itself in a letter dated 11 March 2022.

The financial statements for the year ending 31 December 2021 closed with a profit of € 2.2 million and shareholders' equity of € 61.8 million.

Despite the positive result, due to the past losses this company is in the circumstances governed by Article 2446 of the civil code. The resulting equity measures can be implemented over the next few years thanks to Italian Law 15 of 25 February 2022 which extended the provisions of Article 1 paragraph 266 of Italian Law 178 of 2020 (2021 Budget Bill).

Marina d'Arechi SpA

On 16 December 2020 the parent company's Board of Directors authorized the sale of the shareholding in Marina d'Arechi SpA to Giuseppe Gallozzi & Figli SpA, while maintaining a minimal shareholding of 1%.

On 22 December 2020 the Board of Directors of Invitalia Partecipazioni also authorised the full sale of the shares held in the same group.

On 18 March 2021, the Ministry for Economic Development also authorised the sale of the shares held by the Agency and Invitalia Partecipazioni SpA.

15 April 2021 was the date of the sale to Giuseppe Gallozzi & Figli SpA of 37,000 shares held by the Agency, and of 80,000 shares held by investments held by the parent company and its subsidiary Invitalia Partecipazioni SpA.

The financial statements closed with an after-tax profit of € 318 thousand.

The value of production was € 6.8 million while EBITDA was € 2.8 million. The company has a negative net financial position of € 40.4 million due to its financial liabilities to banks, Invitalia, other lenders and the affiliate Gallozzi Giuseppe & Figli SpA, net of liquid assets.

Marina di Portisco SpA

The entire share capital of Marina di Portisco was sold to the parent company on 21 October 2021 for € 20.3 million.

Sale process:

- on 16 October 2020, the Agency's Board of Directors of the Agency approved the start of a public procedure to sell 100% of Marina di Portisco;
- on 23 December 2020 the Tender Commission, after evaluating the bids, made a provisional award to the temporary association Transport s.a.s. di Taula V. & C – IGY Services Limited UK;
- in January 2021, RTI Transport s.a.s. di Taula V. & C – IGY Services Limited UK presented an increased offer of € 20.3 million and requested a 90-day extension of the closing date from the final notice of award of the contract;
- on 25 February 2021 the Board agreed to accept the offer with the proviso that the contract for the sale of shares in Marina di Portisco SpA would be conditional on:
 - Marina di Portisco SpA making payment in full of its existing debt with the Agency;
 - approval by the MED;
 - payment of the price of € 20.3 million upon signature of the share sale agreement;
- On 12 July 2021 the temporary association formed of Transport S.a.s. di Taula V. & C. and IGY Services UK Limited received notice of the definitive award of the tender contract;
- On 21 October 2021, the share sale agreement with Portisco Holding Srl was concluded for € 20.3 million.

Iniziativa Portuali Porto Romano Srl

IP Porto Romano Srl — whose main shareholders are Marina di Fiumicino Partecipazioni (65.45%) and Invitalia (34.23%)—holds a 90-year government concession for the construction and management of a tourist port at Fiumicino. The project will include the building of waterfront infrastructure and 1,445 berths.

In May 2017, due to a lack of funds available to continue the work and in view of the approaching insolvency hearing, the Board of Directors of IP Porto Romano decided to file an application for a creditors' arrangement as a going concern, under Article 161, section VI of the Insolvency Act.

In April 2020, the Insolvency Court of Rome approved IP Porto Romano's composition plan, and appointed a Liquidator. As RCL and Invitalia were not yet in a condition to define the terms of the out-of-court agreements, the Liquidator began a public auction to sell the business, including the government maritime concession.

The deadline for submission of bids was 10 December 2020 and the auction was abandoned. Subsequently, a second public auction was held, with the minimum bid price being reduced by 15%.

The deadline for submission of bids was 10 March 2021 and the auction was again abandoned. The third public auction on 14 July 2021 was also abandoned.

The fourth public auction, held on 19 October 2021, was provisionally won by Fiumicino Waterfront Srl (wholly owned by Royal Caribbean Cruises) with its bid of € 11.45 million for the business unit put up for auction.

On 15 February 2022, Fiumicino Waterfront Srl, having obtained the final award, paid the balance of the price offered at the public auction and on 23 February 2022 the notarial deed was signed for the sale of the business unit by IP Porto Romano Srl to Fiumicino Waterfront srl.

The financial statements for the year ending 31 December 2021 closed with a loss of € 799 thousand and shareholders' equity of € 156 thousand.

D7) Financial management

In 2021, the world's main economies achieved a significant economic recovery, compared to the levels seen in the previous year.

However, this recovery was interspersed with periodic re-emergences of the pandemic, particularly during the final part of the year, and this has worsened some of the critical aspects of the economic system.

Average inflation in the EU was above 3%, reaching record levels of 5% at the beginning of 2022; this price trend also affected the US economy. It is only the service industry, which is more sensitive to the limitations on public mobility due to the lockdown, in which the price dynamics appear to be more restrained.

The re-emergence of inflationary dynamics has changed the economic policy focus on both sides of the Atlantic, with the central banks announcing reductions in asset purchase programmes, and imminent hikes in rates are expected, at least in the USA.

The curves and gradients of interest rates have risen across the globe. In particular, base rates in the USA rose during the year by one point on average across the curve, whereas European rates only followed this trend in the early part of 2022 when the effects of inflation became more notable.

The persistence of high levels of inflation, possible developments in the Ukraine crisis and last but not least the route out of the COVID-19 emergency, will be decisive for economic growth and consequently for fiscal and monetary policy.

In this scenario, the parent company's financial management has remained unchanged in terms of the risk return profile. The relative stability of euro rates during the year yielded income of € 4.7

million on the average interest-bearing proprietary cash of approximately € 225 million and a profitability rate of above 2%.

The asset allocation mix is almost identical, with 55% of available funds invested in high-grade bonds held for the long-term, compared to 50% in the past previous year. This portfolio will bring profits from the coupon returns on the bonds, without impacting the income statement due to fluctuations deriving from the temporary changes in prices. The portfolio is also refinanced through repurchase agreements. In view of the negative levels of short-term rates, this has improved the overall profitability of the portfolio by around one-third of a point and has also provided the cash necessary to cover the short-term financial requirement. A further 22% of the portfolio, up by 2 percentage compared to 2020, comes from investment policies which have contributed more than € 600,000 to the financial management, equating in percentage terms to a return of approximately 1.4%. Both of these portfolios, which make up approximately 77% of available cash, assure high stability for the investments given their particular resilience to fluctuations of the financial markets.

During the year a limited investment was made in "prudent" balanced mutual funds, for approximately 4% of available funds in order to profit from the opportunities available in the market. The remaining cash was invested to a marginal extent in a short-term portfolio of trading bonds with residual life of 2 years, and in current account deposits.

Overall, the cash and proprietary assets managed by the parent company totaled € 200 million as at 31 December 2021.

With regard to the financial management of the other Group companies in the consolidation area, the cash generating units are: MCC, a bank, and Infratel, due to the significant amounts of liquid assets managed, deriving from advances from customers.

Again during the year in question, Infratel's cash management was extremely prudent and was based on cash flows from the Ministry for Economic Development intended for project management.

Mediocredito Centrale - Banca del Mezzogiorno is regulated by the Bank of Italy and thus manages its balance sheet assets and liabilities according to the strategies in its Business Plan and in line with banking and financial regulations and capital requirements.

Financial management risk

The parent company's portfolio of securities classified as financial assets measured at amortised cost (held to collect, HTC model) is made up as to two-thirds of domestic government bonds with a maturity of just under 4 years and with an average rating of Ba1. The Agency's intention and capacity to retain these securities for the long term in order to collect the coupon-based yields will ensure that in accordance with the IAS there are no fair value losses due to temporary fluctuations in rates and prices (securities valued at amortised cost).

The risk of interest rate fluctuations is thus extremely low, as the large majority (around 77%) consist of investment policies and HTC securities with a strong stabilizing effect on the returns. Finally, the portfolio of securities held for trading accounts for only 5% of investments, with maturities of just one year and an average life of 2 years.

As a consequence, liquidity risk is very contained. The refinancing operations involving repurchase agreements also provided sufficient liquidity during cash intensive periods, making it possible to avoid contracting debt while also providing additional profit. Cash flow from current operations entirely satisfies structural operating expenses. The stress test, intended to verify the financial strength of management in the case of exogenous liquidity shocks, indicates that financial

management investments comply with the principle of high liquidity, as 80% of the total can be readily monetized.

During the early months of 2022 there were no significant events, but there has been careful monitoring of the deteriorating conditions on the financial markets. The investment strategy is still based around prudence, in line with the responsibilities assigned, working to take advantage of all investment opportunities offered by the market, with the general objective of achieving returns that exceed the cost of existing debt while conserving the value of the underlying assets.

The pre-existing bond for € 350 million will reach maturity in July 2022. Invitalia's Board of Directors has authorized a new bond issue to replace the one about to expire. The new bond issue will have the profile of a social bond, the same amount (€ 350 million), and will be issued by the end of 2022, as soon as the market conditions are deemed optimal.

As far as the subsidiaries are concerned, Infratel manages cash with its usual prudential approach, based on zero-risk deposits. The increased cash entrusted to Infratel (NRRP funds) demands attention to the management of short-term rates as the time deposits — much used in the past — are no longer offering positive yields. Likewise, all banks have begun to ask for recognition of negative interest on current account deposits, which currently represent a cost. The Invitalia Group is committed to finding coherent solutions to overcome this problem, also by using special accounts held with the Italian Treasury.

D8) Litigation

Legal disputes – Invitalia

The parent company's involvement in litigation mainly consists of active civil law cases related to the compulsory collection of loans associated with the subsidy measures managed by the Agency itself.

As in previous years, the parent company resorted to debt recovery in accordance with the Italian Ministry of Economy and Finance Decree published in the OG of 7 March 2008, which allows it to fulfil its obligation to recover amounts due to beneficiaries of measures under Italian Legislative Decree 185/2000 via the Collections Department of the Tax Authority.

To date, there is an expected and marginal labour law dispute that is appropriately accounted for in the provisions.

The following are the details of the more significant disputes:

Agenzia del Demanio (Bagnoli) – the parent company started proceedings before the Naples Court of Appeal, objecting to the State Property Office valuation of the property previously owned by Bagnolifutura SpA in liquidation (now insolvent), which was transferred to Invitalia, as the Implementing Body of the urban and environmental regeneration programme for the Bagnoli-Coroglio area of national interest, pursuant to Article 33 paragraph 12 of Italian Decree Law 133/2014.

The purpose of the proceedings is to obtain a reduction in the value of the property, which was estimated by the State Property Office in a letter dated 8 June 2017 at € 80,570,000.00 but reduced to € 68,484,500.00 after the parent company applied a 15% risk estimate, as required by the State Property Office itself.

The following cases are currently pending with the Naples Appeals Court relative to the aforementioned estimate:

- an action brought by Bagnolifutura SpA (in liquidation) seeking recognition of a higher estimate for the transferred property, up to the value of € 275,692,557.83 (the proceedings were combined with the proceedings started by the parent company);
- the proceedings started by Fintecna SpA as the effective owner of the transferred property, seeking an increase in the value of the estimate, up to € 224.658.751,00 (proceedings combined with the proceedings started by the parent company).

The court-appointed expert's report of 15 February 2021 estimated the value of the property at € 110,980,000.00, net of the clean-up costs (€ 243,130,000.00 inclusive of the reclamation costs). Following the remarks and arguments raised by the parent company during the proceedings, and based on the expert's report, in the order made on 9 December 2021, the Naples Appeals Court requested clarification and additional information about:

- the continued validity of the Implementing Plan as of the date on which the property was transferred to the parent company (15 October 2015) and the consequences there would be for the estimate, if the Plan was found to be invalid;
- the consequences of the determination of the average buildability indicator and the estimate of the property's value deriving from the non-correspondence between the property mentioned above, and the area covered by the Implementing Plan;
- the estimate of the buildings constructed with European funds ("Parco dello Sport" and "Porta del Parco").

The combined proceedings have now been adjourned to a hearing on 11 October 2022, for an examination of the additional information and clarification requested from the expert.

ISMEA (previously ISA) - ISA SpA (now ISMEA) summonsed the parent company before the Court of Rome, requesting the determination of the plaintiff's claim of € 15.5 million against SECI SpA (now Eridiana Sadam SpA) and Finbieticola SpA, deriving from the sale of the shares in Zuccherificio Castiglione SpA. The Court of Rome, with judgment no. 3465/15 of 29 January 2015, accepted the claimant's arguments but the reasons given were insufficient. The parent company, through its instructed lawyers, has lodged an appeal with the Rome Court of Appeal.

In December 2016, pending the conclusion of the appeal proceedings, the parent company and ISMEA made a written agreement to deposit € 16.7 million into a jointly held current account. Under the agreement, the Bank is authorized — but only on the irrevocable instruction of both parties and only if the judgment is upheld in appeal — to pay that sum to ISMEA together with the unpaid interest. The current account was opened with joint signature, and the sum was transferred on 15 February 2017. On 5 April 2019 the account was converted into a time deposit contract, which was extended by a further 18 months on 20 October 2020. On 31 December 2021, Invitalia set aside € 1,357,257.62 as a provision for interest risk.

In judgment no. 2018/2022 of 16 February-28 March 2022, the Rome Appeals Court rejected the parent company's appeal against the Court of Rome's decision no. 3465/2015 upholding the order for the parent company to pay the sum of € 15,493,706.98 plus interest. That judgment not only upheld the first-instance ruling, but also ordered the parent company to pay costs of € 30,856.00 plus flat-rate reimbursements, lawyers' social insurance contributions and VAT and to pay the additional amount for the appeal.

In a communication sent by certified email on 1 April 2022, ISMEA asked the parent company to release the sums as agreed. The parent company has not yet formally replied to that communication and the sums have not been released.

The decision has been taken to lodge an appeal with the Court of Cassation against the judgment made by the Rome Court of Appeal.

Our further investigation has revealed that from an accounting perspective, any release of the sums to ISMEA following the dispute would equate to a distribution of assets by Invitalia to its own parent company, and this would take place in application of a specific provision of law (Italian Law 350 of 24 December 2003) without a price and not at market conditions. In view of this it has been decided that taking such action would lead, from an accounting perspective and if/when the above sums were released to ISMEA, to the derecognition of the assets transferred to ISMEA (joint current account) as a contra-entry against a specific equity reserve, without passing through the income statement as required by the IAS in the case of a capital contribution and/or deemed distribution between the parent company and the subsidiary (Invitalia).

Finanziaria Turistica - In the first quarter of 2013, Finanziaria Turistica Srl, as the majority shareholder of Valtur SpA in EA, sued the Agency, Italia Turismo SpA and Valtur SpA on the grounds of their alleged pre-contractual, contractual and tortious liability for the negotiations and their non-fulfilment of accepted obligations pertaining to the acquisition of the assets of Valtur SpA. The value of the claim is approximately € 117 million. In a ruling dated 17 April 2018, the court declared the claims presented by Finanziaria Turistica Srl to be inadmissible and ordered it to pay court costs of € 175,000 to each of the defendants for legal fees, flat-rate general expenses, VAT and lawyers' social insurance contributions, as per terms of the law.

On the strength of the Court of Milan judgment no. 4394/2018, the decision was taken to launch enforcement action to recover the parent company's claim. Following service of the writ on Finanziaria Turistica, the instructed lawyers advised that the company is subject to a criminal confiscation and seizure order, and thus enforcement action cannot be taken. This means that the claim can only be enforced in the context of the seizure proceedings, when the definitive confiscation will take place and the liabilities will be verified.

The losing party has appealed and the parent company has filed an appearance using the same lawyers who acted on its behalf at the first stage of the proceedings. A date was set for the hearing of final arguments on 26 February 2020 and after the hearing it was adjourned for a decision.

In the meantime on 16 July 2020 the Court of Appeal made its judgment, upholding the first-instance ruling and ordering the claimant to pay costs.

On 10 May 2021 the lawyer instructed by the Agency to monitor the seizure proceedings advised that Finanziaria Turistica will pay the costs as ordered in the Court of Appeal ruling, but not those ordered in the first-instance proceedings as they will be included in the verification of liabilities, because they arose prior to the seizure proceedings. We are currently awaiting that payment.

Autostrade per l'Italia - Impresa SpA, as the contractor for the works to build a third lane on the Milan-Naples motorway, has subjected to factoring the receivables due from the contracting entity Autostrade per l'Italia SpA, through Svi Finance.

After Autostrade per l'Italia SpA defaulted on its obligation to pay Svi Finance, the parent company, in its role as the company incorporating Svi Finance, obtained from the Court of Rome an order to pay a total of € 1.3 million, plus fees and expenses (order no. 28072/2015).

Autostrade per l'Italia SpA defended itself against this injunction decree, involving the third-party entity Impresa SpA in the case in order to include the objections which could be raised by the contracting entity based on its main contractual relationship.

The Court of Rome accepted the defendant's arguments and, consequently, revoked the injunction order, ordering the parent company to pay costs. The Agency, considering that the judgment was lamentable, especially with reference to the reduction of the amount claimed, asked its lawyers to file an appeal with the Rome Court of Appeal.

At the hearing of the parties' final arguments on 7 May 2021, the judge adjourned the proceedings until the decision.

On 30 July 2021 the adverse ruling was received, in which the Court of Appeal rejected the parent company's objection.

There appears to be a lack of grounds for this ruling and the decision was taken to file an appeal with the Court of Cassation. The appeal has been lodged.

Ceramica D'Agostino - The dispute originated from the MED subsidies granted to Ceramica D'Agostino in 1985 and subsequently revoked in 1997.

The return of the subsidies was secured by a guarantee granted by Banca Commerciale Italiana (now Banca Intesa Sanpaolo) in favour of MED and in the interest of Ceramica D'Agostino.

The Invitalia Group became involved following the merger by incorporation of Ceramica D'Agostino in Gamma Geri, and the latter in Invitalia Partecipazioni. The parent company is involved in the case on the basis of a counter-guarantee of € 12,999,709.54 provided in favour of Banca Intesa Sanpaolo. The Ministry for Economic Development has called on the guarantee granted by Banca Intesa Sanpaolo. The guarantor made the payment on 21 September 2018, but has not yet actioned the Invitalia guarantee, possibly because of the pending first-instance ruling with the Court of Rome, described below. Additionally, the amount enforced includes interest unduly calculated in an amount much higher than the legal rate (with a difference of around € 5 million). This is due to judgement 15964 of 21.07.2010 issued by the Court of Rome made in the case opposing the collection notice, also with regards to the same Ministry. In its judgment no. 16805/2005, the Court of Rome ruled the exact opposite, finding that there was no legal obligation to pay the higher amount, the undue withholding of which had already been disputed with the Ministry.

At present, the amount that could possibly be owed in the case of an unsatisfactory conclusion to the dispute cannot be quantified. This is viewed as possible.

The dispute currently pending with regards to the parent company can be outlined as follows:

- the appeal proceedings listed at no. 909/2006 and pending before the Rome Court of Appeal were suspended on 16 January 2008 and were reinstated by the MED on 24 October 2018: those proceedings, started by the former Sviluppo Italia against MED and Banca Intesa, sought the setting-aside of the order revoking the incentives and a rejection of MED's claims for reimbursement. The case was held for a decision after the specification of conclusions which occurred at the hearing on 11.11.2019. A decision was issued¹ on 15 October 2020 which went against the parent company, which was ordered to pay costs;
- first-instance proceedings pending before the Court of Rome, started by the parent company against Banca Intesa and the MED (third party summonsed), seeking an order invalidating the guarantee given by Invitalia to Banca Intesa with a claim for reimbursement to the parent company of € 354,008.40, being the commission on the guarantee. At the last hearing on

¹ In that ruling, the Court of Appeal upheld the Court of Rome's judgment no. 16805/2005, which held that: (i) the Ministry had the right to restitution of the grant in the case in question and (ii) relative to the interest receivable, the interest was not due in the amount calculated in Art. 5 of the MICA decree no. 374 of 31/07/1997, but instead a lower amount was due, to be calculated by applying the legal interest rate according to Art. 1284 of the civil code.

07.02.2019, the case was set for decision, with the deadlines for submitting briefs and responses. In the judgment no. 16547/2019 of 14 August 2019, the Court rejected the Agency's claim for relief and ordered it to pay the defendants' legal costs. The parent company instructed its lawyers to appeal that judgment. The next date for the hearing of the final appeal arguments at the Court of Appeal has been set for 19 June 2023.

With regards to these disputes involving the parent company, no provisions for risks have been allocated, partly because revocation proceedings are pending (Article 395 CPC), to which Invitalia Partecipazioni SpA is a party. The aim of this dispute, in which the final arguments will be heard in 2023 although we are still awaiting the hearing date, is to set aside the judgment numbered 3701/2017 in which the Rome Court of Appeal released the Ministry from its obligation to pay the remainder of the grant. If the request filed by Invitalia Partecipazioni SpA is granted, the decree revoking the contribution would no longer apply, meaning enforcement of the guarantee relative to Banca Intesa San Paolo would no longer be necessary, as the initial factor which gave rise to all of the disputes in question would no longer exist. In the light of new elements recently identified which can be represented at the hearing, which support the illegitimacy of the decree to revoke the contributions, the Company expects the case to be resolved successfully.

Fincalabra - An appeal is pending before the Court of Rome, for compensation of damages deriving from contractual liability and damages to image associated with the disposal of equity investments in the regional companies held by Sviluppo Italia. The claim for compensation amounts to € 2.5 million, and a date was set for the hearing of the parties' final arguments in February 2021. In view of the subject of the proceedings and the complaints and arguments proposed both by the adverse party and by the parent company, it is not possible to predict with certainty the outcome of the judgment, but a prudent approach suggests there is a remote possibility of losing the case. At the hearing of the final arguments on 2 February 2021, the judge adjourned the case for a decision.

The case has again been adjourned until 22 November 2022.

MPS - Diamante Blu - Banca Monte dei Paschi di Siena has obtained a provisional injunction from the Civil Court of Cosenza against the parent company as the guarantor for a liability contracted by Diamante Blu Srl. The value of the claim is € 1.8 million.

The guarantee was granted at the time by Italia Navigando SpA, whose position was then taken over by the parent company.

Invitalia has filed an objection against the injunction and has served a third-party notice and counterclaim on Marinedi Srl. In a judgment published in September 2020, the Agency lost its case. It has complied with the ruling by paying the amount due. The parent company has also appealed the first-instance ruling. The proceedings are not expected to end before 2024.

In an order made by the Catanzaro Court of Appeal, these proceedings were combined with the case listed at number 1515/2020. The matter has been adjourned until 23 January 2024, for the hearing of the final arguments.

Disputes relative to the former Invitalia Aree Produttive (IAP SpA)

Teseco - The most important passive dispute refers to a contract (with the Region of Sicily), under which IAP commissioned a temporary association formed of Teseco SpA and Trevi SpA, to carry out emergency safety works on the Thapsos coast of the Magnisi Peninsula. In 2015 the temporary association served notice on IAP, seeking recognition of:

- IAP's liability for breach of contract;
- termination of the contract under Art. 1453 of the Italian Civil Code;
- the payment by IAP of € 19 million plus allowance for inflation and interest.

The case was resolved favourably with a judgment issued on 23 January 2019 rejecting Teseco's claims and ordering it to pay € 5.9 million plus interest until full and final payment, plus costs and ancillary fees. Teseco appealed that decision. At the hearing of the final arguments in April 2021, the judge adjourned the case for a decision.

The Court of Appeal judgment deposited on 28 April 2021 upheld part of the counterparty's claim and rejected the claim for compensation made by the parent company with an order for apportionment of costs.

Teseco 2 - On 23 March 2018, Teseco Srl, in an arrangement with creditors, on its own behalf and as the lead contractor in the temporary association with Gesteco SpA, summonsed the parent company to court seeking recognition of its claim of € 3.9 million as the price for the IAP tender to restore the Nissometal industrial site in Contrada Panuzzi, Agro di Nissoria (Enna). The hearing of the parties' final arguments was set for 21 December 2020 and was then postponed until 22 September 2021 and again to July 2022. It is not possible to give a precise estimate of the risk to the parent company of losing this case.

Teseco 3 - On 6 February 2019 Teseco served a notice of injunction on the parent company, to the value of € 607 thousand, being the interest payable by Invitalia for late payment of two invoices issued by Teseco for the restoration of the Smeb area in Messina.

Invitalia appealed the ruling by filing an objection before the Court of Pisa, and served a third-party notice on the interested party, the Region of Sicily. The next hearing for the parties' final arguments was set for 21 June 2021, and was then put back to 2022 (hearing date yet to be set).

Daneco - In a notice of claim filed with the Court of Rome, Daneco Impianti SpA, as the lead contractor of a temporary association with Ecosistem Srl, summonsed Invitalia Attivita Produttive SpA (now Invitalia) and the insurer Unipol Sai Assicurazioni SpA, seeking verification of the circumstances surrounding the making-safe of the site "Campo Sportivo San Foca", performance of contract, and thus the wrongful termination of the contract by IAP in a letter of 17 September 2015, as well as recognition of the unlawful enforcement of the guarantee policy issued to secure the contract. At present, the position can be fully assessed only following the outcome of the technical expert opinion requested by Invitalia and UnipolSai, in order to verify the correspondence or discrepancy between the works agreed and executed by RTI, Daneco's agent.

The claimant has also filed a compensation request for damages to reputation and curriculum, in addition to damages for lost profits and emergent damages whose value will be specified during the course of the proceedings. At the hearing on 7 March 2017 - held for the requested technical expert opinion - the case was adjourned. After lifting the previous reservation, the judge set a date for the hearing of the final arguments on 10 December 2019 and after that hearing adjourned the case for a decision.

In view of the subject of the proceedings and the complaints and arguments put forward by both parties, it is not possible to predict the outcome of the judgment with certainty.

The judgment is expected to be published in July 2021. However, the judgment has not yet been made and the case is still awaiting a decision.

Legal disputes – Infratel Italia

Legal disputes associated with contracted work

Infratel Italia is a party to a minor dispute involving numerous plaintiffs, requesting compensation for damages for accidents suffered by private individuals on roads affected by excavation work contracted to third parties.

To that end, it should first be noted that there are specific contractual guarantees provided by the contractors in favour of Infratel Italia through the signing of the Framework Agreements. These guarantees consist in an exemption which any contracting company or IAP commits to grant Infratel Italia pursuant to the Framework Agreement with reference to: i) any direct or indirect damages that could derive from execution of the work and/or the materials used as well as late or improper restoration of the status of the areas affected by the worksites; ii) any claim for compensation put forward by third party entities or individuals through in or out of court requests deriving from or connected in any way to the execution of the Framework Agreement.

For these reasons, if the case was lost, the related costs would not be borne by Infratel Italia due to the obligation of indemnity incumbent on the contractors.

The validity of this indemnity has hitherto been recognized in almost all cases, apart from one case resolved by a judgment of the Court of Caltanissetta, which Infratel Italia (for this specific reason) has decided to take to the Caltanissetta Court of Appeal. The date for the hearing of the final arguments has been set for 26 January 2023.

In the context of these proceedings, note two cases in which the guarantee provided by the contractors may not function:

- an action brought by the Municipality of Ripatransone in relation to a claim for compensation of € 260,000.00 concerning damage caused by a road collapse in December 2013; considering that the case was preceded by a court-appointed expert's investigation, after which the expert found that the sole cause of the collapse was the work contracted out by Infratel Italia, the temporary association involved could not be summonsed due to its being under extraordinary administration, Groupama Assicurazioni SpA was nevertheless summonsed in the proceedings to pay an indemnity if an order for compensation was made and, as the insurer did not appear in the proceedings, the risk of losing the case can be considered probable. In any case the hearing of the parties' final arguments has been set for February 2023;
- an action brought by the receivers of Vidoni, in which ANAS summonsed Infratel Italia for its share of responsibility (along with another 9 public service operators) for the delay in removing the interferences. The total value of the claim was € 520,000.00. In this dispute, the risk of losing the case, as estimated by the law firm acting on behalf of Infratel Italia, cannot be quantified, as there has been a partial waiver by the lead plaintiff and the conclusions of the expert's report are unreliable. In November 2020, the insolvent company Vidoni filed a notice of discontinuance and thus the proceedings will only continue as to the 35% share of the lead contractor of the temporary association, Consorzio Grecale; the claim for compensation will be reduced accordingly. The judgment is expected in 2022.

For the sake of completeness, we can report that Infratel Italia has been summonsed as a party with civil liability in the criminal proceedings against an ex-director of works. The claim for compensation has been calculated at € 6 million. The ruling by the Court of Cagliari in January 2022, which acquitted the defendant of the charges, averted the danger of a joint conviction of the

company in its legal capacity as the party civilly liable for the unlawful conduct of its former employee.

Administrative court disputes regarding calls for tender issued by Infratel Italia

All of the numerous disputes regarding calls for tender issued by Infratel Italia since 2005 have been settled with court rulings in favour of Infratel Italia.

Since 2016, Infratel Italia has completed the three restricted tender procedures listed below according to the new "concession" model:

- BUL 1 - Notice of call published in the Official Gazette of the Republic of Italy, 5th Special Series - Public Contracts no. 63 of 3 June 2016, to award a concession to build, maintain and manage a publicly owned passive ultra-broadband network in the "white areas" of the Regions of Abruzzo, Molise, Emilia-Romagna, Lombardy, Tuscany and Veneto;
- BUL 2 - Notice of call published in the Official Gazette of the Republic of Italy no. 91 of 8 August 2016, to award a concession to build, maintain and manage a publicly owned passive ultra-broadband network in the "white areas" of the Regions of Piedmont, Valle D'Aosta, Liguria, the Autonomous Province of Trento, Marche, Umbria, Lazio, Campania, Basilicata, Sicily and Friuli-Venezia Giulia;
- BUL 3 - Notice of call published in the Official Gazette of the Republic of Italy no. 46 of 20 April 2018, to award a concession to build and manage passive ultra-broadband infrastructure in the "white areas" of the Regions of Calabria, Puglia and Sardinia.

There was a major dispute about the first two procedures, with the primary action being taken by the dominant operator Telecom Italia.

During the year, another 4 appeals were filed with the Regional Administrative Court/Council of State. These are summarized below:

- Open Fiber vs Infratel Italia and MED: appeal to the Administrative Court of Lazio (Art. 116 C.P.A.) filed by Open Fiber against Infratel Italia and the MED, and against Telecom, seeking the partial amendment (after the granting of precautionary measures as per the decision no. 786 made by Infratel on 08 January 2020), concerning the partial acceptance of the request for access to documents made by TIM on 11 November 2020 and seeking the annulment of the subsequent decision no. 910 of 9 January 2021 adopted by Infratel confirming the partial acceptance of TIM's request. In a judgment numbered 10493/2021 published on 12 October 2021, the Regional Administrative Court of Lazio accepted Open Fiber's claim and therefore partially amended the appealed decisions;
- TIM vs Infratel Italia and Open Fiber: an appeal was made to the Regional Administrative Court of Lazio, to set aside the ruling of 8 January 2021 in which Infratel partially rejected TIM's access to documents of 11 November 2020, case no. 1805/2021. In judgment number 10493/2021 published on 12 October 2021, the Regional Administrative Court of Palermo rejected Telecom Italia's appeal against the ruling (proceedings combined with the previous ones) concerning the procedural costs settled at € 4,000 plus costs, in favour of Open Fiber;
- Terna vs City of Palermo, Infratel et al.: appeal made to the Regional Administrative Court of Sicily for the annulment of a series of decisions made by the Municipality of Palermo aimed at removing interferences with the new tramline project in Palermo. In particular, see the documents relating to the Conference of Services announced by the Municipality of Palermo to

remove the interferences. Infratel has also been called. 23 November 2021 was the date of the preliminary hearing for the new suspension requested by Terna, with the new additional grounds; the suspension was waived and combined with the hearing on the merits, set for 4 April 2022;

- Infratel vs Telecom Italia: appeal to the Council of State concerning the Regional Administrative Court judgment no. 10493 of 12 October 2021, proceedings started by Telecom Italia. No date has yet been set for the hearing of the appeal.

Extraordinary Appeal to the Head of State

Infratel Italia, together with the parent company, filed an Extraordinary Appeal to the Head of State on 16 June 2017, against the Department Decrees of 11 November 2016, 17 February 2017 and 31 May 2017 in which MED opposed the distribution to Invitalia of the retained earnings of Infratel Italia from the financial years 2013, 2014 and 2015.

Following the signing of the new programme agreement and after the introduction of the separate accounting records, the reason for the dispute no longer exists as Infratel has also been paid all the withheld sums. Accordingly, the discontinuance of the extraordinary appeal to the Head of State is currently being formalized.

Labour Law Disputes

With regards to labour law disputes, various cases have been filed by employees, most of which relate to previous years. Considering the difficulties in forecasting the outcome of the case, the decision was taken not to make any further provisions for the current year, as the funds allocated in the previous budget for 2020 appear to be adequate. This decision was also based on the opinion of the lawyers acting for the company.

Legal disputes – Mediocredito Centrale

The legal disputes, for which the relevant provisions have been set aside, pertain to one employment law dispute and three customer disputes. There are also various disputes with customers and one tax dispute (see the next section). No provisions have been made for these as we do not have any known or probable forecast as to the outcome of the cases.

With reference to the tax dispute, which - based on the agreements reached with the contractual counterparties in the context of the extraordinary operations (demerger or sale of business units, block sale of legal relations) between 1 July 2008 and 1 September 2010 with UniCredit Group companies - would in any case have been the responsibility of the latter, we can report that the dispute has been declared closed following a Court of Cassation ruling in March 2022.

Finally, in relation to the subsidies managed by the Bank on behalf of Public Administrations, there are various disputes for which no provisioning has been made, as any losses would be the responsibility of the Public Administrations, hence the costs would be paid from the available funds managed.

IRES notice of assessment for the 2008 tax year

In December 2011, following a general audit conducted by the Tax Authorities for the 2008 tax year, the Bank received a Formal Notice of Assessment (FNA) disputing the deductibility of € 19.6 million in costs incurred in 2008 for the transactions completed in relation to existing and potential disputes with the Parmalat Group. In response to the observations sent by the Bank on 29 February 2012, no further Notice of Assessment has been received from the Revenue Agency. The cited FNA

also indicated another finding relating to the taxable sum of € 16.2 million for the Bank, pursuant to Art. 37-*bis* of Italian Presidential Decree 600/1973. It concerns a restructuring of the debt recovery sector involving the sale (by the Bank and other UniCredit Group companies) of the non-performing positions in the factoring and lending divisions, to a subsidiary of the then-parent company UniCredit.

After the FNA, in 2012, the Lazio Regional Office of the Tax Authorities disputed, relative to the Bank and UniCredit S.p.A., pursuant to Article 37-*bis*, the deduction of losses incurred in the operation to dispose of these non-performing positions. The appeal filed by UniCredit and the Bank was accepted by the Rome Provincial Tax Commission on 2 October 2014. In May 2015 the Revenue Agency appealed: the hearing was held on 10 May 2016 and the judgment was filed on 13 June 2016 with the same result seen at the first level. On 13 January 2017 the Revenue Agency filed an appeal with the Court of Cassation. UniCredit, as the consolidating entity, filed an application for a facilitated settlement (under Art. 6 of Italian Decree Law 119 of 23 October 2018) of the proceedings originally started by UniCredit and MCC, together with an application to suspend the proceedings until 31 December 2020 formulated pursuant to Art. 6 (10). In an order no. 7910/2022 deposited on 11 March 2022, the Court of Cassation acknowledged the completion of the facilitated settlement procedure and declared the ASPRA dispute to be closed. It relates among other things to the costs, obligations and liabilities pertaining to the Corporate Business Unit, which was demerged to UCCB SpA (now UniCredit Spa) on 1 September 2010 and which thus falls exclusively under the responsibility of the then-parent company UniCredit.

E) HUMAN RESOURCES AND ORGANISATION

The important information about HR and the organization is given below.

E1) Organisational projects

Changes to the organisational structure

The main organisational changes for the parent company related to the Incentives and Innovation and Operating Programmes business units:

- Incentives and Innovation: with the formation of the new Fund Management Area, the scope of intervention of this BU has extended to include financial investments in companies in the situations described by the respective Funds assigned to the parent company for management. Both the Grow in the South fund (whose purpose is to support development projects to redevelop areas in the south of Italy) and the Protection Fund (which aims to support restructuring plans for companies that own historic brands) take the form of Invitalia's direct financial involvement in the business of the beneficiary. The Market Development and Services Area has been restructured according to type of recipient (Business, Customer and Enterprises), with the aim of strengthening the promotion of the network and its relations with the business world in an open innovation approach;
- Operating Programmes: following the lengthy re-engineering of the Information Systems activities, this business unit now includes the PA Digital Area, whose purpose is to provide customers with a point of contact to support them with the process of innovation and digital transformation of the Public Administration.

On the staffing front, to allow the orderly limitation or mitigation of risk, with particular attention to cyber risk and exposure, work has been done on multiple levels:

- **Strategic Planning and Industrial Policies:** the mission of this department has been extended to the new line of Risk Management, and will include among other things the gradual adoption of more evolved crisis management systems;
- **Information Systems:** in line with the focus on risk management, the Information Systems area has been restructured; this marks the end of a process that began in 2020. The area is now structured according to process phase, in order to promote activities related to technologies, architecture and security;
- **External Relations:** a department has been set up that will coordinate the activities of Institutional Relations, Communication Services (both corporate and product-related) and the Press Office.

For Mediocredito, the following changes have been made to the organizational structure:

- the scope of expertise of the bank's organizational business units has been extended and now includes specific line areas corresponding to the organizational units of the subsidiaries;
- infragroup committees have been set up in order to provide more effective coordination with the subsidiaries, both in terms of pursuing strategic objectives and in terms of adopting operational approaches in specific areas.

E2) Management workforce interventions

During 2021, workforce management actions were oriented, in line with the achievements of previous years, to a better allocation of internal resources on revenue-generating contracts, as well as to the acquisition of skills from the market required for the execution of contracts in the portfolio, in particular for those with a highly technical focus.

The policy for the stabilisation of fixed-term employment contracts continued to be pursued, leading to the confirmation of 65 permanent employment contracts for resources throughout the entire Group, of which 42 related to employees of the Parent Company.

Staff turnover at the Parent Company during 2021 is summarised in the following table:

	Managers	Middle Managers	Clerical staff	Total employees	Atypical workers*	Total
Staff at 31.12.2020	51	206	1,320	1,577	230	1,807
Joining:	2	19	367	388	193	581
- from Group companies	0	0	0	0	0	0
- promotion	0	18	0	18	0	18
- other	2	1	367	370	193	563
Leaving:	2	11	134	147	121	268
- to Group companies	0	1	0	1	0	1
- promotion	0	0	18	18	0	18
- other	2	10	116	128	121	249
Staff at 31.12.2021	51	214	1,553	1,818	302	2,120

* freelance workers, temporary workers, interns

During 2021, changes in parent company staffing led to a net increase of 241 employees, while the increase among non-standard contracts was 72. Overall, for all contract types there was a net increase of 313 staff.

As far as the workforce is concerned, the 370 new hires include 23 re-hirings of staff members whose contracts terminated during the year. This was done due to the need to increase staffing for the following activities:

- the management of business support measures (37%);
- support to the PA for the management of programmes co-funded by the EU and national funds (23%);
- the rebuilding of the areas of Central Italy hit by the 2016 earthquake (18%);
- services relating to the institutional role of Central Procurement Authority (12%);
- the evaluation and completion of public investments and staff areas (10%).

Outgoing employees, net of one contract transferred to a Group company, totaled 128. Apart from 23 contract terminations followed by re-hirings, the other staff departures were mainly due to the high level of turnover in the line areas, particularly in relation to activities for the post-earthquake rebuilding in central Italy. 17 members of staff also left due to retirement, of whom 12 were in application of Italian Decree Law 4/2019, which introduced the "Quota 100".

With regard to non-standard contracts, which are used to satisfy additional flexibility requirements, 130 freelance, 53 temporary and 10 intern contracts were started.

Outgoing atypical staff, totaling 121, involved 61 freelance workers, 52 temporary workers and 8 interns.

Regarding other Group companies, staff turnover is illustrated in the following table

Workforce turnover in 2021 - Other Group companies

	Managers	Middle Managers	Clerical staff	Total employees	Atypical workers **	Total
Staff at 31.12.2020	20	200	271	491	33	524
Joining:	3	26	129	158	12	170
- from Group companies	0	1	0	1	0	1
- promotion	1	6	0	7	0	7
- other	2	19	129	150	12	162
Leaving:	0	16	77	93	18	111
- to Group companies	0	0	0	0	0	0
- promotion	0	1	6	7	0	7
- left the scope of Marina di Portisco S.p.A.	0	3	18	21	1	22
- other	0	12	53	65	17	82
Staff at 31.12.2021	23	210	323	556	27	583

* includes Italia Turismo S.p.A. and Marina di Portisco S.p.A. until they are sold.

** freelance workers, temporary workers, interns

*** freelance workers, temporary workers, interns, on 21 Oct. 2021, Invitalia sold its stake in Marina di Portisco S.p.A.

Considering all the types of contracts, changes in the staffing of the other Group companies were mainly influenced by the net increase in the staff of Banca del Mezzogiorno – Mediocredito Centrale SpA (+67 units) due to the need to strengthen the structure by bringing in specific skills, and the increase in staff at Infratel Italia SpA (+40 resources), following the increase in work on the broadband programme. This growth effect was partially offset by the non-inclusion in the Group perimeter of Marina di Portisco SpA which was sold on 21 October 2021 (-22 staff).

F) CHANGES IN THE REGULATORY FRAMEWORK

The latest **government interventions affecting the parent company Invitalia** include:

Implementation of the NRRP measures for public and in-house companies

Text of Italian Decree Law 77 of 31 May 2021, coordinated with Conversion Law 108 of 29 July 2021, containing: "Governance of the National Recovery and Resilience Plan and initial measures to strengthen administrative structures, accelerate and streamline procedures" (OG General Series No. 181 of 30/07/2021 - Ordinary Supplement 26):

- Article 9 provides that the Administrations can use companies which are mainly publicly-owned, and regulated entities;
- Article 10 provides that, to support the definition and launch of the award procedures and to speed up the implementation of public investments, particularly those provided for in the NRRP and the national and EU programme cycles for 2014-2020 and 2021-2027, the Administrations can enter into agreements to obtain the technical and operational support of qualified in-house companies under Article 38 of Italian Legislative Decree 50 of 18 April 2016;
- for the purposes of Article 192 paragraph 2 of Italian Legislative Decree 50/2016, the assessment of a bid's financial congruency pertains to the object and value of the services, and the justification for an award takes into account the time-saving and money-saving advantages, compared to recourse to the market, by comparing the standards of Consip SpA and of the Regional Procurement Authorities;
- the Regional Governments, the Autonomous Provinces of Trento and Bolzano and the local authorities, through the Central State Administrations, can use the technical and operational support of in-house companies for the promotion and execution of regional projects funded by European and national funds. The MEF will define the minimum content of the project implementation agreements, for state-owned in-house companies. The related costs can be allocated to the funds set aside for the NRRP measures, namely the resources or technical assistance allocated in the EU programmes for 2021-2027, for the related support measures;
- for the support activities, the interested companies can use their own resources, external personnel and individuals or legal entities sourced from the market, in accordance with the provisions of Italian Legislative Decrees no. 50 of 18/4/2016 and no. 175 of 19/8/2016.

Institutional development contracts

Text of Italian Decree Law 77 of 31 May 2021, coordinated with Conversion Law 108 of 29 July 2021, containing: "Governance of the National Recovery and Resilience Plan and initial measures to strengthen administrative structures, accelerate and streamline procedures" (OG No. 181 of 30 July 2021 - Ordinary Supplement 26):

- Article 14 extends the application of the acceleration and simplification procedures introduced for the NRRP measures to the investments contained in the Complementary Plan and the Institutional Development Contracts (IDC);
- Article 56 provides that the programmes run by the Ministry of Health included in the NRRP (or in the Complementary Plan) and the other construction and modernization programmes can apply the principles of the negotiated programming - the framework programme agreement, the institutional programme agreement, the framework programme agreement, the territorial pact and the institutional development contract.

ISTAT list of public administrations

List of public administrations included on the consolidated profit and loss account, identified under Article 1, paragraph 3 of Italian Law 196 of 31 December 2009 as amended (Accounting and Public Finance Law, *OG* no. 234 of 30 September 2021): Invitalia is classed as an Entity producing economic services.

Invitalia Convention for the "Made in Italy" Plan

Text of Italian Decree Law 183 of 31/12/2020 coordinated with the Conversion Law no. 21 of 26/02/2021 "Urgent provisions on legislation, digital connections, execution of the decision (EU, EURATOM) 2020-2053 of the Council, of 14/12/2020 and on Brexit". Extension of the date for completion of the work by the Parliamentary Commission investigating the events at the "Il Forteto" community: Article 14 paragraph 1 ordered the extension until 31 December 2021 of the application of section (b) of Article 72 paragraph 2 of Italian Decree Law 18/2020 (Italian Law 27/2020). The law allows the Ministry for Foreign Affairs and International Cooperation (MFAIC) and the Italian Trade Agency (ICE) to use the services of Invitalia under an agreement relating to measures designed to support the international expansion of businesses during the pandemic, and the measures included in the Extraordinary Plan to promote "Made in Italy".

Extended authorisation for EC aid schemes during the COVID-19 emergency

MED Decree of 15 December 2020 – Extension of aid measures managed by the General Directorate for Business Incentives in accordance with the amendments made to the regulations and directives of the EU in this area (*OG* 29 of 04.02.2021): the measures listed in the Decree are extended until 31 December 2023. They include:

- Italian Law 181 (1989);
- Smart & Start;
- Development contracts;
- SME Fund.

Acciaierie d'Italia SpA (formerly ILVA)

Coordinated text of Italian Decree Law 103 of 20 July 2021, coordinated with Conversion Law 125 of 16 September 2021, containing: Urgent measures to protect waterways of cultural interest and for the rescue of Venice, and urgent measures on the protection of employment (*OG* no. 224 of 18/09/2021). Article 3.4-*bis* amended Article 1 of Italian Decree Law no. 142 of 16 December 2019 converted with amendments by the Italian Law no. 5 of 7 February 2020, and authorized Invitalia to subscribe to additional capital grant and provide shareholder funding up to € 705 million to ensure the continuity of production at ILVA SpA.

The agreement signed by Invitalia, which pertains to capital grant or shareholder funding, is classed as a financial operation (including direct or indirect equity holdings) to support businesses and employment, under Article 1 paragraph 1 of Italian Decree Law 142 of 2019 (MCC).

Invitalia was also authorized to form a company with share capital of up to € 70 million, in order to carry out a feasibility analysis regarding the construction and management of a plant to produce DRI. The newly-formed company is not subject to the provisions of the Consolidation Act on Publicly Owned Companies (Italian Legislative Decree 19.08.2016, no. 175).

The latest **government interventions affecting the MCC Bank** include:

The “Sostegni-bis” support decree

On 25 May 2021, Italian Decree Law 73/2021 (the “Sostegni-bis” support decree) was published in the *Official Gazette*, allocating approximately € 40 billion to extend and reinforce the measures to combat the spread of the COVID-19 pandemic. Provision was made for measures to the value of € 8,500 million, mainly consisting of:

- the moratorium on loans applied to the capital repayments up to 31 December 2021;
- the recasting and extension of the guarantee schemes for SMEs and SACE;
- the introduction of a public guarantee to support loans to fund research and investment projects for small and medium enterprises;
- encouraging capital increases by means of the new ACE regulations;
- tax breaks, tax credits and compensation schemes related to investment activities;

Operation of the SME Guarantee Fund (Italian Law 662/96)

Italian Law no. 234 of 30 December 2021, containing the “State Budget for the 2022 financial year and the multi-year budget for the 2017-2024 three-year period”, published in *Official Gazette* No. 310 of 31 December 2021, contained measures concerning the phasing-out of the SME Guarantee Fund (Italian Law 662/96) with a return to ordinary operation from 1 July 2022. The same law also:

- extended the operation of the Italy Guarantee (SACE) until 30 June 2022;
- confirmed the derogation provisions of the Gasparrini Fund until 31 December 2022;
- re-financed the “New Sabatini” measure;
- extended and restructured the tax breaks for the construction industry.

G) COMMENTS ON THE FINANCIAL AND EQUITY POSITION

G1) Financial situation

The 2021 financial year ended with profit of € 84,452 thousand, which is a notable improvement of € 47,555 thousand on the previous year.

The trend in core activities was positive, with an operating result € 42,538 thousand higher than in 2020.

The following table is a reclassification of the consolidated income statement captions from a management perspective, with a comparison against 2020.

RECLASSIFIED INCOME STATEMENT	2021	2020	difference
Income from services and other income	544,139	435,945	108,194
Net financial income	30,841	30,745	96
VALUE OF OPERATIONAL PRODUCTION	574,980	466,690	108,290
External costs and operating costs	(259,431)	(207,408)	(52,023)
Value Added	315,549	259,282	56,267
Staff costs	(166,316)	(149,369)	(16,947)
GROSS OPERATING MARGIN	149,233	109,913	39,320
Amortisation, depreciation and provisions	(8,219)	(7,127)	(1,092)
Result from management of equity investments	4,367	57	4,310
OPERATING RESULT	145,381	102,843	42,538
Result from assets held for sale and net non-recurring charges	(41,103)	(52,801)	11,698
GROSS RESULT	104,278	50,042	54,236
Income taxes	(19,826)	(13,145)	(6,681)
Profit (Loss) for the year attributable to non-controlling interests	0	0	0
NET RESULT	84,452	36,897	47,555

The value of production increased by € 108,920 thousand (+25%) reflecting not only the positive results achieved by Invitalia and Infratel, but also the extraordinary recourse to the Guarantee Fund managed by MCC-BdM during the emergency, which allowed the subsidiary to achieve commissions that were far higher than in the previous year, when the increase was still extremely large.

Growth in external and operating costs was very limited compared to the increase in the value of production, because the (large) increase in guarantee fund operations did not require a proportionate contribution of operating costs as economies of scale could be exploited. This can also be seen in the Group's value-added, which saw an increase of 21% compared to 2020.

The cost of labour also increased by € 16,935 thousand, equal to 11%, due to the extra staff required to perform the higher workload allocated to the Group.

This made it possible to achieve extremely positive results both in terms of EBITDA (up by 36%) and operating result (+41%).

Net profit, which, as mentioned, was particularly positive, was, however, penalized significantly (although less than in the previous year) by non-recurring costs and write-downs deriving from, among other things, provisions of € 41,103 thousand and the increase in income taxes.

The following is a reconciliation between the results of the statutory and consolidated financial statements.

RECONCILIATION OF STATUTORY AND CONSOLIDATED RESULTS

	2021		2020	
Statutory result		80,181		35,350
Operating results of subsidiaries for the year	91,297		50,021	
Reversal of separate financial statement valuations	(86,938)		(48,638)	
net effect of subsidiaries		4,359		1,383
IFRS 9 adjustments		(117)		0
Valuation of equity investments		0		0
Elimination of intragroup transactions and other entries		29		164
Consolidated group result		84,452		36,897
Result pertaining to non-controlling interests		0		0
Result pertaining to the Parent Company		84,452		36,897

The net consolidated result is an improvement on the parent company's individual financial statements, mainly due to the net profit and loss effect for the period of some of the subsidiaries. Minor effects are represented primarily by: a negative change of € 117 thousand pertaining to adjustments relating the application of IFRS accounting principles and the provisioning of the credits of subsidiaries € 29 thousand from minor consolidation adjustments.

G.2 Financial position

The consolidated financial position as at 31 December 2021, appropriately reclassified, is shown in the following table:

	2021	2020
Uses:		
Ready cash	453,817	226,361
Net working capital (deferred cash- current liabilities)	1,814,316	1,428,128
Assets held for sale	197,815	225,840
Net equity investments	885,084	450,505
Financial fixed assets	1,006,521	1,024,059
Technical fixed assets	238,253	168,554
	4,595,806	3,523,447
Funded by:		
Shareholders' equity	873,689	805,542
Third-party funds under management (net availability)	89,798	98,949
Contributions	1,208,331	699,088
Employment termination indemnity	11,016	11,511
Provisions for risks	39,574	40,472
Loans	2,373,398	1,867,884
Total	4,595,806	3,523,446

There was a significant increase in total assets compared to the previous year, with growth of over € 1.1 billion in absolute value.

Assets on the balance sheet are represented by 50% of net working capital and cash assets, while the financial assets for the year in question account for 22% of the total.

This composition mainly reflects the contribution to the Consolidated Financial Statements made by Banca del Mezzogiorno - Mediocredito Centrale; as it is a bank, its balance sheet centres around those items. Another factor to consider is the burden on net working capital for the parent company, due to the difficulties in reducing the time to collect receivables from the PA.

With reference to lending to customers, the Group's total for performing assets are 2,783 million (2,413 million as at 31 December 2020). This includes performing loans of 2,247 million (1,948 million as at 31 December 2020).

These performing customer loans include € 2,446 million relating to the subsidiary Medio Credito Centrale - Banca del Mezzogiorno SpA; these consist of € 2,133.6 million Stage 1 loans (€ 1,861.8 million as at 31 December 2020), € 353.2 million in Stage 2 (€ 242.1 million as at 31 December 2020) for which provisions totalling € 41.0 million have been made (€ 29.6 million as at 31 December 2020), of which € 23.0 million are Stage 1 (€ 15.0 million as at 31 December 2020) and € 18.0 million are Stage 2 (€ 14.6 million as at 31 December 2020) with a coverage ratio of 1.6% (1.4% at 31 December 2020), of which 1.1% were Stage 1 (0.8% at 31 December 2020) and 5.1% were Stage 2 (6.0% at 31 December 2020).

The gross value of the Group's non-performing loans amounted to € 256 million, with provisions for € 160 million and a total coverage of 53%. The gross value of non-performing loans pertaining to the subsidiary Banca del Mezzogiorno-Mediocredito Centrale S.p.A. is € 56 million, with the relative provisions totalling € 36.5 million. and a net balance of € 19.5 million (against € 34.2 million in 2020). More specifically, loans classified as bad loans amounted to € 5.5 million (0.2% of loans to customers), with a coverage of 73.9%. Unlikely-to-pay amounted to € 13.6 million (0.6% of loans to customers), with a coverage of 60.7%. Non-performing Past-due amounted to € 0.5 million, with coverage of 17%.

In terms of liabilities, coverage of commitments is ensured by own funds and funds made available by the shareholder in the form of grants or managed funds, accounting for over 46% of total sources of financing, with the remaining portion essentially consisting of medium/long-term loans, for the most part attributable to MCC-BdM and, to a lesser extent, to the parent company.

There has been a decrease of the assets held for sale due to the sale of Marina di Arechi and Marina di Portisco. Technical assets have increased due to the Group's investments, mainly realised by Infratel and Invitalia.

The value of equity investments has increased as a result of the subscription to 38% of the share capital of ADIH S.p.A. using capital grant from MEF. (Acciaierie Italia Holding) for a total of € 400 million. As this company was acquired using a grant, it is not consolidated in the Agency's financial statements and, therefore, the consolidated financial statements reflect the value of this equity investment with the relative grant in the liabilities.

Other changes to the consolidated balance sheet were limited, with the largest being the increase in the contributions item, mainly deriving from the funds received by Infratel during the year to develop the Ultra-Broadband Project and by the Agency for the acquisition of ADIH S.p.A. (Acciaierie Italia Holding).

H) SUBSEQUENT EVENTS

DRI d'Italia SpA

This company was formed on 25 January 2022. Its mission is to perform pre-feasibility studies for the design, build, construction and management of plants used to produce DRI used in the green conversion of the metalworking industry. The share capital of € 35 million is held entirely by Invitalia.

Infratel NRRP

On 6 October 2021, the Italian Ministry for Technological Innovation and Digital Transition (Department for Digital Transformation) signed an agreement with Invitalia and Infratel to make sub-investments as part of Investment 3 "Superfast networks of Mission 1 – Component 2" of the National Recovery and Resilience Plan. Invitalia operates as the parent company and performs the role of direction and coordination of the activities performed by Infratel as the implementing body. The agreement establishes a time frame from 2022 to 2026.

Invitalia Global Investment SpA

This company was placed into liquidation on 26 January 2022 and an entry was made on the Rome Companies Register on 9 February 2022. The final liquidation statements were approved at the shareholders' meeting on 19 May 2022.

Approval of the MCC Business Plan 2022-2024

On 18 February 2022 the Board of Directors of Mediocredito Centrale approved the Business Plan for the 2022-2024 period, which defines the Banking Group's mission as that of providing support to households and businesses through a concrete and viable strategy, with an increasing focus on the SME segment in the south of Italy.

Energy Decree

Italian Decree Law 17 of 1 March 2022 (the Energy Decree) suspended the deduction of the pre-2015 quota of provisioning on receivables at the rate of 12% for 2021, postponing it to the 2022-2025 period. As this is a non-adjusting event for the purposes of IAS 10, the related effects have not been included in these financial statements.

Plan for the Rationalisation of Real Estate Assets of the Invitalia Group – Agreement with Invimit SGR S.p.A

On 24 May 2022, Invimit S.p.A. (a company owned 100% by MEF) approved the setting up of a fund (I3 - Sviluppo Italia) which will be given part of the property assets of the subsidiaries Italia Turismo S. p. A. and Invitalia Partecipazioni S.p.A. This operation takes the form of a "market operation" and the value of the properties will be determined by an independent expert appointed by Invimit SGR.

With this operation, Invitalia is continuing to implement the plan to dispose of its real estate assets while setting itself the objective of realising the value of its assets over the medium-long-term.

I) OUTLOOK FOR OPERATIONS

I1) Russia-Ukraine conflict

The prospects for recovery of the global and European economy in 2022 have been seriously undermined by the explosion of the armed conflict between Russia and Ukraine, which began on

26 February 2022 and is still ongoing. According to the IAS 10 definition, the direct and indirect potential repercussions of this event on the Company and the Group are “non-adjusting events” and are not relevant to the results and net equity to 31 December 2021. They do however require careful attention in terms of day-to-day management and foreseeable developments.

Russia’s military intervention in Ukraine was an unexpected shock that has aggravated an already sluggish European economy. The uncertainty surrounding the duration of the conflict, the extent of the sanctions, the resulting climate of confidence and the implications for the economic context are factors of particular concern for Management. As the conflict situation is still unfolding, it is difficult to predict its effects on the macroeconomic scenario in the short and medium-term, or to foresee the impact on the Group’s business and performance going forward. In the current climate, this situation must be constantly monitored.

In this context, ESMA and CONSOB have published the following communications:

- ESMA recommendation 71-99-1864 of 14 March 2022 “ESMA coordinates regulatory response to the war in Ukraine and its impact in EU financial markets”.
- CONSOB warning of 18 March 2022 concerning the impact of the war in Ukraine on privileged information and financial reporting.

In these communications, the national and international regulators have asked for information to be provided as far as possible on a qualitative and quantitative basis, in relation to the current and foreseeable direct and indirect effects of the crisis on business activity, exposure to the affected markets, supply chains, the financial situation and the financial results in the 2021 financial reports.

In general terms there are four main channels through which the economic effects of the conflict will be transmitted: (i) trade relations (excluding energy goods), (ii) gas and oil supplies, (iii) uncertainty on the financial markets and (iv) geopolitical instability and new equilibriums.

With specific reference to the risk profile of Invitalia, despite uncertainties about how the conflict will develop, it is still possible to formulate preliminary considerations about its potential impact.

Although the potential impact is uncertain, in terms of the inflationary pressures driven by the sharp hike in the price of energy and materials, it does appear to be limited, insofar as the operations are entirely located in national territory and do not depend on the value chain with the countries involved.

I2) Outlook for operations

The Agency will continue to operate within its remit with specific regard to programme management, serving as a contracting authority and central procurement authority and as the executive body for complex projects. Invitalia focuses its attention and skills on protecting areas and companies in crisis, in order to concretely implement the programmes approved by CIPE to redevelop supply and fight industrial delocalisation. The simultaneous launch of the public investment programmes for the NRRP and the new plans for 2021-2027 (which can be added to the commitment to complete the investments for the 2014-2020 programme period and the fulfilment of routine institutional activities) represents an uncommon operational and organisational effort for the administrations involved, one that has never been seen in recent decades. At the same time, for the Group this effort is an opportunity to strengthen the Administrations’ capacity to support these commitments.

In this new scenario, it has been necessary to update the parent company’s strategic plan – this is currently being revised by the Board of Directors after its initial drafting in late 2021 – and will be submitted for considerations and guidance by the Shareholder.

During 2022, an important objective for the Agency will be to define the partnership agreement, the strategic document which defines guidelines, resources and projects for the new cycle of cohesion policy for Italy.

Invitalia's efforts will mainly be centered around the launching and strengthening of collaborations with various administrations, in activities ranging from planning, managing and monitoring funding through to managing calls for tenders with local authorities and businesses. At the same time, the systemic actions will need to be reinforced, with particular reference to the National Aid Register, which after the first three years of full operation in 2021 was able to switch from the self-certification regime to that of public attestation, by means of certificates of aid received by the beneficiaries. Maximum efforts will also be made to spread awareness of the innovation and digitization of the Administrations' support processes, even beyond the traditional perimeter of the management of Ministry of the Economy's calls for tenders addressed to businesses.

The MITD has also entrusted Infratel with significant resources linked to the NRRP. Digital infrastructure is fundamental for the relaunch of Italy. Along with digital connections, we need to take new opportunities and services into the regions. Overall the Group is called to work actively with the funded Administrations in order to define the measures introduced by the NRRP and complementary plan, and the terms of their implementation for the target Administrations, together with proposals and negotiations for the technical support to launch the NRRP measures to benefit the coordination team and the implementing bodies.

J) REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

This Report describes the main characteristics of the risk management and internal control systems related to the financial reporting process (Article 123-*bis*, paragraph 2, point (b) of the Consolidated Law on Finance).

The parent company has a traditional governance model with a separate Board of Directors and Board of Statutory Auditors. The statutory auditing of the accounts is entrusted to an independent auditing firm.

The scopes of the individual corporate bodies are summarized as follows.

The Shareholders' Meeting

Pursuant to the articles of association and the current provisions of the law, the ordinary Shareholders' Meeting is called at least once a year and decides on the following matters:

- approval of the financial statements;
- appointment and dismissal of the Directors; appointment of the Statutory Auditors and of the Chairman of the Board of Statutory Auditors; determination of the relative fees;
- appointment of the Independent Auditors and determination of the related fee;
- responsibilities of the Directors and the Statutory Auditors;
- any other subject attributed by law to the competence of the Assembly.

The Extraordinary Shareholders' Meeting resolves on amendments to the Articles of Association, on the issuance of convertible bonds and on any other matter assigned by law to its competence.

It also performs the additional functions assigned to it by law and by the current regulatory and supervisory framework.

Remuneration of executive directors

Based on a proposal from the Remuneration Committee and having heard from the Board of Statutory Auditors, the Board of Directors determined the remuneration amount, pursuant to Article 2389, paragraph 3 of the Italian Civil Code, to be paid to the Chairman and the Managing Director.

Finally, pursuant to the By-Laws, attendance allowances cannot be paid to members of the Board of Directors and the Board of Statutory Auditors and a limit is set on remuneration that can be paid to members of Committees with consulting and proposing functions established within the Board when necessary.

With reference to the period from 2019-2021:

- the remuneration paid under Article 2389 paragraph 1 of the Italian Civil Code to the Board members and Chairman of the Board was authorised at the shareholders' meeting on 5 December 2019;
- at that 5 December 2019 meeting the Board of Directors granted proxies on the matters authorised by the shareholders' meeting, to the Chairman Mr Viero. It appointed Mr Arcuri as managing director, also granting the relative powers;
- at the meeting on 16 December 2019 the Board of Directors noted that Mr Arcuri is a permanent executive of the company, with the position of Director General. Having consulted the Board of Statutory Auditors, it deliberated on Mr Arcuri's behalf (in accordance with Article 2389 paragraph 3 of the Italian Civil Code) - in addition to his director's remuneration — a fee for his role as Managing Director with a fixed component of € 160,000.00 and a variable component equal to 60% of the fixed amount. The variable component is tied to annual targets set by the Board. The fixed and variable components are both gross of legal, fiscal and social insurance deductions. At the same time, the Chairman waived his remuneration under Art. 2389 section 3 of the Italian Civil Code;
- at its meeting on 28 May–1 June 2020, the Board of Directors, having consulted with the Board of Statutory Auditors, decided to set Mr Arcuri two further targets for 2021. On achieving each one, he will be paid an additional sum over and above the variable bonus payable for his executive contract and annual remuneration paid in accordance with Article 2389 paragraph 3 of the Italian Civil Code, equal to 10% of that amount.

At its meeting on 16 September 2020, the Board of Directors acknowledged the Chairman's confirmation that he has duly received authorisation from the company at which he holds a permanent position, and, in view of the powers granted to him, it authorised the payment of the remuneration deliberated by the shareholders' meeting on 5 December 2019 (Art. 2389 paragraph 1 of the Italian Civil Code) and also - a gross annual fee for his administrative role pursuant to Article 2389, paragraph 3 of the Italian Civil Code, in the amount of € 57,600.00.

At its meeting on 21 January 2020, the Board of Directors set up the following Committees:

- Remuneration Committee, chaired by Stefania Covello;
- Investments Committee, chaired by Sergio Maccagnani;
- Risk Committee, chaired by Paola Ciannavei.

Under paragraph 4 of Article 16 of the Bylaws, each of the Committee Chairs was authorised a gross annual remuneration of € 7,500.00.

At its meeting on 12 November 2020, the Board of Directors resolved to establish the Related Parties Committee and, without authorising any additional remuneration, appointed the following members:

- Sergio Maccagnani, Chairman;
- Attorney Paola Ciannavei, Member;
- Attorney Stefania Covello, Member.

The following table, including the note (1), provides details on the total remuneration for the Chairman, Managing Director and General Manager.

Remuneration paid under Article 2389, paragraph 1, Italian Civil Code

Chair	Annual remuneration, as Chairman
Remuneration for the position	50,000.00
The Managing Director	Annual remuneration, as Director
Remuneration for the position	25,000.00

(1) The previous Board examined the weighting of the organisational positions within the Group through an external advisor, selected through a tender carried out in accordance with the practices required by the Italian Ministry of Economy and Finance for its subsidiaries. In line with the results of this analysis, the relative remuneration was determined. In 2020 the weighting mentioned above was updated. The fixed and variable remuneration for the current Managing Director and Director General for 2019-2021 were determined at the same rate as that already established during the previous three-year term of office and have thus remained unchanged except for the above-mentioned additional target set by the Board at the meeting on 28 May-1 June 2021.

Total gross annual remuneration paid to the Chairman pursuant to Article 2389 paragraph 1, amounted to € 50,000.00 pursuant to Art. 2389 section 1 of the Italian Civil Code and 57,600.00 pursuant to Article 2389, paragraph 3 of the Italian Civil Code.

As in 2020, the total gross annual remuneration paid to Mr. Arcuri was € 610,000.00, including the payment for the positions of Managing Director and Director General, plus the variable components (which may be paid on the basis of achieving the targets set by the Board at the proposal of the Remuneration Committee).

Yearly statutory audits

The independent auditing of the individual and consolidated financial statements was assigned to the auditing firm Deloitte & Touche SpA for the nine-year period from 2020-2028 until the Shareholders' Meeting called to approve the financial statements to 31 December 2028.

The internal control system

On 30 June 2004, the Parent Company adopted an **Organisation, Management and Control Model**, to comply with Italian Legislative Decree no. 231 of 8 June 2001, which attributes direct

responsibility to the company in the event of certain crimes committed by directors or employees in the performance of their duties.

The adjustment process took place through the definition of the aforementioned Model, which consists of a series of documents, namely:

Code of Ethics

It highlights the criteria of conduct for all those who work in the Parent Company and in the Group, indicating the behavioural rules underlying the company's mission, so that it is carried out in compliance with the law and is based on clear and transparent rules.

The Organisation, Management and Control Model

It describes the basic principles and objectives of the Model, the duties of the Supervisory Body, the procedures for the dissemination and application of provisions concerning the Parent Company and Group Companies, the predicate offences and the provisions of the disciplinary system. The Model also includes organisational procedures - drafted on the basis of the mapping of risk areas - aimed at ensuring adequate supervision

Together with the adoption of the Organisation, Management and Control Model and in compliance with Article 6.1 b, the Board of Directors set up a Supervisory Body consisting of a panel composed of an external member with high professional skills, the Head of Internal Auditing and the Head of Corporate Legal Affairs of the Parent Company who is responsible for ensuring the Model's effectiveness, compliance and updating.

The main players in the Invitalia Internal Control and Risk Management System are the Board of Directors, the Board of Statutory Auditors, the Supervisory Body, the Independent Auditor Firm, the Head of the Internal Audit Function, the Financial Reporting Officer, the Corruption Prevention Officer and the Anti-Money Laundering Officer, each through the fulfilment of their role and their control duties.

The constituent elements of the Internal Control and Risk Management System of the Company are the organisational structure, the system of powers, the Organisational, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001, the Code of Ethics, the Control procedures and protocols, as well as the manuals and Operating Instructions.

Italian Law No. 262 of 28 December 2005 "Provisions for the protection of savings and regulation of financial markets" (Italian Law 262/2005) introduced legislative changes aimed at improving the corporate governance of companies listed on Italian regulated markets and ensuring the reliability, completeness, correctness and timeliness of financial information disclosed to the market.

The model adopted by the Agency is the "Internal Control - Integrated Framework" published in May 2013 by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), whose components represent the benchmark in relation to which the ICFR was established, assessed and constantly updated.

The Financial Reporting Officer performs the duties defined in the Bylaws in full compliance with the provisions of Article 154-*bis* of the Consolidated Law on Finance.

The Financial Reporting Officer was appointed for the first time on 8 February 2012 and this mandate will be renewed in accordance with Article 4 of the FRO regulations. On 16 October 2020 the Board of Directors appointed Domenico Tudini until the approval of the 2022 financial statements.

Since the end of 2021 the Governance team of Invitalia has provided services for: subsidiaries, connected to the Group's governance requirements; the monitoring of financial plans; the management of the Agency's equity investments and the availability of the dashboard for the CFO.

Invitalia has a three-tier internal control system:

level I or line controls, which are incorporated into the IT procedures and assure that operations are performed in line with the company's policies and procedures and that they can be documented and logged. They are performed by the operational units themselves or by teams working exclusively on control tasks, who report to the managers of the operational units;

level II controls assure the proper implementation of the risk management process and compliance with the operational limits set for the various units, and that the company's operations conform to the law including the rules of self-governance. They are the responsibility of control bodies such as the Risk Manager, Management Control, the Financial Reporting Officer, HS Officer, Anti-corruption/AML Officer & Compliance Officer, the Data Protection Officer and Compliance Manager. MCC also has a Group Delegate, who is responsible for reporting suspicious transactions for AML purposes; **level III controls** aimed at identifying breaches of procedures and regulations and at periodically evaluating the completeness, adequacy, functionality and reliability of the internal controls and of the Information Systems: these controls are conducted at set intervals depending on the nature of the intensity of the risk. They are the responsibility of Internal Audit.

The internal control system is completed and strengthened by the Organisation, Management and Control Model, prepared in compliance with Italian Legislative Decree 231/2001 and updated to align with the anti-corruption laws (Italian Law 190/2012) and all other relevant regulations. The supervisory body, which is an independent, autonomous collective organ, is responsible for verifying the adequacy, effectiveness, efficacy and updating of the Model and for checking that it is implemented and respected by the departmental managers and recipients of the protocols of measures covered by the Model.

The Board of Statutory Auditors supervises the various levels of internal control.

The Code of Ethics and the Organisation, Management and Control Model are published on the websites of all Group companies.

Invitalia, Infratel and IP have each appointed an Anti-corruption and Transparency Officer who, in line with the ANAC regulations and guidelines, has prepared the Anti-corruption and Transparency Plan for 2021 together with a report on the work done to prevent and fight corruption. These documents are published on the respective websites. Although MCC is not required to prepare such a Plan, it does address the issue of fighting corruption against the Public Administration in the context of its own Organisation, Management and Control Model.

All the Group Companies have adopted a whistleblowing procedure and a system for communicating complaints, to allow the reporting of events or behaviours concerning employees or anyone else working for the company that could amount to an omission or an infringement of laws, regulations, the Model or the Code of Ethics, or another irregularity.

All business units have been screened for corruption risks. For each of the identified risk areas, control systems have been identified with the aim of preventing crimes of corruption and managing the associated risks. The risk assessment identified 28 processes within the Parent Company's

organisation, which include activities that pose a risk and/or could be used to commit crimes of corruption. 21 processes were identified for Infratel. For detailed information about the processes, potential crimes, the offices involved and a description of the elements of risk, see the Plans published on the websites of the parent company, Infratel and IP. Checks have shown that the system of internal controls is essentially adequate. Areas for improvement were identified within the audited processes and corrective measures or actions will be required; their execution will be monitored during the course of 2022.

When updating the "Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001", MCC also updated the assessment of processes that involve activities at risk of the crime of corruption. MCC adopts the system of control required by the regulatory provisions applicable to banks with regard to conflicts of interest with related parties, with the aim of ensuring that transactions with individuals involved in its decision-making areas are not compromised in terms of objectivity and impartiality. The Bank has thus introduced a policy on decision-making procedures. These procedures are reinforced when evaluating related-party transactions, as they also require the intervention of Independent Directors and impose limits on the at-risk activities. This policy is approved by the Board of Directors, after receiving a binding opinion from the Board of Statutory Auditors and is periodically revised and updated at least every three years. The last update was approved by the Board of Directors in September 2021.

Risk Management System in relation to the financial reporting process, pursuant to Article 123-bis, paragraph 2, point (b) of the Italian Consolidated Finance Act

Below is a description of the main risks identified based on the nature of the risk: counterparty risk, operational risk, compliance risk, reporting risk, liquidity risk, legal risk and fraud risk.

In order to address all these risks, Invitalia adopts the set of procedures and control protocols in the Organisation, Management and Control Model and Code of Ethics. These have been strengthened with the adoption of the National Corruption Prevention and Transparency Plan (CPTP), drafted pursuant to Italian Law 190/2012.

The Internal Audit Office is responsible for undertaking systematic controls and audits to check compliance with company procedures.

With regard to transparency, we can report that the Plan was revised, following the issue of a bond listed on a regulated market. Consequently, from 20 July 2017, pursuant to the provisions of Article 2-bis, paragraph 2, point (b) of the Decree and Article 26 paragraph 5 of Italian Legislative Decree No. 175/2016, applicability of the provisions pursuant to Italian Legislative Decree No. 33/2013 is excluded for Invitalia and companies in the Group. Data will continue to be published on the company website, organised according to the format indicated in Annex 1 to the ANAC Resolution No. 1134 of 8 November 2017.

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET

BALANCE SHEET	31.12.2021	31.12.2020
ASSETS		
10. CASH AND CASH EQUIVALENTS	434,836	104,467
20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	100,684	85,605
<i>a) Financial assets held for trading</i>	18,981	11,289
<i>b) Financial assets designated at fair value</i>	-	-
<i>c) Other financial assets mandatorily measured at fair value</i>	81,703	74,316
30. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	924,818	949,743
40. FINANCIAL ASSETS MEASURED AT AMORTISED COST	3,606,638	3,650,979
<i>a) Loans to banks</i>	521,242	959,030
<i>b) Loans to financial companies</i>	207,072	160,054
<i>c) Loans to customers</i>	2,878,324	2,531,895
50. HEDGING DERIVATIVES	72,272	90,202
70. EQUITY INVESTMENTS	885,084	460,127
80. PROPERTY, PLANT AND EQUIPMENT	205,336	197,413
90. INTANGIBLE ASSETS	87,818	34,682
100. TAX ASSETS	40,551	35,946
<i>a) Current</i>	10,931	10,162
<i>b) Deferred</i>	29,620	25,784
110. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	212,395	304,886
120. OTHER ASSETS	644,973	280,881
TOTAL ASSETS	7,215,405	6,194,931

An update to the Bank of Italy Provision containing instructions on "Financial statements of IFRS intermediaries other than banking intermediaries" was issued on 29 October 2021, amending the contents of the balance sheet with regard to asset items "10. Cash and Cash Equivalents" and "40. Financial assets measured at amortised cost: a) loans to banks". The "Cash and cash equivalents" item now includes all on-demand receivables in the form of current account and deposit accounts for banks.

The figure as of 31 December 2020 has been reclassified for the purpose of comparison with the figure for 31 December 2021. In particular, bank receivables of € 104,346 thousand were reclassified under "item 10. Cash and cash equivalents"; they were previously posted under "item 40. Financial assets measured at amortised cost: a) loans to banks".

BALANCE SHEET	31.12.2021	31.12.2020
LIABILITIES		
10. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	3,542,158	3,151,274
a) Payables	2,665,749	2,266,058
b) Securities issued	876,409	885,216
40. HEDGING DERIVATIVES	1,265	-
50. FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS (+/-)	-	-
60. TAX LIABILITIES	3,129	17,669
a) Current	3,087	16,824
b) Deferred	42	845
70. LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	14,580	79,046
80. OTHER LIABILITIES	2,729,993	2,089,416
90. EMPLOYEE TERMINATION INDEMNITIES	11,016	11,511
100. PROVISIONS FOR RISKS AND CHARGES	39,574	40,472
a) Commitments and guarantees given	3,958	4,547
b) Pensions and similar obligations	3,091	3,345
c) Other provisions for risks and charges	32,525	32,580
110. CAPITAL	836,384	836,384
150. RESERVES	(44,478)	(68,453)
160. VALUATION RESERVES	(2,662)	720
170. PROFIT (LOSS) FOR THE YEAR	84,452	36,897
180. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(6)	(5)
TOTAL LIABILITIES	7,215,405	6,194,931

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED FINANCIAL STATEMENTS

		thousands of euro	
CONSOLIDATED INCOME STATEMENT	31.12.2021	31.12.2020	
10. INTEREST AND SIMILAR INCOME	57,585	47,301	
of which: interest income calculated using the effective interest rate method	-	-	
20. INTEREST AND SIMILAR EXPENSE	(29,972)	(25,704)	
30. NET INTEREST INCOME	27,613	21,597	
40. COMMISSION INCOME	525,257	416,835	
50. COMMISSION EXPENSE	(204,395)	(164,549)	
60. NET COMMISSIONS INCOME	320,862	252,286	
70. DIVIDENDS AND SIMILAR INCOME			
80. NET RESULT FROM TRADING ACTIVITIES	187	(111)	
90. NET RESULT FROM HEDGING ACTIVITIES	222	26	
100. PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	2,315	8,697	
a) Financial assets measured at amortised cost	495	(92)	
b) Financial assets measured at fair value through other comprehensive income	1,820	8,789	
110. NET INCOME ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	504	536	
a) Financial assets and liabilities designated at fair value	-	741	
b) Other financial assets mandatorily measured at fair value	504	(205)	
120. NET INTEREST AND OTHER BANKING INCOME	351,703	283,031	
130. NET LOSSES/RECOVERIES FOR CREDIT RISKS ASSOCIATED WITH::	(38,112)	(31,166)	
a) Financial assets measured at amortised cost	(38,288)	(30,691)	
b) Financial assets measured at fair value through other comprehensive income	176	(475)	
140. PROFITS (LOSSES) FROM CHANGES IN CONTRACTS WITHOUT DERECOGNITION	(897)	95	
150. NET INCOME FROM FINANCIAL ACTIVITIES	312,694	251,960	
160. ADMINISTRATIVE EXPENSES:	(221,352)	(192,228)	
A) Personnel expenses	(166,316)	(149,369)	
b) Other administrative expenses	(55,036)	(42,859)	
170. NET PROVISIONS FOR RISKS AND CHARGES	(4,984)	(18,819)	
a) Commitments and guarantees given	590	(2,235)	
b) Other net provisions	(5,574)	(16,584)	
180. NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT	(20,712)	(19,190)	
190. NET ADJUSTMENTS TO INTANGIBLE ASSETS	(8,024)	(5,705)	
200. OTHER OPERATING EXPENSE/INCOME	39,399	36,878	
210. OPERATING EXPENSES	(215,673)	(199,064)	
220. PROFIT (LOSS) ON EQUITY INVESTMENTS	4,367	57	
250. PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS	-	-	
260. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	101,388	52,953	

270. INCOME TAXES FOR THE YEAR FROM CONTINUING OPERATIONS	(19,826)	(13,145)
280. PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	81,562	39,808
290. PROFIT (LOSS) AFTER TAX ON DISCONTINUED OPERATIONS	2,890	(2,911)
300. PROFIT (LOSS) FOR THE YEAR	84,452	36,897
310. PROFIT (LOSS) FOR THE YEAR PERTAINING TO MINORITY INTERESTS	-	-
320. PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE PARENT COMPANY	84,452	36,897

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	2021	2020
Profit (Loss) for the year	84,452	36,897
Other comprehensive income, after taxes, not reclassified to profit or loss		
Defined benefit plans	(72)	(236)
Portion of valuation reserves from investments valued at equity method	(5,092)	3,811
c) Other changes	(5,092)	3,811
Reserve Article 47	(9,375)	(20,456)
Other comprehensive income components, after taxes, reclassified to profit or loss account		
Total of other comprehensive income after tax	(14,539)	(16,881)
Total other comprehensive income	69,913	20,016
Consolidated other comprehensive income pertaining to minority interests		
Consolidated other comprehensive income pertaining to the Parent Company	69,913	20,016

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 31.12.2020 - 31.12.2021

	Balance as at 31.12.2020	Change in opening balances	Balance as at 01.01.2021	Allocation of previous year's result		Changes during the year							Group shareholders' equity as at 31.12.2021	Non-controlling interest equity as at 31.12.2021		
						Reserves	Dividends and other purposes	Changes in Reserves	Operations on shareholders' equity						Comprehensive income financial year 2021	
									New shares issued	Share buyback	Extraordinary dividends distributed	Change in equity instruments				Other changes
Capital	836,384		836,384										836,384			
Reserves	(68,453)		(68,453)	36,897		(3,547)						(9,375)	(44,478)	(6)		
a) Profit reserves	(50,678)		(50,678)	36,897		(11,223)							(25,004)			
b) Other reserves	(17,775)		(17,775)			7,676						(9,375)	(19,474)			
- pursuant to Art. 47 of It. Leg. Decr. of 19/5/2020	(20,456)		(20,456)			7,634						(9,375)	(22,197)			
Valuation reserves	720		720			1,782						(5,164)	(2,662)			
Profit (Loss) for the year	36,897		36,897	(36,897)								84,452	84,452			
Shareholders' equity	805,548		805,548			(1,765)						69,913	873,696			
Shareholders' equity attributable to non-controlling interests	(5)													(6)		

CONSOLIDATED STATEMENT OF CASH FLOWS

A. OPERATING ACTIVITY	Amount	
	31.12.2021	31.12.2020
1. Cash flow from operations	175,466	119,063
- result for the year (+/-)	84,452	36,897
- capital gains/losses on financial assets held for trading and on other assets/liabilities at fair value through profit and loss (-/+)	(695)	(609)
- capital gains/losses on hedges (-/+)	(222)	(26)
- net value adjustments/write-backs for credit risk (+/-)	38,112	30,728
- net value adjustments/reversals on property, plant and equipment and intangible assets (+/-)	28,738	25,435
- net provisions for risks and charges and other costs/revenue (+/-)	4,984	15,381
- taxes and tax credits not liquidated (+/-)	19,824	12,659
- net value adjustments on discontinued operations after tax effects (-/+)	305	(338)
- other adjustments (+/-)	(32)	(1,064)
2. Cash generated/absorbed by financial assets	(256,278)	(942,947)
- financial assets held for trading	(6,997)	7,882
- financial assets at fair value	-	814
- other assets obligatorily measured at fair value	(7,387)	(2,148)
- financial assets measured at fair value through other comprehensive income	19,833	(197,877)
- financial assets measured at amortised cost	6,229	(552,628)
- other assets	(267,956)	(198,990)
3. Cash generated/absorbed by financial liabilities	503,948	850,931

- financial liabilities measured at amortised cost	391,106	717,105
- financial liabilities held for trading		-
- financial liabilities at fair value		-
- other liabilities	112,842	133,826
Net cash generated/absorbed by operations	423,136	27,047
B. INVESTMENT ACTIVITIES		
1. Cash generated by	3	274
- sales of equity investments		269
- sales of property, plant and equipment	3	5
2. Cash absorbed by	(92,769)	(9,034)
- purchases of equity investments	(2,972)	(517)
- purchases of property, plant and equipment	(28,636)	(3,761)
- purchases of intangible assets	(61,161)	(4,756)
Net cash generated/absorbed by investing activities	(92,766)	(8,760)
C. NET CASH GENERATED/ABSORBED BY FUNDING ACTIVITIES		
Net cash generated/absorbed by financing activity	-	-
NET CASH GENERATED/ABSORBED IN THE YEAR	330,370	18,287

Key
 (+) generated
 (-) absorbed

RECONCILIATION

Financial statement items	EXCEEDED	
	31.12.2021	31.12.2020
Cash and cash equivalents at the beginning of the year	104,467	86,180
Total net cash generated/absorbed in the year	330,370	18,287
Cash and cash equivalents at the end of the year	434,837	104,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Part A - ACCOUNTING POLICIES

A.1 – General section

Section 1 - Declaration of compliance with international financial reporting standards

These consolidated financial statements have been prepared in accordance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission until 31 December 2021, as provided by European Union Regulation no. 1606/2002 implemented by Italian Legislative Decree 38 of 28 February 2005, with the exception of the derogation on application of these standards used by the Company, as provided under Article 47 of the Italian Decree Law of 19 May 2020, converted with Italian Law 77 of 17 July 2020 (hereafter "Article 47"), and described below, with regards to the preparation of these financial statements in accordance with paragraph 19 of IAS 1 in the presence of extremely rare circumstances. To that end, applying what is established in paragraph 20 of IAS 1, the Directors note that:

- they hold that these financial statements provide a reliable representation of the entity's financial and equity position, its economic results and cash flows;
- the applicable IFRS were respected, with the exception of the following international accounting standards, in order to obtain a more reliable presentation of the facts, of recognising specific impacts in the statement of comprehensive income rather than in the income statement as established under article 47:
 - IFRS 5, for the recognition of the alignment at fair value, less costs to sell, based on what is established in this international accounting standard, of assets falling under the scope of Art. 47. These impacts relate:
 - i. for € 13,559,012, to the fair value measurement net costs to sell for the real estate assets held by Italia Turismo, of which € 8,760,208 related to the valuations made in the 2021 financial year which have thus been included in the statement of comprehensive income rather than in the income statement of the current year
 - ii. for € 8,638,216, to the fair value measurement net costs to sell for the real estate assets held by Invitalia Partecipazioni, of which € 615,000 related to the valuations made in the 2021 financial year which have thus been included in the statement of comprehensive income rather than in the income statement of the current financial

In the preparation of the consolidated financial statements, schedules and rules for completion were observed pursuant to the provision issued by the Governor of the Bank of Italy on 29 October 2021, "IFRS instructions for financial statements of intermediaries other than banking intermediaries", also taking into account the Bank of Italy's communication of 21 December 2021 on the impacts of COVID-19, measures to support the economy and amendments to the IAS/IFRS (hereafter, the "Instructions").

In this regard, please noted that the Agency was exempted by the MEF decree of 10 October 2012 from the application of the regulation pursuant to Title V of the T.U.B., as it is subject to other forms of equivalent supervision (MEF, Court of Auditors). This exemption does not change the company's standing as a "Financial Intermediary" and, consequently, does not affect the governance of the financial statements as previously indicated and applied continuously over time.

For the purposes of preparing its own consolidated financial statements, Invitalia considered that recourse to the "Instructions" would be the preferred solution. This is a specific decision, not a

requirement. The decision to use the Bank of Italy instructions for financial reporting only applies to the entities listed in section 1.1 of the Instructions. Given that Invitalia, as noted, is not included in the entities listed, it has the option but not the obligation to prepare its financial reports according to the Instructions. It is however obligated to use the IAS/IFRS, as it is an issuer of listed debt instruments. The foregoing is stated also on the basis of a pro veritate legal opinion issued by a qualified professional.

Derogation from application of international accounting standards

As mentioned above, when preparing these financial statements, limited to certain aspects and for reasons described below, the decision was made to derogate from the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission until 31 December 2021, as required by European Union Regulation no. 1606/2002, implemented by Italian Legislative Decree 38 of 28 February 2005.

Reasons for the derogation

During 2020 a specific legal provision took effect which governs certain accounting aspects associated with operations to dispose of real estate assets made by the National Agency for the attraction of Investments and the Development of Enterprise S.p.A. (Invitalia). More specifically, this is Article 47 of the Italian Decree Law of 19 May 2020, converted by Italian Law 77 of 17 July 2020 (the so called Relaunch Decree), which establishes: *"In order to ensure the full and effective execution of the corporate mission and the pursuit of the objectives set out in the business plan and by applicable legislation, Invitalia SpA is authorised to enter solely in its balance sheet accounting records any decreases resulting from real estate rationalisation and disposal transactions carried out, also through newly incorporated or publicly controlled companies, including those indirectly controlled. Reorganization and transfer operations shall be subject to the provisions of Art. 1, paragraph 461, last period of law 2006 december 27 n. 296."*

This article governs certain accounting aspects connected with real estate disposal operations carried out by Invitalia, to ensure the full and effective execution of the company mission and the achievement of the objectives contained in its business plan and in current legislation, establishing that the effects of these operations be recognised in the statement of comprehensive income rather than in the income statement. The business plan, which was prepared and approved by the parent company Invitalia SpA and by MEF and being applicable to the entire Group, indicates the actions to be implemented by Invitalia and its subsidiaries Italia Turismo SpA and Invitalia Partecipazioni SpA and is binding for these subsidiaries, which own most of the assets involved in the reorganization.

In this context, Invitalia signed an agreement with Investimenti Immobiliari Italiani SGR SpA, which was amended several times up until the version signed on 30 December 2021, and was definitively authorised by the Board of Director of Invitalia on 30 May 2022. Like Invitalia, Investimenti Immobiliari Italiani SGR SpA is also controlled by the MEF, which has defined the scope of assets included in these reorganisation and disposal operations. The scope consists for the most part of assets held by the fully-controlled subsidiaries Italia Turismo SpA and Invitalia Partecipazioni SpA.

To that end, while awaiting the completion of the real estate rationalization and disposal operations, the accounting methods described above have been used:

- in the consolidated and individual financial statements: for write-downs deriving from aligning the book value of real estate assets included in these real estate operations to market value less costs to sell, if lower, in compliance with IFRS 5
- in only the individual financial statements: for the write-down deriving from aligning the book value to the market value less cost to sell relative to the equity investment classified pursuant to IFRS 5, limited to the portion of this write-down deriving from aligning the book

- value of real estate assets included in the cited real estate operation held by the subsidiary only if the market value was lower
- in only the individual financial statements: to register impairment based on that established under IAS 36 relative to the equity investment not classified pursuant to IFRS 5, limited to the portion of deriving from aligning the book value of real estate assets included in the cited real estate operation held by the subsidiary to the market value only if lower

In this context, Invitalia requested and obtained an authoritative opinion and with the support of the same concluded that:

- there is not incompatibility between what is established under Article 47 of the Relaunch Decree and the EU source governing the IAS/IFRS, which allows for derogations in extremely rare circumstances;
- Article 47 of the Relaunch Decree represents a clear case of an extremely rare circumstance, such as to justify not applying the ordinary IAS/IFRS rules regarding the representation in the financial statements of decreases in value for real estate generated by the effects of a rationalisation operation called for in the business plan, used to implement a specific regulation relative to the same;
- for accounting purposes, such decreases relative to the group of real estate assets nearing sale should, based on their nature, first pass through "other components of the Statement of Comprehensive Income" in IAS/IFRS financial statements initially and then are recognised as a reduction of shareholders' equity.

It is held that application of Article 47 of the Relaunch Decree constitutes a sort of legal "extremely rare circumstance", which justifies the temporary non-application of the ordinary rules, to make use of a rule not indicated in the reference accounting standards, for the following reasons:

- 1) it is an extremely rare circumstance. The exceptional nature of the case is clear from the foreword to the regulation ("In order to ensure the full and effective execution of the corporate mission and the pursuit of the objectives set out in the business plan and by applicable legislation, Invitalia SpA is authorised...").
- 2) Invitalia and its subsidiaries carry out disposal transactions in the context of a well-defined regulatory framework: this is a required action, to be carried out despite the entirely extraordinary global situation created by the COVID-19 pandemic. This situation is entirely out of the ordinary, unprecedented in the modern economic climate, which is noted in the technical report for the Relaunch Decree, which commenting on Article 47 notes that the rationalisation plan which Invitalia and its subsidiaries must carry out will occur in a particularly unfavourable moment in terms of the general economy and more specifically the real estate sector, especially because there is a limited time period during which it is to be carried out.
- 3) Hence, in this exceptional situation, it can be legitimately asked whether ordinary representation "would be so misleading as to be in conflict with the purposes of the financial statements". The purpose of the financial statements is to provide useful information to capital providers to allow them to make decisions about the company. In the case at hand, it seems legitimate to assume that a representation of the decreases in value required by the regulations, carried out under entirely exceptional circumstances (i.e. the current ones) could lead to misleading results. Income determined in this manner would neither faithfully represent company performance nor the ability of management to administer the company's resources. The simultaneous nature of the regulatory structure which Invitalia and its subsidiaries must comply with and the exceptional time during which this must occur would make this result entirely nonsensical and unable to provide useful information about the income and cash flows the company will be able to produce in the future.
- 4) It is substantially a loss required by the law, which the directors cannot avoid given the regulatory framework under which they operate and the tasks assigned to Invitalia and its subsidiaries by the law.
- 5) In this perspective, it can be concluded that Article 47 of the Relaunch Decree represents a clear case of a regulatory extremely rare circumstance, such as to justify not applying the ordinary rules regarding the representation of decreases in value for real estate

generated by the effects of a rationalisation operation called for in the business plan, used to implement a specific regulation on the matter.

- 6) For the sake of completeness, it should be noted that the provision in question is part of a group of legislative initiatives undertaken after the beginning of the current health emergency in Italy. It consists of a sequence of laws distinguished by a need to introduce extraordinary provisions and derogations from regular rules.

Finally, the reasons based on which it is held that the equity and economic effects associated with the real estate rationalisation and disposal operations can be recognised already in the Invitalia of financial statements in which the effects materialised (even though the sales had not yet been completed on the date these draft statements were approved) have to do with the obligatory nature of this derogation. It is a provision that imposes an obligation when an extremely rare circumstance arises, which must then be recognised in the first set of financial statements in which the effects manifested. In effect, the extremely rare circumstance refers to the losses deriving from implementing the Invitalia business plan.

When the presumable recoverable or realisable value based on market trends is lower than the book value, the asset still in the financial statements is written down.

In this sense it should be emphasised that all the losses recorded in 2020, as well as those recognised in 2021, are a manifestation of the same extremely rare circumstance which allows these losses to not be recorded on the income statement.

The indications supplied above refer both to Invitalia's annual financial statements and to those of the subsidiaries which hold the real estate assets involved in the rationalisation and disposal plan.

Economic/equity effects of the derogation for the Invitalia financial statements

The impact of the cited derogation on Income Statement of the Invitalia Group as at 31 December 2021 is approximately € 9.4 million in lower costs, distributed according to the cases described above. Therefore, the application of the derogation generated a higher profit as at 31 December 2021 compared to the one for the period that would have been recorded in the absence of this derogation.

Overall, as indicated above, the Article 47 reserve entered on the Group's net equity amounted to approximately € 22.2 million as of 31 December 2021.

The derogation had no impacts on final shareholders' equity as at 31 December 2021 or on the Company's financial situation.

IFRS accounting standards, amendments and interpretations applied as of 1 January 2021

As required under IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, below are the new international accounting standards or amendments to accounting standards already in force, whose application is mandatory from 1 January 2021:

- On 31 March 2021, the IASB published an amendment named "COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)" extending the period of application of the amendment issued in 2020, which allows tenants to recognise the COVID-19 related rent concessions without having to consider (by analysing the contracts) whether the IFRS 16 definition of lease modification has been respected. Hence, lessees who used this option in the 2020 financial year posted the effects of the rent reductions directly on the income statement, on the effective date of the reduction. The 2021 amendment, which is only available for entities that have already adopted the 2020 amendment, will apply from 1 April 2021. Early adoption is permitted. The application of these amendments had no significant effects on the Financial Statements.

- On 25 June 2020, the IASB published an amendment titled “Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)”. These amendments allow the extension of the temporary exemption from applying IFRS 9 until 1 January 2023, for insurance companies. The application of these amendments had no significant effects on the Financial Statements.
- In view of the reforms to interbank interest rates such as the IBOR, on 27 August 2020 the IASB published the “Interest Rate Benchmark Reform—Phase 2” document, which contains amendments to the following standards:
 - IFRS 9 Financial Instruments;
 - IAS 39 Financial Instruments: Recognition and Measurement;
 - IFRS 7 Financial Instruments: Disclosures;
 - IFRS 4 Insurance Contracts;
 - IFRS 16 Leases.

All the changes came into force on 1 January 2021. The application of these amendments had no significant impacts on the Financial Statements.

Accounting standards, IFRS amendments and interpretations approved by the European Union but not yet of mandatory application and not adopted early as at 31 December 2021

On 14 May 2020 the IASB published the following amendments:

- Amendments to IFRS 3 Business Combinations: the purpose of the changes is to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without making any changes to the provisions of IFRS 3.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of the changes is to prevent the deduction of the amount received from the sale of goods produced during the asset test phase, from the cost of tangible assets. This sales revenue and the associated costs must therefore be recognised in the Statement of Profit and Loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that the evaluation of a contract’s onerousness must take into account all the costs which are directly attributable to the contract. Consequently, any evaluation of the onerousness of a contract will include not only the incremental costs (such as the cost of the direct materials used in production), but also any costs that the business cannot avoid, due to having entered into the contract (such as the share of personnel cost, and the depreciation of machines used to fulfil the contract).
- Annual Improvements 2018-2020: the changes were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

All these amendments take effect as of 1 January 2022. The Directors do not expect any significant effects on the annual financial statements due to adoption of these amendments.

On 18 May 2017, the IASB published standard IFRS 17 – Insurance Contracts which will eventually replace standard IFRS 4 – Insurance Contracts. The purpose of this new standard is to guarantee that entities provide pertinent information that faithfully represents the rights and obligations deriving from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses within existing accounting standards, providing a single principle-based framework to take into account all types of insurance contracts, including any reinsurance contracts that an insurer may hold. The new standard also establishes presentation and disclosure requirements to improve the ability to make comparisons between entities in this sector. The standard applies as of 1 January 2023, but early application is allowed solely for entities which apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. The Directors do not expect any significant effects on the financial statements due to adoption of this standard.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

As of the reporting date of this document, the relevant European Union bodies had not yet completed the approval process required to adopt the amendments and standards described below.

- On 23 January 2020 the IASB published an amendment titled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document is intended to clarify how to classify payables and other liabilities as either current or non-current. The amendments take effect as of 1 January 2023. In any case, early application is allowed. The Directors do not expect any significant effects on the financial statements due to adoption of this amendment.
- On 12 February 2021, the IASB published two amendments: "Disclosure of Accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)" and "Definition of Accounting Estimates (Amendments to IAS 8)". The purpose of these amendments is to improve disclosures on accounting policies, to provide investors and other primary users of financial reporting information with details that are more useful and can help companies to distinguish changes in the accounting Estimates, from changes to accounting policy. The amendments will come into force from 1 January 2023, but early application is permitted. The Directors do not expect any significant effects on the annual financial statements due to adoption of these amendments.
- On 7 May 2021, the IASB published an amendment named "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document explains that deferred taxes need to be recognised on certain operations that could generate assets and liabilities of equal amounts, such as leasing and dismantling obligations. The amendments will come into force from 1 January 2023, but early application is permitted. The Directors do not expect any significant effects on the financial statements due to adoption of this amendment.
- On 9 December 2021, the IASB published "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information". The amendment is a transitional option pertaining to the comparative information on financial assets presented on the date of first-time application of IFRS 17. The purpose of the amendment is to avoid temporary mismatches between financial assets and liabilities for insurance contracts, and thus to improve the utility of comparative information for the reader. The amendments will come into force from 1 January 2023, at the same time as the application of IFRS 17. The Directors do not expect any significant effects on the financial statements due to adoption of this amendment.
- On 30 January 2014, the IASB published standard IFRS 14 – Regulatory Deferral Accounts which, solely for those adopting IFRS for the first time, grants the possibility to continue to recognise amounts relative to "Rate Regulation Activities" on the basis of the accounting standards previously adopted. As the Company is not a first-time adopter, this standard does not apply to it.

Section 2 - General preparation principles

The consolidated financial statements are prepared according to the general principles referenced in the "Systematic Framework" (Framework) for the preparation and presentation of financial statements. Therefore, the financial statements are prepared according to the accrual basis accounting principle and on the basis of a 'going concern' assumption. The general principles of information relevance and significance and the prevalence of substance over form were applied in the preparation of the financial instruments. Each relevant class of similar items is shown

separately in the financial statements. Entries of a dissimilar nature or purpose are presented separately unless they are irrelevant. Assets and liabilities, income and expenses, shall not be offset unless required or permitted by a standard or an interpretation.

In preparing the Financial Statements as at 31 December 2021, Invitalia considered the impacts linked to the current economic situation, which was affected by the COVID-19 pandemic, and the relative accounting implications in terms of evaluations, disclosure and measurement with regards to the business as a going concern, also taking into account the specific recommendations issued by the authorities for the sector, and more specifically:

- EBA Communication of 25 March 2020 "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID-19 measures";
- the ESMA Communication of 25 March 2020 "Public Statement. Accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9";
- the IFRS Foundation Document of 27 March 2020 "IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic";
- the ECB Letter of 1 April 2020 "IFRS 9 in the context of the coronavirus (COVID-19) pandemic" addressed to all significant entities;
- the EBA Guidelines of 2 April 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis";
- the ESMA Communication of 20 May 2020 "Implications of the COVID-19 outbreak on the half-yearly financial reports";
- the EBA Guidelines of 2 June 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis";
- the ESMA Recommendation of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports";
- the EBA Guidelines of 2 December 2020 "Guidelines amending Guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan payments applied in the light of the COVID-19 crisis";
- the ECB Letter of 1 April 2020 "IFRS 9 in the context of the coronavirus (COVID-19) pandemic" addressed to all significant entities;
- the ESMA Recommendation of 29 October 2021 "European common enforcement priorities for 2021 annual financial reports".

The consolidated financial statements consist of the balance sheet, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows, the notes and the directors' report on operations.

In addition to balances relative to the current financial year, the financial statements and the tables in the Notes also include the corresponding comparison amounts for the previous year.

The financial statements included in the notes are prepared in €/000, if not otherwise indicated, in the same way as the financial statement schedules noted above.

In compliance with the provisions of Article 5 of Italian Legislative Decree No. 38/2005, the consolidated financial statements have been prepared using the euro as the accounting currency.

These consolidated financial statements were approved by the Board of Directors on 30 May 2022.

No exceptions were made to the application of the IAF/IRS apart from the above-mentioned variation of the application of these principles, which are used by the company as provided for in Article 47 of Italian Decree Law of 19 May 2020, converted by Italian Law 77 of 17 July 2020.

For interpretation purposes and for support, the following documents were taken into account, although they have not yet been approved by the European Commission:

- Conceptual framework for financial reporting;
- Implementation Guidance and Basis for Conclusions;
- SIC/IFRIC Interpretation Documents;
- Interpretation documents on application of the IFRS in Italy, prepared by the Italian Accounting Body (OIC);
- Documents issued by EBA, ESMA and CONSOB on application of specific provisions of the IFRS;
- Documents issued by ESMA, IOSCO and CONSOB on assessment and disclosures required relative to the impacts of the COVID-19 epidemic.

In preparing these financial statements, the following general principles were followed, dictated by IAS 1 - "Presentation of Financial Statements":

- Going concern: the analysis included an assessment as to whether the Group will continue to operate in the foreseeable future, taking into account all the medium-term information available. Additionally, the equity and financial structure and operating trends do not show any signs that could lead to uncertainties on this specific point and the financial statements were thus prepared on a going-concern basis;
- Accrual Basis of Accounting: the management events are recognised in the accounts and in Invitalia's financial statements (with the exception of the disclosure regarding cash flows) at the time they fall due, regardless of the date of payment or receipt; the costs and revenues are recognised on the profit and loss account according to the correlation principle;
- Materiality and aggregation: all captions containing assets, liabilities, costs or revenue of a similar nature and type are presented separately in the financial statements, unless they are of negligible value;
- Offsetting: no set-off was made between assets and liabilities or income and costs, except where expressly required or permitted in the Bank of Italy Instructions, an accounting standard or interpretation;
- Frequency disclosures: Invitalia prepares its financial statements, with the relative disclosure, on an annual basis and no changes with regards to the closing date of its financial year have occurred with respect to previous years, which continues to be 31 December of each year;
- Comparative information: comparative information is presented for two consecutive financial years (the current year and the previous one). This comparative information, both of which refer to the reporting date, is provided for each of the individual documents which make up the financial statements, including the relevant Notes.

Section 3 – Subsequent events after the reporting period

Between the reporting date and the date of approval of the Group financial statements by the Board of Directors on 30 May 2022, there were no events that would require any adjustment to the results or financial situation of the Group under IAS 10, para. 10.

Events after the reporting date:

- IAS 10 - Events occurring after the closing of the financial year: the Russia-Ukraine conflict is a non-adjusting event as it pertains to circumstances that arose after the reporting date. These conditions have not been reflected in the balance sheet valuations but they were taken into account when reporting on subsequent events. In order to evaluate the impact of this conflict on Invitalia, an assessment was made of the current and potential future

impact of the sanctions imposed on Russia by state and supranational authorities, and the impact on the asset, financial situation and profit and loss, in light of the available information and the scenarios that were in evidence on the reporting date. Although the potential impact is still uncertain, also in terms of the inflationary pressures driven by the sharp hike in the price of energy and materials, it does appear to be limited, insofar as the operations are entirely located within Italy and do not depend on the value chain with the countries involved. (In this regard, see the section of the Report on Operations headed "Main uncertainties and business outlook");

- on 24 May 2022, Invimit S.p.A. (a company owned 100% by MEF) approved the setting up of a fund (I3 - Sviluppo Italia) which will be given part of the property assets of the subsidiaries Italia Turismo S. p. A. and Invitalia Partecipazioni S.p.A. This operation is a market operation and the value of the properties will be determined by an independent expert appointed by Invimit SGR.

With this operation, Invitalia is continuing to implement its plan to dispose of its real estate assets while setting itself the objective of realising the value of its assets over the medium-long-term;

- Italian Decree Law 17 of 1 March 2022 (the Energy Decree) suspended the deduction of the pre-2015 quota of losses on receivables at the rate of 12% for 2021, postponing it to the 2022-2025 period. As this is a non-adjusting event for the purposes of IAS 10, the related effects have not been included in these financial statements;
- on 18 February 2022, the Shareholders' Meeting of MCC approved the MCC Group's business plan for the three-year period from 2022-2024;
- On 6 October 2021, the Italian Ministry for Technological Innovation and Digital Transition (Department for Digital Transformation) signed an agreement with Invitalia and Infratel to make sub-investments as part of Investment 3 "Superfast networks of Mission 1 – Component 2" of the National Recovery and Resilience Plan. Invitalia operates as the parent company and performs the role of direction and coordination of the activities performed by Infratel as the implementing body. The agreement establishes a time frame from 2022 to 2026.

Corporate operations after year-end

• DRI d'Italia SpA

This company was formed on 25 January 2022. Its mission is to perform pre-feasibility studies for the design, build, construction and management of plants used to produce DRI used in the green conversion of the metalworking industry. The share capital of € 35 million is held entirely by Invitalia.

• Invitalia Global Investment SpA

This company was placed into liquidation on 26 January 2022 and an entry was made on the Rome Companies Register on 9 February 2022. The final liquidation statements were approved at the shareholders' meeting on 19 May 2022.

Section 4 - Other aspects

Since 2004, the Parent Company has adopted the "national tax consolidation regimen" regulated by Articles 117 and 129 of the TUIR [Italian Consolidated Income Tax Act], introduced into the tax legislation by Legislative Decree 344/2003.

Application of Article 1 of Italian Decree Law 142 of 16 December 2019

Article 1 of Italian Decree Law 142 of 16 December 2019, as amended by Italian Decree Law 104 of 14 August 2020 "Urgent measures of financial intervention to support and revive the economy with regard to financial interventions", provides as follows:

"1. With one or more decrees of the Italian Ministry of Economy and Finance, capital grants are assigned in favour of National Agency for the attraction of investments and enterprise development SpA (Invitalia), up to € 900 million for the year 2020, entirely intended to strengthen the capital of Banca del Mezzogiorno - Mediocredito Centrale S.p.A. through a capital payment so that it may promote using market logic, criteria and conditions — the development of financial assets and investment, also to support businesses and employment in Southern Italy. These activities are to be carried out through financial operations, including the acquisition of equity investments in banking and financial companies, generally joint-stock companies, and with any eye to further possible operations to rationalise these equity investments ... or aimed at strategic initiatives to be carried out through financial operations, including direct or indirect equity investments to support businesses and employment, also in Southern Italy.

2. Following the initiatives implemented by the bank in compliance with paragraph 1 of the Ministry of Economy and Finance Decree issued in concert with the Italian Ministry of Economic Development, a demerger can be ordered with the establishment of a new company, to which are transferred the assets and equity investments acquired pursuant to paragraph. The shares representing the entire share capital of the company are assigned to the Ministry of Economy and Finance, without any payment.

3. The provisions of Legislative Decree 175 of 19 August 2016 do not apply to the newly established company. Appointment of the company's Board of Directors is done by the Ministry of Economy and Finance in concert with the Ministry of Economic Development.

4. All deeds and operations carried out to implement the above paragraphs are exempt from any direct or indirect taxation or duties.

5. Any resources pursuant to paragraph 1 which are no longer necessary for the purposes of this decree shall be quantified with a decree issued by the Ministry of Economy and Finance and transferred to the originating section, also through a deposit to the government's funds, with subsequent reassignment of the funds."

In compliance with and execution of what is governed under the cited Article 1, paragraph 1, of Italian Decree Law 142/2019, Banca del Mezzogiorno - Mediocredito Centrale S.p.A. asked the MEF, in a letter dated 10 June 2020, to disburse to it, through its shareholder Invitalia, a capital payment totalling € 430 million, to be used for a share capital increase for Banca Popolare di Bari SpA. Consequently, in a letter dated 11 June 2020, Invitalia asked the MEF to assign it a capital grant totalling € 430 million *"intended to strengthen the capital, through a capital payment, of Banca del Mezzogiorno - Mediocredito Centrale SpA so that it can carry out financial operations in the form of an equity investment in the capital of Banca Popolare di Bari SpA"*. The MEF, in a letter dated 12 June 2020, provided notification that the decree assigning the capital grants to Invitalia had been issued. In the same communication, the MEF, given the need to guarantee the availability of the necessary sums to Banca del Mezzogiorno-Mediocredito Centrale SpA by 24 June 2020, also asked the Invitalia Board of Directors to resolve the capital payment to its subsidiary, making it conditional to the efficacy of the resolution to disburse the relative amount by the MEF and the release of the required authorisation by the Ministry of Economic Development, as the supervisory administration.

For the purposes of the accounting recognition of grant received, with the support of a technical/legal opinion received for this purpose, Invitalia determined that:

- 1) the "capital grant" received was to be treated based on the provisions of IAS 20 paragraph 24 on contributions and that it should be recognised as deferred revenue connected to the grant received as a balancing entry to the increase in value of the equity investment deriving from the capital payment made to Banca del Mezzogiorno – Mediocredito Centrale by Invitalia;
- 2) the amounts that Invitalia allocated or will be asked to allocate to Banca del Mezzogiorno – Mediocredito Centrale must be recognised as an increase in the shareholders' equity of the subsidiary as "capital payment", as established under Article 1 of Italian Decree Law 142/2019;
- 3) in the hypothesis of a demerger with the establishment of a new company, based what is established under paragraph 2 of Article 1 of Decree Law 142/2019, the assets and equity investments acquired pursuant to paragraph 1 of the cited norm include, based on the principle of continuity of operations, also include the assets and/or liabilities generated by these assets and equity investments in the time between the acquisition pursuant to paragraph 1 and the demerger pursuant to paragraph 2;
- 4) any excess costs or losses with respect to the amount of capital grants received pursuant to Article 1, paragraph 1 of Italian Decree Law 142/2019 - in the light of the agent role assigned to Invitalia by the law - do not create an obligation to support the distressed company for either Invitalia or Banca del Mezzogiorno.

In the light of all the above, it was decided to treat the above contributions for accounting purposes as below:

- Invitalia recognised the contribution received as a balancing entry in the item Other Liabilities, with the phrasing "Grants, Article 1, paragraph 1, Italian Decree Law 14 of 16/12/19", consistent with the above noted provision that defined the payment made to Invitalia as a "capital grant", and then, after making the payment to the subsidiary MCC-BDM, increasing the value of the equity investment in MCC-BDM.
- The subsidiary MCC-BDM instead recognised the payment received as a balancing entry within Shareholders' Equity, consistent with the provision that defined the payment made to MCC-BDM as a "capital payment".

In terms of applying the notion of "control" established under IFRS 10, this framing of the contribution received means there is no control relationship between Invitalia and Banca Popolare di Bari based on the provisions of IFRS 10. This conclusion derives from the fact that Invitalia, having recognised the capital grants under the item Other Liabilities and having recognised the relative costs incurred on the basis of the income approach identified in IAS 20, intended to neutralise the costs/revenue recorded in the Statement of Profit and Loss, is not exposed to "variable returns deriving from its involvement with the investee entity" and, therefore, in the absence of this exposure to variable returns does not meet the requirements for a control relationship with Banca Popolare di Bari. Consequently, this framing means that Invitalia does not include Banca Popolare di Bari in its consolidated financial statements.

Accounting treatment established for equity investments acquired with government grants/third-party funds

In the light of that indicated above regarding the accounting treatment of contributions received in application of Article 1 of Decree Law 142 of 16 December 2019, Invitalia had created a specific accounting policy for the accounting treatment of all equity investments acquired by Invitalia using what can be classified as government grants under IAS 20, holding that these equity investments, despite having the characteristics of equity instruments (IAS 32:11), also cannot be held to fall

within the scope of application of the IAS which specifically govern the accounting treatment of equity instruments (IFRS 9, IAS 27, IAS 28 and IFRS 11). In particular, also on the basis of a technical opinion acquired for this purpose, it was held that these equity investments are acquired by Invitalia in execution of specific regulatory provisions, making use of public resources or third-party funds. Additionally, these regulatory provisions establish specific rights for the entity providing the grant/third-party funds and specific obligations for Invitalia, with reference to equity investments acquired with government grants which essentially do not grant Invitalia i) the economic effects typical of equity instruments (dividends, impairment etc.), seen in any equity instrument (whether involving a minority interest, or a financial connection involving joint control or control), which represents "a *residual interest in the assets of an entity after deducting all its liabilities*" – ii) the power to establish specific actions typical of ownership (e.g. selling the equity investment acquired using the contributions), despite legally owning the shares which represent the share capital of a company. Taking into account the specific nature of the above context, Invitalia has adopted a specific accounting policy to recognise and measure equity investments acquired through government grants.

Initial recognition and subsequent measurement of these equity investments is at cost, on the settlement date, including any costs or proceeds directly attributable to the transaction.

At each annual or interim reporting date, an impairment test is carried out. This is done by checking for the existence of the qualitative and quantitative indicators illustrated below. If these indicators are identified, an impairment test is carried out compliance with the provisions of IAS 36, to estimate the recoverable amount of the equity investment and compare it against its carrying amount, so that any necessary write-downs can be determined. With reference in particular to equity investments for which the individual carrying amount is deemed insignificant - based on International Accounting Standard IAS 1:7 - the equity method is used to determine the recoverable value of the equity investment, as this approximates the fair value calculated using the simple equity method, to be compared with the book value of the same to determine recognition of any write-downs.

As indicated previously, at each annual or interim reporting date, specific qualitative and quantitative indicators are evaluated, in particular:

- any negative income results or any significant discrepancies compared to the budget or long-term plan objectives;
- significant financial difficulties of the investee;
- the probability that the investee will declare bankruptcy or be subject to other financial restructuring procedures;
- distribution of a higher dividend than the income for the period and existing income reserves;
- distribution of a higher dividend by the investee than the income in the comprehensive income statement (or other comprehensive income for financial companies) in the year in which it is declared.

Equity investments for which this accounting treatment is currently used, both in the individual and consolidated financial statements, are the following:

1. Banca del Mezzogiorno - Mediocredito Centrale S.p.A., limited to the portion regarding the equity investment acquired in Banca Popolare di Bari S.p.A.;
2. Equity investment in Invitalia Global Investment S.p.A.;
3. Equity investment in Acciaierie d'Italia Holding SpA;
4. Equity investment in Reithera Srl;
5. Equity investment in TLS Sviluppo Srl;
6. Equity investment in DRI Italia S.p.A.;
7. Equity investments acquired pursuant to Italian Law 181/89 (CMS Srl (insolvent), Elimirad Service Srl in liquidation, Fonderie S.p.A. (insolvent), Gustavo De Negri & ZA.MA. Srl, Jonica Impianti Srl, Peritas Srl, PRO.S.IT. Srl (insolvent), Sicalp Srl (insolvent), SIE- Società Ittica

Europea in EA, Simpe S.p.A. (insolvent), Sural S.p.A. (insolvent), Tekla Srl Ex Mexall Sistemi).

Impacts of COVID-19

In preparing the Financial Statements to 31 December 2021, the Company considered the impacts linked to the current economic situation and the COVID-19 pandemic, and the relative accounting implications in terms of valuations, disclosure and measurement with regards to the business as a going concern, also taking into account the recommendations of the regulatory authorities, specifically:

- the EBA Communication of 25 March 2020 "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID-19 measures";
- the ESMA Communication of 25 March 2020 "Public Statement. Accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9";
- the IFRS Foundation Document of 27 March 2020 "IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic";
- the ECB Letter of 1 April 2020 "IFRS 9 in the context of the coronavirus (COVID-19) pandemic" addressed to all significant entities;
- the EBA Guidelines of 2 April 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis";
- the ESMA Communication of 20 May 2020 "Implications of the COVID-19 outbreak on the half-yearly financial reports";
- the EBA Guidelines of 2 June 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis";
- the ESMA Recommendation of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports";
- the EBA Guidelines of 2 December 2020 "Guidelines amending Guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan payments applied in the light of the COVID-19 crisis";
- the ECB Letter of 1 April 2020 "IFRS 9 in the context of the coronavirus (COVID-19) pandemic" addressed to all significant entities;
- the ESMA Recommendation of 29 October 2021 "European common enforcement priorities for 2021 annual financial reports".

Below are the main areas of focus, analysed in terms of preparing the financial statements. Detailed information on risk strategies, objectives and management policies, as well as on the economic and equity situation are provided in the relevant sections of the Directors' Report on Operations and/or the Notes, referenced below.

With regards to management and business aspects, please see that found in the specific section of the Directors' Report on Operations.

The business as a going concern

In compliance with that established in the joint Bank of Italy/CONSOB/ISVAP document no. 2 of 6 February 2009, regarding the going concern disclosure and in compliance with the relevant requirements under IAS 1, revised and the ESMA Recommendations contained in its Public Statement 71-99-1290 of 11 March 2020, Public Statement 32-63-972 of 20 May 2020 and Public Statement 32-63-1041 of 28 October 2020, Invitalia evaluated its ability as a Company and Group to continue to operate as a going concern for the foreseeable future, taking into account all the available medium-term information. More specifically, in carrying out these assessments, the currently foreseeable effects linked to developments in the COVID-19 pandemic were taken into account, as well as any connected repercussions on the national economy and the Group's business. Considering the risks and uncertainties associated with the current macroeconomic situation, and based on the best available information when these financial statements were prepared (see Directors' Report on Operations "THE GROUP'S FUNDAMENTAL ROLE IN THE

PANDEMIC”, “SUBSEQUENT EVENTS” AND “OUTLOOK FOR OPERATIONS”), there is a reasonable expectation that the Company and Group will continue to operate in the foreseeable future. Additionally, the equity and financial structure and operating trends do not indicate any signs that could create uncertainties on this point. Consequently, the financial statements have been prepared on a going-concern basis.

Risks and uncertainties connected with the use of estimates

Preparation of the financial statements requires the use of estimates and assumptions which could influence the amounts recognised in the Statement of Financial Position and the Statement of Profit and Loss, as well as information provided about potential assets and liabilities.

Estimates and associated hypotheses are based on available operating information and subjective assessments in part based on historical experience.

Due to their nature, the estimates and assumptions used may vary from year to year and it therefore cannot be excluded that in subsequent years the actual values recognised in the financial statements may differ, even significantly, due to changes in the subjective assessments used.

The main areas in which the use of subjective assessments made by company management are used are:

- quantification of losses due to impairment of receivables, securities, equity investments and, more generally, other financial assets;
- quantification of the provisions for risks and charges (determined based on estimates of outflows necessary to comply with obligations for which the use of resources is deemed probable);
- quantification of severance indemnities, company retirement fund and other benefits due to employees (determined using the estimate of the current value of obligations related to probable disbursements, discounted considering financial aspects including interest rates, presumed salary trends, turnover rates and demographic data);
- deferred tax assets (the recognition of items related to deferred tax assets is based on the assumption that in future years the Company will generate taxable income for amounts that, with reasonable certainty, will offset future taxes payable on that income thus allowing the full absorption of deferred tax assets);
- the use of measurement models to determine the fair value of financial instruments not listed on active markets;
- the determination of fair value when measuring non-current assets and asset groups held for sale by the Group. The valuation of these real estate assets – both those included in the Invimit operation and those outside of this perimeter as they are held for independent sale within the short-term – may be reduced significantly depending on changes in the main assumptions in the models, which may be connected to trends in macroeconomic variables. It also includes the risk that the value in use, which refers to the valuation of assets not covered by the Invimit transaction and which are to be developed internally and used as a source of income, may be reduced due to changes in the current value of future cash flows linked to fluctuations in interest rates, the cost of implementing projects which have been affected by inflationary trends, and other external or market variables.

Therefore, it follows that the measurement of risk is mainly linked to developments in the national and international socioeconomic context and to trends in financial markets, which can influence the trend in interest rates, price fluctuations, actuarial assumptions and, more generally, the credit status of counterparties.

The COVID-19 emergency did not give rise to any risks not previously considered, given that the phenomena which arose falls into categories already mapped out and subject to safeguards. Please see part D of the Notes and the Directors’ Report on Operations for more exhaustive treatment of the risks to which the Company is exposed and aspects specifically linked to the pandemic.

The spread of COVID-19 increased the levels of uncertainty borne by accounting estimates, increasing complexity. Below is a summary of the main items for which estimates were impacted:

(a) Significant increase in credit risk and value adjustments made to financial assets (IFRS 9)

See below, section "3.1. CREDIT RISK" in "Part D - Other Information". Note that no increase in credit risk was seen in the Group's loan portfolios (apart from Mediocredito Centrale) due to the substantially public nature of the counterparties as of the reporting date.

(b) Moratoriums (IFRS 9)

This is not a case that applies to the Group.

(c) Impairment test for equity investments (IAS 36)

Employee benefits

There have been no changes in the assumptions or variables underlying the valuation of employee benefits. The Group did not recognise any legal obligations towards employees due to COVID-19 that could give rise to a liability under IAS 19.

Government incentives and taxes

There are no significant tax incentives that the Group benefited from in relation to the anti-COVID-19 measures introduced by the government. At present there are no elements worthy of note relative to the revocability of deferred tax assets.

Fair value measurement

No significant impacts were seen with regards to the fair value measurement of financial instruments. For details on fair value measurement, please see the specific disclosure found in section A.4 Fair value disclosure, in these Notes.

Leasing

No impacts were seen. The Group Companies are party to leasing contracts solely as lessees and did not request any contractual amendments, suspensions or deferrals of leases, nor the recognition of any discounts due to the situation caused by COVID-19.

Potential liabilities

There was no need for the Group to set up any provisions for risks and charges for current obligations that could give rise to possible future financial outlays. The existing provisions refer solely to probable events.

Information about risks, uncertainties and other potential impacts of climate change

In preparing the annual financial report to 31 December 2021, the companies are required to consider the ESMA recommendations for October 2021 ("European common enforcement priorities for 2021 annual financial reports"). Among other things the recommendations pay particular attention to the issue of climate change risk, the extent that the effects of such risks may be significant. As the parent company of the Invitalia Group, the Company is aware of the importance of identifying, assessing, preventing and mitigating the potential environmental and climate change risks connected to direct impacts such as the use of energy (renewable and non-renewable sources), greenhouse gas emissions, the production and disposal of waste, the consumption of raw materials such as paper and toner, and the violation of environmental or industry regulations. At European level, the plan of action to finance sustainable development places a particular focus on the systemic importance of the banking/financial sector in enabling the transition towards a system of low carbon emissions and a climate proof economy. The banking industry is affected by the potential indirect risks of climate change, to the extent that the loans and investments it makes are connected to economic activities that contribute to climate change (for example in terms of greenhouse gas emissions). Overall, the banking industry itself can play a proactive role in promoting the transition towards a low carbon, climate-proof economy by increasing the awareness of its role during the transition and by introducing an assessment of the potential impact on climate change into its lending and investment policies.

As provided for in section 7 of IAS 1, the criteria used to determine the materiality of financial reporting information must also be included in the assessment related to the disclosure on climate risk. The IASB Practice Statement: Making Materiality Judgements indicates that when assessing whether or not information is significant, companies should take into account both quantitative and qualitative factors, as well as the interaction between these two categories. Specifically, climate risks are potential indicators of an impairment of asset value.

This is why, when carrying out impairment tests, the guidelines of industry regulators concerning risk-relevant financial reporting aspects must also be considered, along with the uncertainties, estimates, assumptions and evaluations connected to the potential impacts of climate risk on the entities under analysis. Factors pertaining to climate change, where they are seen to be potentially relevant, have been taken into account mainly through sensitivity analysis and/or considerations about the variables that affect the recoverable value.

On the reporting date of 31 December 2021, for the purposes of determining the ECL on performing loans, Invitalia updated the macroeconomic scenarios used at the 2020 year-end, but without including ESG components. This was mainly because the significant majority of the counterparties are public.

Conversely, the subsidiary MCC-Banca del Mezzogiorno used the same macroeconomic scenarios as those used at the 2020 year-end to determine the ECL on performing loans, with regard to the updates available at the time the flat-rate adjustments were determined. As these adjustments were improvements on the ones previously adopted they could – all other things being equal – have led to a potential reduction in the ECL. Management prudently took this decision partly because it has not yet incorporated into its ECL parameters or calculation model any ESG components that could have led to an increase in ECL that could not be quantified for certain counterparties in specific industries and/or geographical areas. In conclusion, with reference to the loans portfolio of the subsidiary MCC and considering the grants - for the reasons just stated – the data contained in the measurement of ECL potentially includes the probable increase that would have manifested if adjustments had been included in the model or parameters in order to take the ESG components into account.

With regard to the subsidiary MCC and with reference to the ESG (Environmental, Social and Governance) recommendations and requirements, in 2021 the subsidiary's Risk Control Office prepared and submitted two documents to the Internal Controls and Risk Committee. They pertain to the regulatory changes, data, information and actions that MCC is required to take into account when defining and assessing risks linked to ESG factors by conducting an initial examination of the regulatory framework and methodological best practices, by making initial proposals and simulations on the subsidiary's perimeter. In 2022, an ESG planning process will be launched, which will address issues concerning the classification and implementation of various company processes, including risk management. At the same time, environmental and climate change risks have gradually been incorporated into the policies and methodologies of the subsidiary MCC, specifically into its operational risk (physical risk) taxonomies. A similar analysis is now underway with regard to reputational risk (this is part of the definition of the KRI – Key Risk Indicators).

Information about Article 8 of the Taxonomy Regulation

Regulation (EU) 2020/852 (the "Taxonomy") which is part of the European Union's initiatives to support sustainable finance. Its objective is to provide investors the market with a common language for sustainability metrics in order to guarantee compatibility among operators, reduce the risks of greenwashing and increase the quantity and quality of information about the environmental and social impacts of business, thus favouring more responsible investment decisions. The Taxonomy is focused on identifying eco sustainable economic activities, which are defined as those that make a substantial contribution to the reaching of at least one of the following environmental objectives provided that they do not cause significant harm to any other environmental objective and that they are conducted in accordance with the minimum safeguards:

- mitigation of climate change;
- adaptation to climate change;

- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- prevention and control of pollution;
- protection of ecosystems and biodiversity.

In accordance with the requirements of the regulation, the Group has set up a Taxonomy project in order to understand the new regulatory obligations and to plan the preliminary work for the reporting process, in the context of its Consolidated Non-Financial Report, to which please refer for more information.

Section 5 - Scope and methods of consolidation

The consolidated financial statements include the financial statements of the National Agency for the attraction of investments and enterprise development SpA (Invitalia) and its directly or indirectly controlled subsidiaries. The scope of consolidation is defined with reference to the provisions of IFRS 10, 11 and IAS 28. In compliance with these principles, subsidiaries are considered companies over which the Parent Company exercises, directly or indirectly, the power to determine financial and management policies. The Subsidiaries are consolidated on a line-by-line basis. Consolidation starts from the date on which the control relationship begins and lasts until the date of its termination.

The values of the financial statements as at 31 December 2021 of the companies of the Group, consolidated on a line-by-line basis, have been appropriately adjusted to bring them into line with the accounting policies of the Parent Company.

In line-by-line consolidation, the assets and liabilities, income and expenses of the consolidated entities are included in the consolidated financial statements after complete elimination of the receivables, payables, revenues and infragroup costs, with the exception of those considered irrelevant in the context of the consolidated financial statements according to the general criteria of significance and relevance.

The assets and liability items are those resulting from the financial statements approved by the Boards of Directors and/or by the Companies' shareholders' meetings. The portion of shareholders' equity and that of the result for the reporting period pertaining to non-controlling interests are accounted for in a separate item in the consolidated statements of financial position and profit or loss and income. In order to represent the Group's accounting information as if it were a single entity, appropriate consolidation adjustments were applied. The controlling investments held for sale are consolidated on a line-by-line basis and shown separately in the consolidated financial statements as a group held for sale in asset items 110 and asset liability items 80, respectively.

The controlling investments held for sale are consolidated on a line-by-line basis and shown separately in the consolidated financial statements as a group held for sale in asset items 110 and asset liability items 80, respectively.

1. Exclusive equity investments in subsidiaries

Fully held subsidiaries are as follows:

Company	Site	Type of Relationship	Company Holding Stake	% Held	% Avail. Votes	Type of Control
Equity investment						
INFRATEL ITALIA S.p.A.	Rome	1	Invitalia S.p.A.	100.00%	100.00%	A
INVITALIA PARTECIPAZIONI S.p.A.	Rome	1	Invitalia S.p.A.	100.00%	100.00%	A
BANCA DEL MEZZOGIORNO S.p.A.	Rome	1	Invitalia S.p.A.	100.00%	100.00%	A
Assets held for sale						
ITALIA TURISMO S.p.A.	Rome	1	Invitalia S.p.A.	100.00%	100.00%	A

SVILUPPO ITALIA CALABRIA S.c.p.A. in liquidation	Cosenza	1	INVITALIA PARTECIPAZIONI S.p.A.	99.84%	99.84%	B
<i>(1) Majority of voting rights at the ordinary shareholders' meeting</i>						
<i>A = direct control</i>						
<i>B = indirect control</i>						

2. Valuations and assumptions relevant to the determination of the consolidation area

IFRS 10 regulates the consolidated financial statements and sets out the criteria to be applied when defining the consolidation area. According to this principle, the control of a company only exists when these three elements are found:

- o Power to direct the subsidiary's main activities;
- o Exposure to or the right to obtain variable returns from the relationship with the investee;
- o Capacity to use its power over the investee to affect the amount of the investor's returns.

These three elements must exist simultaneously in order to identify a situation of control.

IGI SpA and Banca Popolare di Bari, although owned respectively at 100% and, through the subsidiary MCC, at 96.8%, are not consolidated on a line by line basis because the economic effects of the operations are not felt by Invitalia and consequently they are excluded from the Group, as specified in more detail below. Likewise, Acciaierie d'Italia Holding S.p.A., Reithera Srl, TLS Sviluppo Srl and all the equity investments acquired under Italian Law 181/89 have not been consolidated with the net equity method for the same reasons (for more details see the following paragraphs, Section 5 – Other aspects – “Application, Art. 1 of Italian Decree Law No. 142 of 16 December 2019” and “Accounting treatment for equity investments acquired with government grants/external resources”).

3. Equity investments in subsidiaries controlled exclusively with significant minority interests
 There are no equity investments in subsidiaries controlled exclusively with significant minority interests apart from a minimal percentage (0.16%) owned by minority interests in Svil.Italia Calabria Scpa in liquidation.

3. Significant restrictions

There are no significant restrictions to report for the purposes of para. 13 of IFRS 12. In particular, there are no legal, contractual or regulatory restrictions on the parent company's capacity to access or use the assets or to discharge the group's liabilities. Similarly there are no rights protecting minority shareholdings that could significantly restrict the entity's capacity to access or use the assets or to discharge the group's liabilities.

A.2 Section related to the main items of the financial statements

Statement of the accounting standards adopted is done with reference to classification, registration, valuation and cancellation of the various asset and liability items.

Cash and cash equivalents

Cash and cash equivalents are recorded at nominal value and include the values that meet the requirements of high liquidity, short-term or very short-term availability and an insignificant risk of changes in their value.

Financial assets measured at fair value through profit or loss (FVTPL)

Classification criteria

This item includes financial assets other than those classified as Financial assets measured at fair value through other comprehensive income or Financial assets measured at amortised cost. This includes:

- i. Financial assets held for trading, essentially represented by debt and equity securities and the positive value of derivatives held for trading purposes;
- ii. Financial assets mandatorily measured at fair value, represented by 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 are not represented solely by payments of principal and interest (SPPI test not passed) or which are not held within the context of a Hold to Collect business model or Hold to Collect and Sell model;
- iii. Financial assets designated at fair value, or financial assets defined as such at initial recognition and when the requirements are met. In relation to financial assets, an entity may irrevocably designate a financial asset as measured at fair value through profit and loss if and only if by doing so it eliminates or significantly reduces a measurement inconsistency.

This item includes debt securities and loans included in an Other-Trading business model or which do not pass the SPPI test, including units of syndicated loans which, at origin, are held for sale and cannot be classified as part of a Hold to Collect and Sell business model.

This item also includes equity instruments which cannot be classified as controlling, association or joint control, held for trading purposes or which were not classified as measured at fair value through other comprehensive income at initial recognition. Units of UCITS are also recognised under this item. For the category of UCITS, given the structure of the instrument and the respective units, the SPPI test will always be failed, meaning they can only be classified under the fair value through profit and loss item.

Capitalisation policies represent another case in which the inherent features of underlying investment instruments require classification herein. Similar to UCITS units, these instruments fail the SPPI test with objective difficulty in preparing a look through approach. For this reason, they must be recognised under the item "financial assets measured at fair value through profit and loss". More specifically, the fair value is the value of the policy periodically communicated in the account statement sent by the insurance company. This value corresponds to the premium plus returns generated by separate accounting, net of the fee component.

Derivatives, recognised among financial assets held for trading, are represented as assets if the fair value is positive and as liabilities if the fair value is negative.

Derivatives also include those incorporated within complex financial instruments, in which the primary contract is not a financial asset falling under the scope of IFRS 9, which were subject to separate recognition in that:

- Their economic characteristics and risks are not closely correlated with the features of the underlying contract;
- The incorporated instruments, even if separate, meet the definition of derivative;
- The hybrid instruments to which they belong are not measured at fair value with relative changes recognised through profit and loss.

Based on the general rules established under IFRS 9 regarding reclassification of financial assets (with the exception of equity securities, for which no reclassification is allowed), reclassification

towards other financial asset categories is not allowed unless the entity changes its business model for financial asset management.

Recognition criteria

Initial recognition of financial assets takes place on the settlement date for debt or equity securities and loans and on the subscription date for derivatives.

At initial recognition of financial assets at fair value through profit and loss, the fair value is recognised, without considering transaction costs or proceeds directly attributable to the instrument in question.

Measurement criteria

After initial recognition, financial assets measured at fair value through profit and loss are measured at fair value. The effects of applying this criteria are recognised in the profit and loss account in item 80. The net result of trading activity in the case of instruments held for trading, or in item "110. Net result of other financial assets and liabilities at fair value through profit and loss" in the case of instruments designated at fair value or other financial assets mandatorily measured at fair value.

With regards to interest income accrued during the year, these assets are recognised under item 10. Interest and similar income in the profit and loss account.

Cancellation criteria

Financial assets are cancelled from the financial statements only if the disposal involve substantial transfer of all the risks and benefits associated with the assets in question.

Financial assets measured at fair value through other comprehensive income (FVTOCI)

Classification criteria

This item includes financial assets which satisfy both of the following conditions:

- the financial asset is held under a Hold to Collect and Sell business model, where the objective is to collect the contractual cash flows, or sale, and
- the contractual terms of the financial asset establish, on set dates, cash flows representing solely payments of principal and interest (SPPI test passed).

This item also includes equity instruments not held for trading purposes for which the option to designate them at fair value through other comprehensive income was exercised at initial recognition.

Reclassification towards other financial asset categories is not allowed unless the entity changes its business model for financial asset management. In these cases (expected to be very infrequent), financial assets can be reclassified in one of the other two IFRS 9 categories (Financial assets measured at amortised cost or Financial assets measured at fair value through profit and loss). The transfer value is represented by the fair value at the time of reclassification and the effects of the reclassification operate prospectively starting from the date of reclassification. In the case of reclassification from the category in question to that of amortised cost, the cumulative profit (loss) recognised in the valuation reserve is used to adjust the fair value of the financial asset on the date of reclassification. In the case of reclassification to the category of fair value through profit and loss, the cumulative profit (loss) previously recognised in the valuation reserve is reclassified from shareholders' equity to profit (loss) for the year.

Recognition criteria

Initial recognition of financial assets takes place on the settlement date for debt or equity securities and on the disbursement date for loans. At the time of initial recognition, the assets are recorded at fair value, including transaction costs or proceeds directly attributable to the instrument itself.

Measurement criteria

After initial recognition, assets classified at fair value through other comprehensive income, other than equity securities, are measured at fair value, with the recognition on the profit and loss account of impacts deriving from the application of impairment effects deriving from the amortised cost, while the other profits or losses deriving from a change in fair value are recognised in a specific shareholders' equity reserve, without passing through the profit and loss account, until the financial asset is derecognised. At the time of disposal, whether total or partial, the profit or loss accumulated in the valuation reserve is entirely or partially reversed to the profit and loss account. Equity instruments classified in this item are measured at fair value and the amounts recognised in a balancing entry under shareholders' equity (Statement of Comprehensive Income) do not then need to be transferred to the profit and loss account, even in the case of disposal. Dividends are the only component relative to the equity securities in question recognised in the profit and loss account.

Financial assets measured at fair value through other comprehensive income are subject to verification of the significant impairment defined in IFRS 9, with the consequent recognition of a value adjustment in the profit and loss account to cover expected losses. For instruments classified in stage 1 (that is financial assets at the time of origination, if not impaired, and instruments for which no significant increase in credit risk has been seen since first recognition) a loss expected within a period of one year will be recognised on the date of first recognition and on each subsequent reporting date. On the other hand, for instruments in stage 2 (performing but with a significant increase in credit risk since initial recognition) and in stage 3 (non performing loans) lifetime expected losses are recognised for the financial instrument.

Cancellation criteria

Financial assets measured at fair value through other comprehensive income are derecognised when the right to receive cash flows expires or in the case of transfer, but only if the transfer involved a substantial transfer of all the risks and benefits associated with the assets in question. On the other hand, if a significant portion of the risks and benefits associated with the financial assets disposed of is maintained, these continue to be recognised in the financial statements, even if legal ownership of the assets in question has been effectively transferred.

In the case in which substantial transfer of the risks and benefits cannot be ascertained, the financial assets are cancelled if not type of control has been maintained over them. If not, conservation, even partial, of this control means the assets are kept in the financial statements in an amount equal to the residual involvement, measured by the exposure to changes in value of the transferred assets and to changes in the cash flows from the same.

Financial assets measured at amortised cost

Classification criteria

This category includes financial assets (in particular loans and debt securities) which meet both of the following conditions:

- the financial asset is held under a Hold to Collect business model, whose objective is achieved by collecting the contractual cash flows;
- the contractual terms of the financial asset establish, on set dates, cash flows representing solely payments of principal and interest (SPPI test passed).

Based on the general rules established under IFRS 9 regarding reclassification of financial assets, reclassification towards other financial asset categories is not allowed unless the entity changes its business model for financial asset management.

Loans disbursed from funding provided by the government or by other public entities and destined for particular investment operations governed by specific laws are classified in this item ("Loans using third-party funds under management" pursuant to Italian Law 181/89). This is because they attract interest, respectively in favour of and against the intermediary, as do the loans paid from

funding provided by the government ("Loans using third-party funds under management" pursuant to Article 6, Italian Law 64 of 1/03/86 - Tourism Revolving Fund), as the risk of insolvency is borne by the intermediary.

Recognition criteria

Initial recording of financial assets takes place on the settlement date. At initial recognition, financial assets classified in this category are measured at fair value, including any directly attributable costs or proceeds.

In particular, initial recognition of a loan occurs on the date the contract is signed, normally coinciding with the date of disbursement. If these dates do not coincide, when the contract is signed, a commitment to disburse the funds is also recognised, which is cancelled on the date the loan is disbursed.

Recognition of the loan is done on the basis of the fair value of the same, equal to the amount disbursed, or the subscription price, including costs/proceeds directly attributable to the individual loan and able to be determined at origin, even if liquidated at a later time. Even if they have the same characteristics, costs which are repaid by the debtor counterparty or can be classified among normal internal administrative costs are excluded.

Measurement criteria

After initial recognition, the financial assets in question are measured at amortised cost, using the effective interest rate method and recognising interest income accruing during the period/financial year in item 10. Interest income and similar revenues in the profit and loss account.

The amortised cost method is not used for assets, measured at historic cost, which have a brief duration making the effects of discounting negligible, for those without defined maturity.

Financial assets in this category, regardless of their technical form, must be subjected to impairment tests, recognising the relative effects under profit and loss account item 130. Net value adjustments/write-backs for credit risk relative to a) financial assets measured at amortised cost. Profits or losses achieved through the sale of these assets is recognised within profit and loss account item 100. Profit/loss from sale or repurchase of: a) financial assets measured at amortised cost.

Impairment

With regard to the new model of impairment introduced by IFRS 9, a diversified approach has been considered. In particular, for the parent company and for all subsidiaries other than Mediocredito Centrale - Banca del Mezzogiorno:

Invitalia and all the subsidiaries other than Mediocredito Centrale – Banca del Mezzogiorno have set the parameters and rules for the proper allocation of performing exposures in Stage 1 or Stage 2 and for the classification of non-performing loans in Stage 3, based on the definition of default used by the Group Companies.

Assessment of financial assets, whether performing or in stage 3, also reflects the best estimate of the effects of future conditions, above all those associated with the economic situation, on the basis of which forward looking PD and LGD are estimated.

From a methodological point of view, on each financial reporting date, Invitalia must measure the impairment of a financial instrument on the basis of:

- 12-month Expected Credit Loss (ECL) for instruments classified in stage 1;
- Lifetime Expected Credit Loss (LECL) for instruments classified in stage 2.

The non-performing portfolio is instead classified in stage 3 and continues to be measured using the Impairment Lifetime method.

Below are details of:

- the definitions of default used for the trade and financial receivables;
- the different stage allocation rules for trade and financial receivables.

Definition of default

Invitalia and all its subsidiaries other than Mediocredito Centrale initially consider an account in default if debt recovery action has started. Additional default criteria are also defined on the basis of the number of past-due days, which are calculated differently for the trade receivables and financial receivables, as indicated below.

For the trade receivables, apart from the rules defined above based on the start of debt recovery action, in order to distinguish the performing portfolio from the non-performing one, Invitalia and all the subsidiaries other than Mediocredito Centrale have decided to apply the following rules to define a default. This is done on the basis of the characteristics of the trade receivables portfolio and the company's specific context:

- loans to Public Administration counterparties which are past-due by more than 720 days are considered non-performing, and an analytical evaluation of write-downs must be made;
- for receivables due from non-PA counterparties, the threshold for impairment considerations and thus the analytical evaluation of write-downs, has been set at 360 days.

As far as the financial receivables are concerned, in addition to the above rule, which is based on the start of debt recovery action, any receivable which is more than 90 days overdue is generally considered to be in default.

Staging rules for trade receivables

For trade receivables and contract assets (with or without a significant financial component), the simplified approach provided for in the Standard has been applied; using this approach, there is no need to make a distinction between Stage 1 and Stage 2 categories, as the expected loss will always be calculated on a lifetime basis.

Staging rules for financial receivables

For the financial receivables, in order to evaluate a significant increase in credit risk (SICR) and thus to define the threshold for transition between Stage 1 and Stage 2, in accordance with the Standard, the company has chosen the simplified "practical expedient" approach, which is based on a rebuttable presumption whereby it is assumed that the receivables are significantly impaired when they are more than 30 days past due.

Currently, the stage allocation of performing financial receivables is only based on the past due criterion. In accordance with the definition of default given by the company for the portfolio of financial receivables, the following criteria are adopted:

- receivables with a past-due of less than 30 days are allocated to Stage 1;

- receivables with a past-due of 30 - 90 days are allocated to Stage 2;
- receivables considered non-performing on the basis of the definition of default defined for financial receivables are allocated to Stage 3.

Once the stage allocation is complete, where the account has been classified in Stage 1, the expected loss will be assessed by taking into consideration any potential default events within a period of 12 months from the reporting date; for accounts allocated to Stage 2, the expected loss will be assessed by considering the lifetime of the instrument.

However for Mediocredito Centrale - Banca del Mezzogiorno, when determining the losses, it was also considered that on each reporting date, according to IFRS 9, financial assets other than those valued at fair value and recognised in profit or loss will be evaluated to see whether there is any evidence that their book value cannot be recovered in full. A similar analysis will also be performed in regard to commitments to pay out funds, and for guarantees issued that fall within the impairment perimeter as defined in IFRS 9. If this impairment evidence exists, the financial assets in question — in the same way as all the other assets pertaining to the same counterparty — will be considered non-performing and will be allocated to Stage 3. For these exposures, which are represented by financial assets classified (according to the Bank of Italy Instructions) in the categories of non-performing, likely defaults and past due for more than 90 days, value adjustments equal to the expected losses must be recognised over the assets' residual lifetime.

For financial assets without any evidence of impairment (performing financial instruments), it is necessary to check whether there are any indicators that the credit risk of an individual operation has significantly increased since first recognition. The consequences of this verification in terms of the staging and valuation, are as follows:

- where these indicators exist, the financial assets will be classed in stage 2. In this case the valuation – in accordance with the IAS and despite the absence of any manifest impairment of value – requires the recognition of value adjustments equal to the expected losses throughout the residual lifetime of the instrument. These adjustments will be revised on each reporting date in order to periodically assess their congruency compared to the updated loss estimates, and also to take into account — where there are no longer any indicators of a significantly increased credit risk — the change in the time frame for calculating the expected loss;
- where these indicators do not exist, the financial assets will be allocated to stage 1. In this case the valuation – in accordance with the IAS and despite the absence of any manifest impairment of value - requires the recognition of the expected losses for the specific instrument, over the subsequent 12 months. These adjustments will be revised on each reporting date in order to periodically assess their congruency compared to the updated loss estimates, and also to take into account — where there are no longer any indicators of a significantly increased credit risk — the change in the time frame for calculating the expected loss.

On each financial reporting date, the Group will recognise on the income statement the amount of impairment, as a sum of the change in the expected losses recorded by the individual entities in the consolidation area. The valuation models used by MCC conform to the requirements of IFRS 9 and to the consolidated market practice used to calculate the probability of default (PD) at 12 months and over a lifetime, of the Loss Given Default (LGD) and Exposure at Default (EAD).

Staging rules for securities

With reference to the securities portfolio, the approach adopted for allocation and transfer between stages is as follows:

- for securities which at the reporting date have an investment-grade rating (see the table below), the LCRE is applied, or they are allocated directly to stage 1 on the basis of the requirements outlined above;
- for securities with an investment-grade rating on the reporting date, the credit rating trend of the counterparty between the purchase/subscription date and the reporting date will be considered, measured as a change in the rating class.

Significant impairment leading to classification in stage 2 is defined by a decrease of at least 2 notches on the rating scale. On the other hand, if a credit event objectively occurs, the exposure is classified stage 3. If no significant impairment of the position is seen, it is classified in stage 1 in accordance with the Standard.

In any case, classification and transfers comply with a symmetric and relative model. In fact, at every reporting date, reclassification of the positions among the stages is carried out, both upwards and downwards, based on changes in the conditions that led to the prior staging.

If no information is available for determining significant impairment or low credit risk, the position must be classified in stage 2. Ratings, provided by an info provider, are carefully updated at each reporting date.

Cancellation criteria

Financial assets are derecognised when the contractual rights to the cash flow from the assets expire, when the financial asset has been transferred with all the material risks and benefits, or when the asset has undergone substantial changes (for example substitution of the debtor, change of reference currency, change in the form of payment, the introduction of clauses which affect the positive outcome of the SPPI test).

If the Group sells a financial asset classified in "Assets measured at amortised cost", the asset will be eliminated on the date of its transfer (settlement date).

Offsetting of financial assets and liabilities

IAS 32 regulates offsetting criteria between financial assets and liabilities. Specifically, a company can recognise the net balance in the statement of financial position if the following conditions are all respected:

- i. the company has the legal right to offset amounts recognised in the accounts;
- ii. the company intends to extinguish the net residual amount or realise the asset and simultaneously extinguish the liability.

Exposure of the net balance is hence possible when the offsetting is able to reflect the future cash flows the company expects to obtain through the settling of two or more distinct financial instruments. When an entity has the right and the desire to receive or pay a single net amount, in effect they possess a single financial asset or liability. In other cases, financial assets and liabilities are presented distinctly, in line with whether they represent a resource or an obligation for the entity.

Hedging transactions

The Group makes use of the possibility, granted on first-time application of IFRS 9, to continue to make use of the provisions in the previous IAS 39 relative to hedge accounting (in the carved out version approved by the European Union), for all types of hedges.

Classification criteria

Risk hedging transactions are aimed at covering risks associated with changes in market value, or of future cash flows related to a specific element or group of elements, such as those having potential effects on the Statement of Profit and Loss. The hedging employed is of the fair value

category. Its aim is to compensate the risk of a change in the fair value (attributable to the various types of risk) of the assets and liabilities recorded in the financial statements or parts of them, of groups of assets/liabilities, irrevocable undertakings and portfolios of financial assets and liabilities, as permitted by IAS 39 and approved by the European Commission.

Recognition criteria

Financial derivative hedging instruments, like all derivatives, are initially recorded and subsequently valued at fair value.

Measurement criteria

In the case of fair value hedges, fair value changes in the hedged element are offset with a fair value change in the hedging instrument. This offsetting is recognised through the Profit and Loss account entry of changes in value, referred both to the hedged instrument (as regards the changes produced by the underlying risk factor), and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, consequently constitutes the net financial effect. A derivative instrument is designated as hedging if there is a formal documentation of the relationship between the hedged item and the hedging instrument and if it is effective from the time the hedge begins and, prospectively and retrospectively, throughout the life of the hedge. The effectiveness of the risk coverage depends on the extent to which the variations of the fair value of the hedged item are offset by that of the hedging instrument. The effectiveness can be seen by comparing these changes taking into account the company's intention at the time the hedging was implemented. Accounting effectiveness is established when fair value changes in the hedging instrument almost entirely neutralise the changes in the hedged item (i.e. within a 80–125% range) for a given risk to the latter (dollar offset method). The assessment of effectiveness is carried out at each financial statement closure or interim period. If the checks do not confirm the effectiveness of the hedge, from that moment the accounting of hedging transactions is interrupted; the derivative contract is reclassified among the trading instruments and the hedged financial instrument re-acquires the valuation criterion corresponding to its classification in the financial statements. IAS 39 allows for the fair value risk coverage instrument to consist of not only in a single financial asset or liability but also a monetary amount resulting from a multiplicity of financial assets and liabilities (or portion thereof), so that a set of derivative contracts can be used to reduce swings from the fair value of the hedged instruments as market interest rates change (so-called generic hedge or macro-hedging). Net amounts arising from the mismatch of assets and liabilities cannot be the subject of generic hedging.

Similarly to specific hedging of fair value (micro-hedging), generic hedging is considered highly effective if, both at the beginning and during its life, changes in the fair value of the hedged monetary amount are offset by changes in the fair value hedging derivatives, and if the actual results are within the range required by IAS 39. In compliance with the instructions issued by the Bank of Italy for the compilation of banks' financial statements, the adjustment of the value of the financial assets/liabilities subject to generic hedging is recorded in Asset item 60 and Liability item 50 as a contra-entry of item 90 in the Profit and Loss account.

Equity investments

This item includes equity investments held in associated companies (IAS 28) and equity investments in companies acquired using government grants/external resources, whose accounting treatment is described below.

Companies are considered jointly controlled when at least 20% of voting rights are held or, even with a smaller percentage of voting rights, significant influence can be identified, defined as the power to participate in determining financial and management policies, without holding control or joint control.

Initial recognition and subsequent measurement of these equity investments is done at cost, on the settlement date, including any costs or proceeds directly attributable to the transaction. On each annual or interim reporting date, an impairment test is carried out.

If these indicators are identified, an IAS 36 impairment test will be carried out in order to estimate the recoverable value of the equity investment and compare it against its carrying amount, so that any necessary value adjustments can be determined.

As indicated previously, on each annual or interim reporting date, specific qualitative and quantitative indicators will be checked.

If the recoverable value is lower than the book value, the difference will be charged to the income statement. If the reasons that led to the value adjustment cease to exist, the respective value writebacks will be made. These must be recorded on the income statement up to the amount of the previous write-down.

Therefore the reduction of the loss that was previously posted, against the writeback in the value of the equity investment, cannot exceed the book value that would have existed, had no loss been posted previously. The adjustments and writebacks in value are recognised in the income statement item "Profits (losses) on equity investments".

If the financial asset is sold with the transfer of all the associated risks and benefits, it will be derecognised.

Equity investments in associated companies

In these financial statements, the equity method described in IAS 28 was used to measure equity investments in jointly controlled companies, as allowed under IAS 27, paragraph 10(c).

The equity method is applied retroactively starting on the date of acquisition. It takes into account the initial difference between the purchase cost and the corresponding portion of net equity in the subsidiary on the date of acquisition.

If there are indicators such as a negative income result or a significant discrepancy compared to budget targets (or long-term plans), significant financial difficulties of the investee, the likelihood of bankruptcy or other financial restructuring procedures, the distribution of dividends exceeding profit for the period and existing profit reserves, the distribution of higher dividend the comprehensive income statement (or comprehensive income for financial companies) in the year in which it is declared, an IAS 36 impairment test will be carried out in order to estimate the recoverable value of the equity investment and compare it against the book value in order to determine any write-downs to be recognised, taking into account the initial difference between the cost of acquisition and the corresponding portion of the shareholders' equity for the investee on the date of acquisition.

In subsequent years, adjustments are made to annually update the effects of the initial difference between the acquisition cost and carrying amount of the investee, recognising a corresponding change in the value at which the equity investment is recognised in the Income Statement of Profit and Loss.

The dividends of subsidiaries are recognised when the right to receive them is verified, and they are posted as a reduction in the book value of the equity investment.

With the equity method, the equity investment is initially recognised in accordance with IAS 28 and the book value is increased or decreased to indicate the pertinent portion of the investee's profits/losses realised after the acquisition date. The pertinent portion of profit (loss) for the investee for the year is recognised as a balancing entry in the Statement of Profit and Loss. An equity investment will be recognised using the equity method from the time it is classified as a subsidiary or associated company. At the time the equity investment is acquired, any difference between its cost and the interest in the net fair value of the investee's assets and liabilities will be recognised as follows:

- a) goodwill is included in the book value of the equity investment. Amortisation of this goodwill is not allowed;
- b) any excess in the interest held in the net fair value of the investee's assets and liabilities with respect to the cost of the equity investment is included as income during the period in which the equity investment is acquired.

Appropriate adjustments must also be made to the associated company's profit (loss) for the year after acquisition, to take into account the amortisation/depreciation of assets which can be amortised/depreciated based on their respective fair value at acquisition, impairment losses relative to goodwill, property, plant and equipment and other elements which made up the fair value at acquisition.

Equity investments acquired with government grants/third-party funds

This category includes equity investments acquired with government grants/external resources. In the light of that indicated above regarding the accounting treatment of contributions received in application of Article 1 of Italian Decree Law 142 of 16 December 2019 (see the previous section "Part A - ACCOUNTING POLICIES Section 4 - Other aspects - Application of Article 1 of Italian Decree Law 142 of 16 December 2019"), Invitalia has created a specific accounting policy for the accounting treatment of all equity investments acquired using what can be classified as government grants/third-party funds under IAS 20, holding that these equity investments, despite having the formal characteristics of equity instruments (IAS 32:11), also cannot be held to fall within the scope of application of international accounting standards which specifically govern the accounting treatment of equity instruments (IFRS 9, IAS 27, IAS 28 and IFRS 11).

In particular, also on the basis of a technical opinion acquired for this purpose, it was held that these equity investments are acquired in execution of specific regulatory provisions, making use of public resources or third-party funds. These regulatory provisions establish specific rights for the entity providing the grants/third-party funds and specific obligations for the Agency with reference to equity investments acquired with government grants/third-party funds which essentially do not grant Invitalia i) the economic effects typical of equity instruments (dividends, impairment, etc.), seen in any equity instrument (whether involving a minority interest, or a financial connection involving joint control or control), which represents "*a residual interest in the assets of an entity after deducting all its liabilities*" ii) the power to establish specific actions typical of ownership (e.g. selling the equity investment acquired using the grant/third-party funds received), despite legally owning the shares which represent the share capital of a company. Taking into account the specific nature of the above context, the Agency has adopted a specific accounting policy to recognise and measure equity investments acquired through grants/third-party funds.

The initial recognition and subsequent measurement of these equity investments is at cost, on the settlement date, including any costs or proceeds directly attributable to the transaction. At each annual or interim reporting date, an impairment test is carried out. This is done by checking for the existence of the qualitative and quantitative indicators illustrated below. If they are identified, an impairment test is carried out in compliance with the provisions of IAS 36, to estimate the recoverable value of the equity investment and compare this with the carrying amount of the same, to determine any write-downs necessary. With reference in particular to equity investments for which the individual carrying amount is deemed insignificant - based on International Accounting Standard IAS 1:7 - the equity method is used to determine the recoverable value of the equity investment, as this approximates the fair value calculated using the simple equity method, to be compared with the book value of the same to determine recognition of any write-downs. As indicated previously, on each annual or interim reporting date, qualitative and quantitative indicators will be checked, specifically:

- any negative income results or any significant discrepancies compared to the budget or long-term plan objectives;
- significant financial difficulties suffered by the investee;
- the probability that the investee will declare bankruptcy or be subject to other financial restructuring procedures;
- distribution of a dividend greater than profit for the period and existing profit reserves;

- distribution of a dividend by the investee which exceeds profit in the comprehensive income statement (or other comprehensive income for financial companies) in the year in which it was declared.

Equity investments for which this accounting treatment is used in 2021, in the individual and consolidated financial statements, are the following:

1. Banca del Mezzogiorno - Mediocredito Centrale S.p.A., limited to the portion regarding the equity investment acquired in Banca Popolare di Bari S.p.A.
2. Equity investment in Invitalia Global Investment S.p.A.;
3. Equity investment in Acciaierie d'Italia Holding SpA;
4. Equity investment in Reithera Srl;
5. Equity investment in TLS Sviluppo Srl;
6. Equity investment in DRI Italia S.p.A.;
7. Equity investments acquired pursuant to Italian Law 181/89 (CMS Srl (insolvent), Elimirad Service Srl in liquidation, Fonderie S.p.A. (insolvent), Gustavo De Negri & Z.A.MA. Srl, Jonica Impianti Srl, Peritas Srl, PRO.S.IT. Srl (insolvent), Sicalp Srl (insolvent), SIE- Società Ittica Europea in EA, Simpe S.p.A. (insolvent), Sural S.p.A. (insolvent), Tekla Srl Ex Mexall Sistemi).

With regard to companies acquired using third-party funds, for which the Agency is merely the managing entity, they will be posted under "Commitments" and not in the "Equity investments" item, as they are encouraging measures which the Agency only have the responsibility of implementing, as provided for in the measures themselves.

Equity investments held for sale

For these investments, see the further information in the section "Non-current assets and asset groups held for sale".

Property, plant and equipment

Classification criteria

The item includes land, buildings, furniture, plant and machinery. Property, plant and equipment are initially recognised at cost, which includes, in addition to the purchase price, any directly attributable accessory costs required to purchase the asset and render it operational. Extraordinary maintenance expenses that involve an increase in future economic benefits are recognised as an increase in the value of the assets, while other maintenance costs are recognised in the profit and loss account.

The item also includes renovation costs for third party real estate, which are capitalised in consideration of the fact that for the duration of the contract granting use of the asset (lease, rental, concession, etc.) the user company has control of the assets and can derive future economic benefits from them.

In application of the new accounting standard IFRS 16, property, plant and equipment also include rights of use acquired through leasing, relative to the utilisation of property, plant and equipment for lessees.

Recognition criteria

Tangible fixed assets are initially recognised at purchase cost, inclusive of any directly attributable accessory charges. The cost is increased by any costs subsequently incurred to improve, replace parts or carry out extraordinary maintenance, able to create an increase in future economic benefits. Ordinary maintenance expenses are charged directly to the Statement of Profit and Loss. Based on IFRS 16, leases are recognised using a right of use model, based on which, as of the initial date, the lessee has a financial obligation to make payments to the lessor to compensate for

the right to use the underlying asset for the duration of the lease. When the asset is made available to the lessee for use (the initial date), the lessee recognises both the liability and the asset, consisting of the right of use.

Measurement criteria

Property, plant and equipment are measured at cost, minus any depreciation or losses of value. The depreciable value is represented by the cost of the assets (or the redetermined net value when the measurement method adopted is that of redetermining the value), net of the residual value at the end of the depreciation process, if significant. Property is amortised at a rate deemed appropriate to represent the depreciation of the assets over time based on their use, taking into account extraordinary maintenance expenses, which increase the value of the assets.

Remodelling costs for non-owned properties are amortised for a period that does not exceed the duration of the usage contract.

If there is evidence that demonstrates an asset may have lost value, a comparison is made between the carrying value of the asset and its recoverable value. Any adjustments are recognised in the profit and loss account.

If the reasons that led to recognising impairment no longer exist, a reversal is recognised, which cannot exceed the value the asset would have had, net of calculated depreciation, if the impairment had not previously been recognised. With reference to assets consisting of rights of use, recognised on the basis of IFRS 16, these are measured using the cost model based on IAS 16 Property, plant and equipment. In this case, assets are subsequently amortised/depreciated throughout the duration of the lease.

Cancellation criteria

Property, plant and equipment are removed from the statement of financial position at the time of disposal or when the asset is withdrawn from use and no future economic benefits are expected from disposal.

The positive or negative balance between adjustments/reversals on property, plant and equipment held for operating purposes or investment, or constituting inventories of assets measured pursuant to IAS 2, including those relative to assets acquired through financial leases, must be recognised in the profit and loss account under item 180. Net value adjustments/write-backs on property, plant and equipment.

Additionally, for property, plant and equipment measured at fair value for operating or investment purposes and for inventories, the positive or negative balance between write-downs/write-backs must be recognised in the profit and loss account under item 230. Net result of fair value measurement of property, plant and equipment and intangible assets.

Intangible Assets

Classification criteria

Intangible assets are recognised as such if they are identifiable and originate through legal or contractual rights. Goodwill is also recognised among intangible assets, representing the positive difference between the purchase cost and fair value of the assets and liabilities pertaining to an acquired business.

Recognition and measurement criteria

Intangible assets are recorded at cost and adjusted for any related charges only if it is probable that the future financial benefits attributable to the assets will be realised and if the cost of the assets can be reliably determined. Otherwise, the cost of an intangible asset is recognised in the profit and loss account in the financial year in which it was incurred.

Essentially, to recognise an intangible asset, the following conditions must be met:

- a. The cost of the asset can be reliably determined.
- b. The asset is able to produce future economic benefits for the company.

Intangible assets must be recognised:

- i. At purchase cost, if acquired from third parties or executed on the basis of contracts (contract work in progress). This cost includes any directly attributable accessory charges (e.g. installation and commissioning expenses, notary expenses, registration expenses, any non-deductible VAT) and is decreased by any commercial discounts received. If payment for an intangible asset is deferred beyond the normal terms, the cost must be discounted and determined on the basis of the equivalent cash price; the difference between this amount and the total payment is recognised as a balancing entry to the payable as interest expense throughout the period the debt exists;
- ii. At the direct production cost, if constructed in-house: the direct production cost, especially with reference to the group's core business, can include the cost of personnel involved in implementing the intangible asset if this can be easily calculated and adequately demonstrated (e.g. through the preparation of specific reports or time sheets); other attributable costs may include professional fees suffered directly to bring the asset to operational status, as well as costs to determine whether the asset is operating correctly;
- iii. With regards to intangible assets acquired so that they can be enjoyed (through a user license), it is possible to capitalise only a one-time fee. Periodic fees (subscription costs, royalties, etc.) are instead considered operating expenses. Under certain circumstances, an intangible asset may be acquired entirely or partially without any expenses, through a government grant. This may occur in the case in which the government transforms or distributes intangible assets such as licenses to activate radio stations, import licenses or units or rights to access other limited resources. The asset received and the contribution are recognised at a symbolic value.

For assets with a defined useful life, the cost is amortised at constant rates or at decreasing rates determined as a function of the flows of economic benefits expected from the asset. Assets with undefined useful life are not subject to systematic amortisation, but instead undergo periodic tests to verify the adequacy of the value recognised in the financial statements.

If there is evidence that demonstrates an asset may have lost value, its recoverable value is then estimated. The amount of the loss recognised in the profit and loss account is equal to the difference between the book value and recoverable value of the asset.

The positive or negative balance between value adjustments/write-backs relative to intangible assets other than goodwill, including those relative to assets acquired through financial leases and assets granted through operating leases, must be recognised in the profit and loss account under item 190. Net value adjustments/write-backs on intangible assets.

Additionally, for intangible assets measured at fair value, the positive or negative balance between write-downs/write-backs must be recognised in the profit and loss account under item 230. Net result of fair value measurement of property, plant and equipment and intangible assets.

Cancellation criteria

An intangible asset is eliminated from the statement of financial position at the time of disposal or when future financial benefits are no longer expected.

Non-current assets and disposal groups classified as held for sale

The separate recognition of "Non-current assets and asset disposal groups held for sale" and the relative liabilities in "Associated liabilities held for sale" responds to the need to provide more transparent information to readers of the financial statements. Current assets, vice versa, can be classified within the item "Non-current assets held for sale" solely when they are part of a disposal group. An asset disposal group is a collection of directly associated assets and liabilities, such as a cash generating unit, held for disposal through sale or otherwise, in a single transaction. In the case of asset groups, the assets and liabilities must be recognised separately in the financial statements, without the possibility of offsetting the two positions. The measurement standards outlined below do not apply to deferred tax assets, assets associated with employee benefits and

financial assets falling under the scope of IFRS 9, whether they are held for sale as individual assets or included in an asset disposal group. Vice versa, the classification methods apply indistinctly to all non-current and current assets when included in a disposal group "held for sale", as well as the relative liabilities.

Assets held for sale are measured at the lower between the book value and the fair value net of sales costs, and are represented separately and distinctly in the financial statements.

The following assets can be classified as assets held for sale:

- I. Individual non-current assets;
- II. asset disposal groups or asset and liability disposal groups;
- III. discontinued operations.

Discontinued operations means a part of a company (for example a business unit) classified as held for sale and:

- I. Representing a significant area of business or geographic area of business;
- II. Part of a coordinated plan to dispose of an area of business or geographic area of business, or
- III. A subsidiary acquired solely for the purposes of being resold.

Classification of assets held for sale

Classification within assets held for sale can be chosen if the following conditions are met:

- i. The book value is mainly recovered through sale, rather than through operating use;
- ii. The sale is highly probable.

The sale is considered highly probable if:

- i. Company management is committed to the sale through a sales plan and a plan to identify the buyer;
- ii. The sales price is reasonable with relation to the current fair value;
- iii. The sale is to occur within one year of the reclassification date;
- iv. Activities to complete the plan suggest it is unlikely that significant changes will be made to the sales plan or that the plan will be withdrawn.

Extension of the cited one-year period to complete the sale does not preclude classification among "assets held for sale" if the delay is caused by events or circumstances outside the control of company management and if sufficient evidence exists that management will remain obligated relative to the sales plan.

If the sales period extends past one year, the classification of assets held for sale must be maintained in the following cases:

- i. Company management is committed to the sales plan but expects that others, not the buyer, will impose conditions on the sale which will increase the period necessary for the disposal;
- ii. There is a binding commitment to purchase but the buyer or other parties impose new conditions on the sale, unexpectedly;
- iii. During the initial one-year period circumstances arise which were previously considered improbable and which increase the sales period.

The requirements above must exist as of the financial statements reporting date. Any assets (of asset groups) which meet these requirements after the financial statements reporting date but prior to approval of the same lead exclusively to the need for a similar disclosure to that required in the first financial year in which the asset was classified as an "asset held for sale".

Within the company, this item indicates non-strategic investments up for sale or for which the disposal process has begun. These assets, both due to the Group's operating characteristics and the special nature of the assets held for sale (associated with disposal or liquidation times) may, in specific cases, be classified under and kept in this item regardless of liquidation/disposal schedules.

Measurement of assets held for sale

Assets held for sale must be measured at the lower between the book value and the fair value net of sales costs.

If the sale extends for more than one year, sales costs must be measured at the current value. Any increase in the current value of the sales cost deriving from the passage of time must be recognised in the profit and loss account as a financial charge.

The book value of assets held for sale must be determined immediately prior to classification, taking into account the IFRS/IAS applied up to that time. At the financial statements (or interim) reporting date, the book value determined in this way must be aligned with the fair value net of sales costs for the asset held for sale, if this amount is lower, recognising a write-down. In the case of a cash generating unit, the write-down must be recognised as a decrease in the book value of any goodwill allocated, and subsequently to reduce the other assets in proportion to their respective book value.

Capital gains cannot be recognised in excess of cumulative write-downs.

Assets held for sale must not be amortised after they have been classified as such.

Assets held for sale which are part of a business combination must be valued exclusively at fair value net of sales costs.

Fair value adjustments net of sales costs deriving from classification are recognised in the profit and loss account as impairment, while any write-backs deriving from fair value increases net of sales costs may only be recognised within the limits of the impairment previously recognised.

If the conditions required for classification among assets held for sale no longer exist, the relative assets must be recognised at the lower between:

- i. The book value prior to classification as assets held for sale, adjusted for any amortisation, depreciation or remeasurement that would have been recognised if the classification had not been made, and
- ii. The value recoverable through use.

Book value adjustments deriving from removal of classification as assets held for sale must be recognised in the profit and loss account among capital gains and losses relative to operating assets.

Representation of assets held for sale in the financial statements

Assets held for sale must be separately recognised in the statement of financial position, without adjusted the comparative information, based on the following criteria:

- i. Non-current assets must be represented as current assets in a separate entry;
- ii. Assets and liabilities for an asset held for sale must be represented as current assets and liabilities in a single separate entry without the possibility for offsetting;
- iii. Cost and revenue components recognised in the schedule of other profit and loss components and relative to a non-current asset or assets or liabilities of an asset held for sale must be recognised separately.

Equity investments in subsidiaries or joint ventures held for sale are not excluded from consolidation, but must be recognised in the statement of financial position schedule in separate entries, indicating the total assets and liabilities of the subsidiary, measured at the lesser between the book value and fair value net of sales costs.

Solely for discontinued operations, a single amount is recognised in the profit and loss account, deriving from:

- Profit and loss after tax realised in the held for sale period and in all previous periods presented;
- Gains and losses after taxes deriving from fair value adjustment and disposal.

Additionally, the following must be indicated in the Notes:

- I. The amount of revenues, costs, profit or loss before taxes;
- II. The amount of income taxes;
- III. The amount of gains and losses after taxes deriving from fair value adjustment and disposal.

In the statement of cash flows, the amount of cash flows deriving from operating activity and financing of the discontinued operation must be reported separately.

The positive or negative balance of income (interest, dividends, etc.) and charges (interest payable, amortisation, etc.) relative to groups of assets held for sale and the associated liabilities, net of current and deferred taxes, must be recognised in the profit and loss account under item 290. Profit (loss) after tax from discontinued operations.

Other assets

This item includes assets which cannot be classified under other balance sheet asset items. It includes, among other things, receivables connected with the provision of activities and services, other than financial activities and services as defined under the Consolidated Banking Law and the Consolidated Law on Finance, tax items other than those recognised under "Tax assets" and prepayments other than those capitalised with regards to the associated financial assets.

The item also includes improvements and incremental expenses incurred for leased assets other than those classified under the item "Property, plant and equipment", as well as an inventories of assets based on the definition in IAS 2, with the exception of those classified as property, plant and equipment inventories.

This item includes receivables and debt securities disbursed through administrated funds on the account of the government or other public entities, with management remunerated solely through a lump sum fee (commission) and which, therefore, can be classified as mere services.

Financial liabilities measured at amortised cost

Classification criteria

Amounts due to banks, due to customers and securities issued include the various types of funding. They also include payables recognised by the business as the lessee for financial leasing operations.

Recognition criteria

Initial recognition of these financial liabilities occurs on the date the contract is signed, which normally coincides with the time the sums are received or the debt securities are issued. Initial recognition is done on the basis of the fair value of the liability, normally equal to the amount received or the issue price, plus an additional costs/proceeds directly attributable to the individual funding operation. Internal administrative costs are excluded.

Measurement criteria

After initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Short-term liabilities are the exception, for which the temporal factor is negligible. These continue to be recognised at the value received.

Cancellation criteria

Financial liabilities are cancelled from the financial statements when they mature or are paid off. Cancellations also occur when previously issued bonds are repurchased. The difference between the book value of the liability and the amount paid to acquire it is recognised in the profit and loss account. When own securities are again placed on the market after repurchase, this is considered a new issue, with recognition at the new placement price.

In the case of a repurchase of own financial liabilities, the positive or negative balance between profits and losses must be recognised under item 100. Profit/loss from sale or repurchase of c) financial liabilities.

Other liabilities

The item other liabilities includes security deposits received in cash from third parties and tax payables due after twelve months.

The item Other liabilities includes other short-term payables to third parties, other types of payables (for example, payables due to social security entities, amounts due to employees for

wages to be paid, payables for amounts received in the name of and on the account of third parties, payables for advances from customers), accrued expenses and deferred income.

Also for short-term financial instruments in liabilities, for the purposes of measurement/valuation at amortised cost no discounting of the financial instrument is done, as the effect is insignificant. With reference to payables due to personnel, these are obligations to pay a determined amount on an established date. Hence, these are certain liabilities with regards to their existence and amount. Those which are probable or based on estimates and actuarial calculations are recognised under the item employee benefits.

In particular, this item includes the following types of payables:

- i. Amounts due to insurance and social security institutions;
- ii. Accrued expenses and deferred income;
- iii. Advances from suppliers.

Payables represent an obligation to pay a determined amount on an established date. Hence, these are certain liabilities with regards to their existence and amount. Those which are probable or based on estimates are recognised among provisions.

The item also includes interest expense deriving from amounts due to others, both when the accrual period is relative to two accounting periods and when the interest is fully accrued at the end of the period.

This item includes payables for third-party managed on the account of the state or other public entities for which this management can be classified as a mere service and is remunerated solely with a lump sum payment (commission). This item also includes sums made available by public entities for a limited period of time, on the condition that they are fully economically and financial available to the intermediary and do not accrue interest.

Payables for third-party administered on the account of the government or other public entities relative to subsidy measures which the Agency provides solely as an agent are not recognised in this item, but are instead recognised among commitments together with the relative loans.

This item also includes government grants received based on that indicated in the section "Government grants" below.

Government grants

IAS 20 establishes that government grants must be recognised in the consolidated financial statements if and only if there is "reasonable certainty" that:

- i. The entity will respect the established conditions;
- ii. The contributions will be received.

Government grants must be recognised based on the profit system, that is they must be recognised among profit in the profit and loss account, based on a systematic and rational criterion, in financial years necessary to correlate them with the costs to which they refer.

Government grants cannot be recognised directly in shareholders' equity. In other words, recognition based on the "equity system" is not allowed.

Types of government grants:

IAS 20 establishes the following types of government grants:

1. **Capital Grants/Systems Grants:** Capital grants mean "government grants for which an essential condition for being a recipient is building or in any case acquiring a fixed asset". The grant is hence linked to the execution or purchase (or other type of acquisition) of property, plant and equipment or intangible assets, whose utility is extended over time, or instrumental goods for the company;

Accounting: "Capital grants" are treated for accounting purposes on the basis of the "profit criteria", that is through systematic recognition in the Statement of Profit and Loss, with two possible representation methods allowed under IAS 20. The first method, the "deferred

revenue method", calls for recognising the grant as deferred revenue, which must be recognised as proceeds - a positive income component - based on a systematic and rational criterion used throughout the useful life of the asset acquired or constructed. Essentially, with this method the grant is initially suspended between deferred revenue in the Statement of Financial Position liabilities, transferring to future years the portion of the grant not accruing during the year through recognition of deferred income. The amount of deferred income is progressively reduced to zero, by recognising the portion of the grant accruing in subsequent years in the Statement of Profit and Loss, based on the useful life of the assets. The second method, the "net representation method", involves recognising the asset acquired (or constructed) in the financial statements, net of the grant issued for acquisition of the same. In this manner, the grant impacts the Statement of Profit and Loss indirectly, by reducing the amortisation/depreciation rates for the asset acquired (or constructed). The method previously selected by Invitalia to recognise this type of grant is the "deferred revenue method", within the Other Liabilities item. In essence, the value of this type of grant is suspended within Liabilities and progressively released to the Statement of Profit and Loss within the item "Other operating income" proportionally to the duration of the useful life of the reference asset, thereby correlating it to amortisation/depreciation of the asset itself.

2. **Operating grants:** Operating grants refers to a residual category, or all government grants other than capital grants.

Accounting treatment: This type of grant, associated with cost components, must be recognised with "Other operating income", and systematically distributed in the various financial years in which they accrue so that revenue is commensurate with the costs it is intended to offset. In line with the "profit" criteria, if a grant is related to future costs, the contribution is recognised in the profit and loss account in the financial year in which the charge for which the contribution was recognised occurred. In the event that a grant is paid in order to provide financial support to the company, the grant is recognised in the profit and loss account only in the financial year in which it becomes payable.

. Given the company's characteristics, with specific reference to capital grants, the relative assets can be recognised based on the activity to which the grant itself refers, for example:

- item 40 - Financial assets measured at amortised cost;
- item 70 - Equity investments;
- item 80 - Property, plant and equipment;
- item 110 - Non-current assets and asset groups held for sale;
- item 120 - Other assets - [Inventories].

Information pursuant to paragraphs 125 and subsequent of article 35 of Italian Legislative Decree No. 34 of 30 April 2019 are reported in the individual items to which the grants, subsidies, etc. refer.

This item also includes the grant received pursuant to Article 1, paragraph 1 of Decree Law 14 of 16/12/19. For more information about the accounting treatment, see Section 4 - Other Aspects, Part A1 General Section of these Notes.

Employee termination benefits (employee benefits)

The liability related to benefits guaranteed to employees paid in connection at or after the termination of employment through defined benefit plans, as represented by the Employee Severance Indemnity, is recorded in the vesting period, net of any assets servicing the plan and the advances paid, and is determined on the basis of actuarial assumptions and entered under the accruals principle in accordance with the work performed in order to earn the benefits themselves. For the purposes of discounting, we adopt the Projected Unit Credit Method. The costs of the plan are recorded in the profit and loss account for the period.

Actuarial gains and losses are entirely recognised in the reference period and are recorded under shareholders' equity.

The actuarial analysis is carried out annually by an independent actuary.

Provisions for risks and charges

Provisions are instated exclusively when:

- a current obligation exists (legal or implicit) as a result of a past event;
- there is a probability resources will be required to produce economic benefits to fulfil the obligation and a reliable estimate of the amount of the obligation can be made.

The provisions are recorded at the value representing the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the closing date of the financial year. Risks for which only the emergence of a liability is possible are disclosed in these notes or in the Directors' Report on Operations, without making any applicable provision. If the effect of discounting is significant, the provisions are determined by discounting the expected future cash flows at a discount rate that reflects the current market valuation of the cost of money and the specific risks of the liabilities. When discounting is applied, the increase in the provision due to the passage of time is recognised as a financing cost [interest expense].

Provision for retirement and similar obligations

Pension provisions are set up in accordance with company agreements and are qualified as defined-benefit plans. The liabilities relating to these plans, and the pension cost of current employment contracts, are determined according to actuarial assumptions, whereby the future outlay is projected on the basis of statistical historical analysis, the demographic curve and the financial discounting of these cash flows based on the market interest rate.

Actuarial gains and losses (which are the changes in the current value of the obligations deriving from amendments to the actuarial assumptions and expectations based on experience) are recognised in the statement of comprehensive income.

Provisions for risks and charges relative to commitments and financial guarantees given

This sub-item of Provisions for risks and charges includes provisions for credit risk recognised against commitments to disburse funds and guarantees given falling under the scope of the IFRS 9 impairment rules. For these cases, as a general principle the same credit risk staging and expected loss calculation methods are used indicated with reference to financial assets measured at amortised cost or at fair value through other comprehensive income.

Current and deferred taxes

The effects related to current and deferred taxes calculated in compliance with national tax legislation on the basis of the accruals method are recorded, in line with the methods for recognising the costs and revenues that generated them, applying current tax rates.

Income taxes are recorded in the profit and loss account with the exception of those related to items debited or credited directly to equity.

The provision for income taxes is determined on the basis of a prudent forecast of the current, anticipated and deferred tax burdens.

Prepaid and deferred taxes are calculated on the basis of temporary differences - without time limits - between the value attributed to an asset or liability according to statutory criteria and the corresponding values assumed for tax purposes.

Prepaid and deferred taxes are recorded:

- prepaid taxes only if the probability of their recovery exists, assessed on the basis of the company's ability to continuously generate positive taxable income;
- deferred taxes, if they exist, are recorded in any case.

Assets and liabilities recorded for prepaid and deferred taxes are systematically valued to take account of any changes in the regulations or rates.

If deferred tax assets and liabilities refer to components that have affected the profit and loss account, the contra-entry is represented by income taxes. In the cases in which prepaid and deferred tax relate to transactions that directly affected the shareholders' equity without affecting the profit and loss account (such as the valuation of financial instruments available for sale or financial flow hedging derivatives), these are recorded as contra-entries under shareholders' equity, with an effect on the related specific reserves.

Recognition of revenues

Revenues are recognised once a customer obtains control over the goods. The transfer of control is determined on the basis of a five-stage analysis model which applies to all revenues from contracts with customers:

- i. Identification of the contract with the customer;
- ii. Identification of performance obligations (contractual commitments to transfer goods and/or services to the customer);
- iii. Determination of the transaction price;
- iv. Allocation of the transaction price for the performance obligations identified on the basis of the stand-alone sales price for each good or service; and
- v. Recognition of the revenues for each individual performance obligation once it has been satisfied.

Every time a contract is signed with a customer, the Company, in relation to the goods or services promised, identifies as a separate performance obligation each distinct promise to transfer a good, service, series of goods, or series of services, or combination of goods and services. Revenues are measured in correspondence with the fair value of the fee due, including any variable components, when it is considered highly probable that these will not be reversed in the future.

Revenues can be recognised:

- at a precise moment, when the entity fulfils its performance obligation by transferring the promised good or service to the customer, or
- over time, as the entity gradually fulfils its performance obligation by transferring the promised good or service to the customer.

Revenues are recognised to the extent that their value can be reliably determined and according to the probability that the related financial benefits will accrue to the Company.

Depending on the type of transaction, revenues are recognised on the basis of the criteria set out below:

- Provision of services/sale of assets - this revenue is recognised only if:
 - a) the parties to the contract have approved the contract (in writing, orally or in compliance with other common commercial practices) and have undertaken to fulfil their respective obligations;
 - b) the company can identify the rights of each of the parties with regards to the assets or services to be transferred/provided;
 - c) the company can identify the terms of payment for the assets or services to be transferred/provided;
 - d) the contract has commercial substance (i.e. the risk, schedule and amount of future cash flows will change, as a result of the contract);
 - e) it is probable that the company will receive the payment it has the right to in exchange for the assets or services that will be transferred/provided to the customer. In assessing the probability of receiving the payment, the company must take into account solely the ability

and intention of the customer to pay the amount when due. If the payment is variable, the amount of the payment the company will have the right to may be lower than the price established in the contract, because the company may grant the customer a discount on the price.

Invitalia essentially operates with two different cases:

- Contracts to sell/provide goods/services: in which the revenue is directly commensurate with the costs incurred, as reported and approved. For all contracts in this category, the revenue is classified as a reimbursement of costs (Contract at cost), and is recognised in sub-item 5 "Services" of "Commission Income", which includes both the payments and the contributions for the reimbursement of the costs incurred to complete the operational activities assigned by the Administrations. This occurs in situations in which Invitalia carries out a service mainly through the use of its own labour and accounting for the same. The amount of this revenue is thus represented by the external costs of acquiring goods and services, the internal cost of the personnel who provide the service and the general expenses, calculated as a percentage of the direct costs (external and internal);
- Contracts in which it acts as the "Delegated Contracting Authority": the Public Administration enters into a contract with Invitalia for the completion of the works or services by a third-party provider. This occurs in situations in which Invitalia creates a work or service and then returns it "turnkey" to the Customer. Hence, two types of costs are recognised:
 - The external cost of the supplier awarded the contract (pass through cost for Invitalia);
 - The internal cost of personnel who handle the administrative/bureaucratic aspects of the project.

For "Delegated Contracting Authority" projects in which Invitalia is acting as "agent", where the obligation is to ensure that a third party provides the good or service, according to the new accounting standard IFRS 15, the component of the contract price that pertains to the cost of the third-party supplier is no longer recognised under Revenues, but is recognised net of the cost incurred to fulfil that obligation.

- Interest - Income is recognised on the basis of the interest accrued on the net value of the related financial assets, using the effective interest rate (the rate that accurately discounts the estimated future cash flows estimated at the net carrying amount of the asset);
- Dividends - These are recorded when the shareholders' right to receive payment is established.

Recognition of costs

Costs are recognised on the profit and loss account according to the accruals principle; the costs of obtaining and fulfilling customer contracts are recognised on the profit and loss account during the period in which the related revenues are accounted for.

Costs for use of leased assets

The costs incurred on third-party assets (both tangible and intangible) are capitalised in consideration of the fact that for the duration of the period of use, the Group has control of the goods and can derive future economic benefits from them. These costs, which are classified under Other assets as required by the Bank of Italy instructions, are amortised according to the terms of the contract.

Use of estimates and assumptions in the preparation of financial disclosures

In accordance with IAS/IFRS, Company Management formulates assessments, estimates and assumptions to support the application of the accounting standards to determine the amounts of

assets, liabilities, costs and revenues recorded in the financial statements. The estimates and related assumptions are based on past experience and other factors considered reasonable in the case in question, and have been adopted to estimate the book value of assets and liabilities which is not easily deducible from other sources.

In particular, estimation processes have been adopted to support the recognition value of the most significant valuation items recorded in the Financial Statements as at 31 December 2021, as required by the accounting standards in force and by the reference standards described above.

These processes are based largely on estimates of future recoverability of the values recorded in the financial statements and were carried out with a view to business continuity, i.e. excluding the possibility of forced liquidation of the items being valued. The estimates and related assumptions are based on past experience and on other factors considered reasonable in relation to the assets and liabilities for which the relative value is not easily deducible from other sources.

The estimates and hypotheses are reviewed regularly, taking into account the best information available at the time of the natural review of the same, including the historical experience specifically developed by the Company. Any changes resulting from these revisions are recorded in the period in which the revision is carried out if the same affect only that period. On the other hand, where the review involves both current and future periods, the change is recognised in the period in which the review is carried out and in the relative future periods.

See previous paragraph "Section 4 - Other aspects - Impacts of COVID-19 - Risks and uncertainties connected with the use of estimates" in Part A of the Notes, for a complete description of the main cases in which subjective assessments are required.

A.3 Information on transfers between portfolios of financial assets

No transfers were made between financial asset portfolios in 2021.

A.4 Fair value disclosure

A.4.1 Fair value levels 2 and 3: measurement techniques and inputs used

Mutual investment funds not listed on an active market, for which the fair value is expressed by their NAV, on the basis of which the issuing AMC must liquidate the units, are generally considered to fall in level 2. The NAV may be corrected to take into account difficulties in liquidating the fund, or to take into account possible changes in value during the time between the date on which reimbursement is requested and the effective reimbursement date, or to take into account any exit fees. The fair value measurement is made on the basis of the NAV, which may be duly corrected to take into account difficulties in liquidating the investment or the time which passes between the date on which reimbursement is requested and the effective reimbursement date, or to take any exit fees into account.

Level 3 includes insurance policies, for which the value of the insured capital corresponds to consolidated capital on the starting date, plus any net returns. To measure the policies' fair value, the surrender value communicated by the insurance company in the periodic statement will be used, net of any surrender fees paid.

A.4.2 Measurement processes and sensitivity

The type of instruments included under level 3, given that they require some use of estimate-based financial methods, make measurement of these not significantly able to be influenced by changes in input.

In terms of determining the fair value of derivatives, level 2 input is used, as these instruments are not traded on active markets. In particular, fair value is determined based on spot interest rate curves and forward values, as well as volatility of money market rates. Derivatives in the portfolio, all of which are hedges, consist of IRS (collected a fixed rate, paid at Euribor 6-month) covering liabilities.

Measurement of these positions is done on the basis of the profit method. In particular, this involves applying the discounted cash-flow method, which involves:

- an estimate of uncertain future interest flows, indexed to the Euribor 6-month, carried out by determining the forward values of the parameter implicit in the specific spot rate curve on the reference date;
- discounting of certain future interest flows and estimated future interest flows based on the previous point, to take into account the temporal value of the money.

In terms of measuring counterparty risk, derivatives assisted by credit support annexes (CSA), with cash collateral and daily margining, counterparty risk for these positions is negligible, and therefore no Credit Value Adjustment/Debt Value Adjustment (CVA/DVA) is applied;

Following this structure, market factors influencing determination of the fair value of the derivatives refer to risk-free interest rates, EUR IRS interest rates and forward values for the Euribor 3/6 month rates.

Input data for measurement models:

The discount factor curve used to determine fair value is obtained from a zero-coupon rate curve, using the day count ACT/365 convention and the composed capitalisation regime. In turn, the zero-coupon rate curve is obtained through bootstrapping and linear interpolation of the EURI OIS interest rate curve for the market (Reuters), as these are cash collateralised derivatives, with daily margins and remuneration at the EONIA rate. The forward values for the Euribor 3/6 months are calculated based on the zero-coupon rate curve obtained through bootstrapping and linear interpolation starting with futures contracts and forward rate agreements (for maturities up to 12 months) and EUR IRS rates (for subsequent maturities).

A.4.3 Fair value hierarchy

With regards to classifying portfolios based on fair value hierarchy, we here present the three levels:

- the fair value of a financial instrument is classified as **level 1** when it is an instrument listed on active markets which allow market prices to be used in a reliable manner for the purposes of measurement;
- the fair value of a financial instrument is classified as **level 2** when it is an instrument not listed on an active market, but which in any case allows the respective fair value to be measured using measurement models based on observable market prices;
- the fair value of a financial instrument is classified as **level 3** when it is an instrument not listed on an active market, and its respective fair value cannot be determined using measurement models based on observable market prices

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value hierarchy

Financial assets/liabilities measured at fair value	31/12/2021			31/12/2020		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit and loss	18,981		81,703	11,289	29,400	44,915
a) Financial assets held for trading	18,981	-	-	11,289	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets mandatorily measured at fair value	-		81,703	-	29,400	44,915
2. Financial assets measured at fair value through other comprehensive income	921,688	-	3,130	946,590	-	3,153
3. Hedging derivatives	-	72,272	-	-	90,202	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	940,669	72,272	84,833	957,879	119,602	48,068
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	1,265	-	-	-	-
Total	-	1,265	-	-	-	-

Key:

L1= Level 1

L2= Level 2

L3= Level 3

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit and loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Initial balance	44,915	-	-	44,915	3,153	-	-	-
2. Increases	2,683	-	-	2,683	-	-	-	-
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits recognised in:	2,000	-	-	2,000	-	-	-	-
2.2.1. Profit and Loss Account	2,000	-	-	2,000	-	-	-	-
- of which capital gains	-	-	-	-	-	-	-	-
2.2.2. Shareholders' equity	-	-	-	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	683	-	-	683	-	-	-	-
3. Decreases	1,116	-	-	1,116	23	-	-	-
3.1. Sales	1,112	-	-	1,112	-	-	-	-
3.2. Repayments	-	-	-	-	-	-	-	-

3.3. Losses recognised in:	-	-	-	-	23	-	-	-
3.3.1. Profit and Loss Account	-	-	-	-	-	-	-	-
- of which capital losses	-	-	-	-	-	-	-	-
3.3.2. Shareholders' equity	-	-	-	-	23	-	-	-
3.4. Transfers from other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	4	-	-	4	-	-	-	-
4. Closing balance	46,482	-	-	46,482	3,130	-	-	-

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value hierarchy

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	2021				2020			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	3,608,137	116,515	1,752	3,678,044	3,770,723	74,367	1,569	3,658,775
2. Tangible assets held for investment purposes		-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	212,395		-	212,395	304,886		-	304,886
Total	3,820,532	116,515	1,752	3,890,439	4,075,609	74,367	1,569	3,963,661
1. Financial liabilities measured at amortised cost	3,542,158		552,302	2,989,856	3,151,274			3,151,274
2. Liabilities associated with assets in disposal	14,580	-	-	14,580	79,046	-	-	79,046
Total	3,556,738	-	552,302	3,004,436	3,230,320	-	-	3,230,320

Key:

L1 = Level 1
 L2 = Level 2
 L3 = Level 3

Part B - INFORMATION ON THE BALANCE SHEET

ASSETS

Amounts expressed in these notes are in thousands of euro, unless otherwise specified.

Section 1 - Cash and cash equivalents

	434,836	104,467
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1.1 Cash and cash equivalents: breakdown

	Total 31/12/2021	Total 31/12/2020
a) Cash	11	10
b) On-demand bank deposits	149,346	104,346
b) Cash and cash equivalents	285,479	111
Total	434,836	104,467

This item includes not only the cash on hand but also the current account and sight deposits held with banks, from which funds can be withdrawn at any time without notice, with 24-hours' notice, or with one working day's notice in accordance with the new instructions for "Financial statements of IFRS intermediaries other than banking intermediaries" issued by the Bank of Italy on 29 October 2021.

The 2020 data has been re-determined by reclassifying the sum of € 104,346 thousand for the current accounts and sight deposits held with banks, from item 40 - "Financial assets valued at amortised cost".

The increase in funds held with the Central Banks is due to the liquidity of a time deposit of 150 million, and credits linked to the operations under Law 185/1990.

Section 2 - Financial assets measured at fair value through profit and loss - Item 20

	100,684	85,605
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Description	2021	2020
a) financial assets held for trading	18,981	11,289
b) other financial assets designated at fair value	-	-
c) other financial assets mandatorily measured at fair value	81,703	74,316
Total	100,684	85,605

Financial assets measured at fair value through profit or loss represent 32% of all the proprietary cash managed by the parent company. Of this segment, 19% consists of trading securities.

2.1 Financial assets held for trading: product composition

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt Securities						
1.1 structured securities		-	-		-	-
1.2 Other debt securities	11,171	-	-	11,289	-	-
2. Equity securities and UCITS shares		7,810	-	-	-	-
3. Loans						
Total (A)	11,171	7,810	-	11,289	-	-
B. Derivative Instruments	-	-	-	-	-	-
1. Financial derivatives	-	-	-	-	-	-
1.1 trading	-	-	-	-	-	-
1.2 connected to the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 connected to the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-
Total (A) + (B)	11,171	7,810	-	11,289	-	-

KEY
 L1 = Level 1
 L2 = Level 2
 L3 = Level 3

The sub-item "Financial assets held for trading", of € 11,171 thousand, consists of national bonds with an average duration of 1 year and a residual life of 2 years.

2.3 Financial assets held for trading: breakdown by debtors/issuers/counterparties

	2021	2020
A. CASH ASSETS		
1. Debt Securities	11,171	11,289
a) Public administrations		-
b) Banks	11,171	11,289
c) Other financial companies	-	-
of which: insurance companies		
d) Non-financial companies		
2. Equity securities		
a) Banks		
b) other financial companies		
of which: insurance companies		
c) non-financial companies		
d) other issuers		
3. UCITS shares	7,810	-
4. Loans		
a) Public administrations		
b) Banks		
c) Other financial companies		
of which: insurance companies		
d) Non-financial companies		

e) Households		
Total (A)	18,981	11,289
B. Derivative Instruments		
a) Central Counterparts		
b) Other		
Total (B)	-	-
Total (A) + (B)	18,981	11,289

Please see Annex A.1.a for details of the change.

2.6 Other financial assets mandatorily measured at fair value

Items/Values	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt Securities	-	-	-	-	-	-
1.1. Structured securities	-	-	-	-	-	-
1.2. Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. UCITS units	-	-	35,221	-	-	29,401
4. Loans	-	-	46,482	-	-	44,915
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	46,482	-	-	44,915
Total	-	-	81,703	-	-	74,316

The sub-item "Other financial assets mandatorily measured at fair value includes € 46,482 thousand of investment policies with obligatory internal prudential management, taken out with leading insurance companies to stabilise the income from financial management. This segment made a contribution of € 644 thousand to the income from financial management.

Financial assets at fair value also include the portions of medium and long-term investments in closed-end funds of € 35,221 thousand.

The method used to determine the fair value of UCITS units is based on the latest NAV (Net Asset Value) available as notified by the fund manager. This NAV is modified on the basis of the calls and reimbursements notified by the managers between the date of the last official NAV valuation and the valuation date.

These assets are held by the parent company.

2.7 Other financial assets mandatorily measured at fair value: breakdown by debtors/issuers

Items/Values	2021	2020
1. Equity Instruments	-	-
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	-	-
2. Debt securities	-	-
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-

d) Non-financial companies	-	-
3. UCITS units	35,221	29,401
4. Loans	46,482	44,915
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	46,482	44,915
of which: insurance companies	46,482	44,915
d) Non-financial companies	-	-
e) Households	-	-
Total	81,703	74,316

Please see Annex A.1.c for details of the changes.

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

924,818 **949,743**

Items/Values	Total			Total		
	31/12/2021			31/12/2020		
	L1	L2	L3	L1	L2	L3
1. Loans	914,898	-	-	938,238	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	914,898	-	-	938,238	-	-
2. Equity securities	6,790	-	3,130	8,353	-	3,152
3. Financing	-	-	-	-	-	-
Total	921,688	-	3,130	946,591	-	3,152

The securities portfolio classified in "Financial assets measured at fair value through other comprehensive income", of € 921.7 million, consists of investments in Italian government securities (BTP and CCT) of € 914.9 million.

The equity instruments of € 9.9 million were acquired in the context of compositions agreed on certain credit positions, and also include investments in shares that cannot be classified under the "equity investments" item.

These assets are held by the subsidiary Banca del Mezzogiorno – MedioCredito Centrale.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtors/issuers

Items/Values	Total	Total
	31/12/2021	31/12/2020
1. Debt Securities	914,898	938,238
a) Public administrations	914,898	938,238
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-

2. Equity securities	9,920	11,505
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	9,920	11,505
3. Loans	-	-
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Households	-	-
Total	924,818	949,743

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total impairment provisions

		Gross value				Acquired or originated impaired	Total value adjustments				Total partial write-offs
		Stage one	of which: Low credit risk instruments	Stage two	Stage three		Stage one	Stage two	Stage three	Acquired or originated impaired	
Debt securities		915,785	915,785	-	-	-	-	887	-	-	-
Loans		-	-	-	-	-	-	-	-	-	-
Total	31/12/2021	915,785	915,785	-	-	-	-	887	-	-	-
Total	31/12/2020	939,301	939,301	-	-	-	1,063	-	-	-	-

Section 4 - Financial assets measured at amortised cost - Item 40

The breakdown of this item is as follows:

3,606,638 3,650,979

Description	2021	2020 (*)
a) Loans to banks	521,242	959,030
b) Loans to financial companies	207,072	160,054
c) Loans to customers	2,878,324	2,531,895
Total	3,606,638	3,650,979

(*) Redetermined

a) Loans to banks

4.1 Financial assets measured at at amortised cost: product composition of loans to banks

The sight deposits held with banks have been reclassified in item 10 of Assets, as required by the updated instructions of the Bank of Italy of 29 October 2021 concerning "The financial statements of IFRS intermediaries other than banking intermediaries".

The item "Loans to banks" includes funds restricted for subsidy implementation and funds allocated "to contracts and agreements". For this reason, the book value is a reasonable approximation of the fair value, which is conventionally classified as level 3 in the fair value hierarchy.

4.1 Financial assets measured at amortised cost: product composition of loans to banks

	2021						2020					
	Book Value			Fair Value			Book Value			Fair Value		
	Stage one and two	Stage three	Acquired or originated impaired	L1	L2	L3	Stage one and two	Stage three	Acquired or originated impaired	L1	L2	L3
1. Time deposits	15,987	-	-	-	-	15,987	905,196	-	-	-	-	905,196
2. Current accounts	478,576					478,576						
3. Loans	250	-	-	-	-	250	20,494	-	-	-	-	20,494
3.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Financial leases	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Other loans	250	-	-	-	-	250	20,494	-	-	-	-	20,494
4. Debt Securities	26,326	-	-	17,307	-	11,538	33,340	-	-	-	-	12,732
4.1 structured securities		-	-	-	-	-		-	-	-	-	
4.2 other debt securities	26,326	-	-	17,307	-	11,538	33,340	-	-	-	-	12,732
5. Other assets	103	-	-	-	-	103		-	-	-	-	-
Total	521,242	-	-	17,307	-	506,454	959,030	-	-	-	-	938,422

Key
 L1 = Level 1
 L2 = Level 2
 L3 = Level 3

The sub-item "Current accounts" includes:

Ordinary deposits		
Financial resources dedicated to contracts and/or agreements		133,213
Financial resources from domestic and EU funds		345,917
Total available		479,130
IFRS adjustments		(554)
Total available		478,576

- Financial resources dedicated "exclusively and non-exclusively" to contracts and agreements totalling € 133,213 thousand, detailed as follows:

	2021	2020
Regional Broadband and Ultra-Broadband contracts	101,767	247,070
Tendered contracts for local authorities (1)	25,521	13,414
Funds dedicated to non-exclusive Public Contracts	65	69
Other	5,860	3,026
	133,213	263,579

(1) Interest not accruing during the year

The liquidity of the funds restricted to subsidy implementation to cover the cost of tender contracts awarded by local authorities and those used for the implementation of subsidy measures do not generate interest income for the Agency and are channelled directly into the managed fund or account.

Note that residual amounts of resources restricted for the projects planned under various measures will be returned to the customer upon completion of the activity in question.

- funds restricted for the implementation of subsidy measures financed by national and EU funds (further described in Liabilities item 80) for a total of € 345,917 thousand, of which the details are provided below:

	2021	2020
SME Asset Fund Decree Law 34/2020 art.26	243,937	443,450
Fund for the construction of Ultra-Broadband networks	17,972	109,054
Rolling Fund Italian Presidential Decree 58/87	35,162	28,560
Italian Law 181/89 (Interventions in Crisis Areas)	23,600	23,891
The sustainable growth fund	13,555	18,432
Voucher 3I Ministerial Decree 18.11.19	4,859	11,372
ERDF funds formerly Garanzia Italia	1,817	1,818
National funds formerly Garanzia Italia	1,720	1,721
Tourism Promotion	760	922
Re-industrialisation of the Ottana area	550	86
Museum sites of Excellence	201	201
Italian Law 208/98 Incentive funds	1	1
Other Operational Funds	1,783	2,110
	345,917	641,618

- The funds destined for the "SME Assets Fund" set up by Article 1 paragraph 1 of Law 77/2020 (the "Relaunch Law") and amended by Law 178/2020 (the "Budget Law") are intended to strengthen the capitalisation of medium-sized companies through the subscription – under the terms and conditions provided for in the same law and within the limits of the Fund's endowment – of bonds or newly-issued debt instruments. This item holds a total of €

243,937 thousand. The residual funds held by the State Treasury in a special account amount to € 199,684 million, which can be used to cover the expenditure commitments.

- The IT PR DECR. 58/87 Revolving Fund item refers to sums allocated to provide financial assistance to subsidiaries engaged in the tourism sector. The increase in financial liquidity relates to the payment of past-due capital and interest.
- The funds allocated for Italian Law 181/89 include the financial resources to be used to pay incentives equal to € 19,312 thousand and the balance deriving from the repayment of capital grants. The movements in this Fund are shown in item 80 of the liabilities.
- The decrease in cash intended for the Sustainable Growth Fund essentially comes from the use of € 4,876 thousand to invest in closed-end funds managed by an associated AMC.
- The Voucher 3I IT MD 18/11/19 Fund contains resources destined for the payment of services used by companies receiving vouchers provided by consultants and lawyers on the lists referred to in Article 5 of the Italian Ministry of Economic Development decree of 18/11/2019, following the agreement signed by the MED and Invitalia on 24 October 2019 to implement the projects pursuant to Italian Law 145 of 30 December 2018: Incentive Vouchers for Innovation Consulting. Of the sums allocated for 2019-2021, totalling € 19.5 million, the € 6.5 million for the final year has now been received.

The item **Debt securities** refers to the long-term portfolio of Held to Collect securities totalling € 26.3 million. This was set up for the sole purpose of receiving certain amounts from maturing coupons and capital reaching maturity, taking into consideration the expected cash flows in line with the financial capacity of the parent company (for € 17.2 million) and of the subsidiary MCC, whose securities portfolio is € 9.1 million and relates to the subordinate Tier II bond loan 2019-2029 issued by Banca Carige, subscribed at par for a nominal amount of € 12 million.

See Annex A.2 for the details of the movement and the breakdown of debtors/issuers.

b) Loans to financial companies

The balance of this item relates to the amounts receivable from Banca del Mezzogiorno and the parent company Invitalia.

There are no receivables constituted as collateral for own liabilities and commitments.

4.2 Financial assets at amortised cost: product composition of loans to financial companies

	2021		2020	
	Book Value	Fair Value	Book Value	Fair Value

	Stage one and two	Stage three	Acquired or originated impaired	L1	L2	L3	Stage one and two	Stage three	Acquired or originated impaired	L1	L2	L3
1. Loans	54,401	-	-	-	-	-	60,547			-	-	60,547
1.1 Repurchase agreements	-	-	-	-	-	-	-			-	-	-
1.2 Lease financing	-	-	-	-	-	-	-			-	-	-
1.3 Factoring	-	-	-	-	-	-	-			-	-	-
- with recourse	-	-	-	-	-	-	-			-	-	-
- without recourse	-	-	-	-	-	-	-			-	-	-
1.4 Other loans	54,401	-	-	-	-	-	60,547			-	-	60,547
2. Debt securities	152,574	-	-	6,947	-	144,691	99,405			1,427	-	97,971
2.1 structured securities	-	-	-	-	-	-	-			-	-	-
2.2 other debt securities	152,574	-	-	6,947	-	144,691	99,405			1,427	-	97,971
3. Other assets	97	-	-	-	-	97	101			-	-	101
Total	207,072	-	-	6,947	-	144,788	160,054	-	-	1,427	-	158,619

Key
 L1 = Level 1
 L2 = Level 2
 L3 = Level 3

The item Debt instruments – Other financial companies includes the ABS issued by securitisation firms in the context of basket bond operations.

c) Loans to customers

4.3 Financial assets at amortised cost: product composition of loans to customer

	2021						2020					
	Book Value			Fair Value			Book Value			Fair Value		
	Stage one and two	Stage three	Acquired or originated impaired	L1	L2	L3	Stage one and two	Stage three	Acquired or originated impaired	L1	L2	L3
1. Loans	2,246,709	71,769		-	-	2,318,478	1,948,213	77,231	-	-	-	2,025,444
1.1 Lease financing	-	-		-	-	-			-	-	-	-
of which: without final purchase option	-	-		-	-	-			-	-	-	-
1.2 Factoring	124,708	4,072		-	-	128,780	69,528	1,633	-	-	-	71,161
- with recourse	-	4,038		-	-	4,038	3,687	1,306	-	-	-	4,993
- without recourse	124,708	34		-	-	124,742	65,841	327	-	-	-	66,168
1.3 Consumer loans	-	-		-	-	-	-	-	-	-	-	-
1.4 Credit cards	4,237	0		-	-	4,237	3,680	-	-	-	-	3,680
1.5 Pledge loans	-	-		-	-	-	-	-	-	-	-	-
1.6 Loans granted in relation to payment services provided	-	-		-	-	-	3,160	-	-	-	-	3,160
1.7 Other loans	2,117,764	67,697		-	-	2,185,461	1,871,846	75,598	-	-	-	1,947,444
of which: from the enforcement of guarantees	-	-		-	-	-			-	-	-	-
2. Debt securities	79,266	-		76,728	1,752	5,527	75,477	-	-	78,805	1,819	969
2.1 structured securities	-	-		-	-	-						

2.2 other debt securities	79,266	-	76,728	1,752	5,527	75,477	-	-	78,805	1,819	969	
3. Other assets	457,227	23,353	-	-	480,580	388,998	41,976	-	-	-	430,974	
Total	2,783,202	95,123	-	76,728	1,752	2,804,585	2,412,688	119,207	-	78,805	1,819	2,457,387

Key
 L1 = Level 1
 L2 = Level 2
 L3 = Level 3

The "Factoring" item has seen a significant increase on last year. This is mainly attributable to the development of factoring services by Banca del Mezzogiorno, both for existing MCC customers (or for other Group companies) and for new ones

The sub-item **Other loans** essentially refers to positions associated with BDM-MCC.

The item "**Other assets**" includes payments for services to Ministries and Public Administrations, mainly by the parent company. The positions are constantly monitored in order to intervene, as far as possible, on the billing authorisation process and minimise the collection lead times. Almost all past due receivables are owed by the Public Administration, with the consequent difficulty in implementing effective actions for their collection. There are no situations in which the right to collect the receivable appears to be prescribed and, if clearly not recoverable or considered bad debt, the Company proceeded to write down or write off the related receivable.

4.4 Financial assets at amortised cost: breakdown of receivables due from customers by debtors/issuers

	2021			2020		
	Stage one and two	Stage three	of which: acquired or originated impaired	Stage one and two	Stage three	of which: acquired or originated impaired
1. Debt securities	79,266	-	-	75,477	-	-
a) Public administrations	68,206	-	-	73,257	-	-
b) Non-financial companies	11,060	-	-	2,220	-	-
2. Loans to:	2,246,709	71,770	-	1,948,213	77,231	-
a) Public administrations	128,804	-	-	120,155	-	-
b) Non-financial companies	1,793,029	64,579	-	1,544,739	66,686	-
c) Households	324,876	7,191	-	283,319	10,545	-
3. Other assets	457,227	23,353	-	388,998	41,976	-
Total	2,783,202	95,123	-	2,412,688	119,207	-

4.5 Financial assets at amortised cost: gross value and total value adjustments

	Gross value					Total value adjustments				
	Stage one	Stage one of which low credit risk instruments	Stage two	Stage three	Acquired or originated impaired	Stage one	Stage two	Stage three	Acquired or originated impaired	Total partial write-offs*

Debt securities	264,343	-	-	-	6,177	-	-	-	-
Loans	2,089,432	266,883	146,100		20,966	18,003	74,331	-	-
Other assets	503,559	454,736	109,467		615	21,675	86,114	-	-
Total 2021	2,857,334	721,619	255,567		27,758	39,678	160,446	-	-
Total 2020	1,726,895	-	1,861,496	295,931	-	18,542	38,077	176,724	-

4.5a Loans measured at amortised cost subject to COVID-19 support measures: gross value and total value adjustments

	Gross value					Total value adjustments				Total partial write-offs*	
	Stage one	of which: Low credit risk instruments	Stage two	Stage three	Acquired or originated impaired	Stage one	Stage two	Stage three	Acquired or originated impaired		
1. Loans subject to forbearance in compliance with GLs	190	-			-					-	-
2. Loans subject to the measures of existing moratorium no longer in compliance with the GLs and not in forbearance	15,847	-	22,796	306	-	477	1,647	108		-	-
3. Loans subject to other forbearance measures		-	20,437	674	-		1,142	205		-	-
4. New loans	550,868	-	136,748	567	-	2,001	3,402	101		-	
Total 2021	566,905	0	179,981	1,547	0	2,478	6,191	414	0	0	0
Total 2020	446,504	0	67,184	1,345	0	2,250	2,818	310	0	0	0

4.6 Financial assets at amortised cost: guaranteed assets

	2021						2020					
	Receivables from banks		Receivables from financial companies		Receivables from clients		Receivables from banks		Receivables from financial companies		Receivables from clients	
	BV	GV	BV	GV	BV	GV	BV	GV	BV	GV	BV	GV
1. Performing assets guaranteed by:	-	-	-	-	133,111	133,111	-	-	-	-	97,366	97,366
- Assets under financial leases	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables through factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	-	-	132,048	132,048	-	-	-	-	96,303	96,303

- Pledges	-	-	-	-	100	100	-	-	-	-	100	100
- Personal guarantees	-	-	-	-	963	963	-	-	-	-	963	963
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Non performing assets guaranteed by:	-	-	-	-	35,188	35,188	-	-	-	-	46,553	46,553
- Assets under financial leases	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables through factoring	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	-	-	35,188	35,188	-	-	-	-	46,553	46,553
- Pledges	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	168,298	168,298	-	-	-	-	143,920	143,920

BV = Book Value
GV = Fair value of guarantees

Section 5 - Hedging derivatives - Item 50

72,272 **90,202**

The item **hedging derivatives**, equal to 72.3 million (90.2 million at 31 December 2020), shows the positive fair value of derivatives taken out to hedge against interest rate risk on the bond issues of the subsidiary Banca del Mezzogiorno-Medio Credito Centrale.

5.1 Hedging derivatives: breakdown by hedge type and level

	Fair Value			NV	Fair Value			NV
	31/12/2021				31/12/2020			
	L1	L2	L3	31/12/2021	L1	L2	L3	31/12/2020
A. Financial Derivatives	-		-		-		-	
1. Fair Value	-	72,272		170,063	-	90,202	-	460,471
2. Cash flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	-		-		-		-	
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	-	72,272	-	170,063	-	90,202	-	460,471

5.2 Hedging derivatives: breakdown by portfolio hedged and type of hedge

Operation/Hedge type	Fair Value						Cash flows	Foreign investments	
	Specific								
	debt securities and interest rates	equity securities and stock indexes	currencies and gold	credit	commodities	other	Macro		Specific

1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
2. Financial assets measured at amortised cost	-	-	-	-	-	-	-	-	-	-	-
3. Portfolio	-	-	-	-	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-	-	-	-	-
Total assets	-	-	-	-	-	-	-	-	-	-	-
1. Financial liabilities	72,272	-	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	72,272	-	-	-	-	-	-	-	-	-	-
1. Expected transactions	-	-	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-	-	-

The hedging derivatives are all related to funding obtained through bond issues.

Section 7 – Equity investments – item 70

885,084 | **460,127**

7.1 Equity investments: information on equity investments

Company name	Registered office	Operating offices	Stake held %	Available votes %	Book value at 31.12.2021	Fair value at 31.12.2021
Companies:						
CDP Venture Capital SGR SpA	Rome	Rome	30%	30%	3,408	3,408
CONSORZIO EX CNOW	Venice	Venice	52%	52%	1	1
ELETTA SINCROTONO TRIESTE SpA	Trieste	Trieste	4%	4%	2,232	2,232
LAMEZIA EUROPA SCPA	Lamezia Terme	Lamezia Terme	20%	20%	0	0
SICULIANA NAVIGANDO SRL	Siculiana	Siculiana	95%	95%	15	15
C.R.A.A. SRL IN LIQUIDATION	Arese	Arese	15%	15%	38	38
CFI - COOPERAZIONE FINANZA	Rome	Rome	1%	1%	610	610
FINMEK SOLUTIONS SPA IN PROC. CONC.	L'Aquila	L'Aquila	30%	30%	0	0
FONDERIT ETRURIA in bankruptcy proceedings	Livorno	Livorno	13%	13%	0	0
IDC - ITALIAN DISTRIBUTION	Rome	Rome	7%	7%	0	0
ISTIT ENCICLOPEDIA TRECCANI	Rome	Rome	7%	7%	5,514	5,514
ITALIACAMP SRL - UNIPERSONALE	Rome	Rome	5%	5%	1	1
MARINA DI VILLA IGIEA SPA	Palermo	Palermo	8%	8%	820	820
MECCANO SCPA	Fabriano	Fabriano	4%	4%	80	80
SASSI ON LINE SERVICE S.C.P.A. IN LIQUIDATION	Bari	Bari	10%	10%	0	0
SOCIETA' PER CORNIGLIANO SpA	Genoa	Genoa	10%	10%	1,379	1,379
TESS COSTA DEL VESUVIO (in liquidation)	Naples	Naples	9%	9%	162	162
TINTORIA STAMPERIA DEL MOLISE IN BANKRUPTCY PROCEEDINGS	Boiano	Boiano	30%	30%	0	0
TRADIZIONI ITALIANE SpA (in bankruptcy)	Cirò	Cirò	13%	13%	0	0
WAHOO SpA	Cagliari	Cagliari	18%	18%	0	0
Companies acquired with government grants/external resources:						
of which, with funds from Law 205/2017						
INVITALIA GLOBAL INVESTMENT SpA	Rome	Rome	100%	100%	9,153	9,153
of which, with funds from Decree Law 142 of 2019						
BANCA POPOLARE DI BARI	Bari	Bari	97%	97%	420,366	420,366
ACCIAIERIE D'ITALIA SpA	Milan	Milan	38%		402,972	402,972
of which, with funds from Law 181/89						
CMS SRL IN BANKRUPTCY PROCEEDINGS	Laterza	Laterza	19%	19%	1,370	
ELMIRAD SERVICE SRL IN LIQUIDATION	Taranto	Taranto	12%	12%	120	
FONDERIE SPA IN BANKRUPTCY PROCEEDINGS	Rome	Rome	2%	2%	0	

GUSTAVO DE NEGRI & ZA.MA. SRL	Caserta	Caserta	20%	20%	202	
JONICA IMPIANTI SRL	Taranto	Taranto	9%	9%	278	
PERITAS SRL	Brindisi	Brindisi	15%	15%	326	
PRO.S.IT. IN BANKRUPTCY PROCEEDINGS SRL	Naples	Naples	27%	27%	499	
SIE-SOC. ITTICA EUROPEA IN AMM. STRAORDINARIA	Rome	Rome	15%	15%	0	
SICALP SRL IN BANKRUPTCY PROCEEDINGS	Campiglia Marittima	Campiglia Marittima	36%	36%	1,033	
SIMPE SpA	Acerra	Acerra	4%	4%	3,600	
SISTEMA SRL	Cassana	Cassana	45%	45%	0	
SURAL SPA BANKRUPT	Taranto	Taranto	1%	1%	253	
TEKLA SRL	Scafati	Scafati	26%	26%	653	
ELA SPA IN BANKRUPTCY PROCEEDINGS	Naples	Naples	6%	6%	0	
of which, with funds pursuant to Italian Law 126/2020						
REITHERA SRL	Rome	Rome	27%	27%	15,000	15,000
TLS SpA	Siena	Siena	30%	30%	15,000	15,000
Total equity investments					885,084	876,751

This item, particularly the section concerning **equity investments acquired with public grants/third-party funds** saw a considerable increase in 2021 (+424 million euro).

On 14 April 2021, as ordered by the Italian government (Decree-Law 142 of 2019), Invitalia subscribed to ordinary shares totalling € 400 million, using capital grants from the Ministry of Economy and Finance and, after adhering to the capital increase, acquired 38% of the share capital of AM InvestCo Italy SpA, the company which has leased the business units of Ilva in Extraordinary Administration.

The extraordinary shareholders' meeting that authorised the capital increase reserved for Invitalia also authorised the change of company name from AM InvestCo Italy SpA to Acciaierie d'Italia Holding SpA.

The **equity investments acquired with government grants/third-party funds** during 2021, in accordance with Art. 34 of Decree Law 104 of 14 August 2020, converted with Law 126 of 13 October 2020 - which allocated part of the resources from the National Emergencies Fund to R&D (80 million for 2020 and 300 million for 2021), the purchase of vaccines and monoclonal antibodies produced by pharmaceutical companies, also through the acquisition of equity shares at market conditions - include **Reithera Srl** and **TLS Sviluppo Srl**. Invitalia acquired 27% and 30% of the respective share capital of these companies in 2021, for a total value of € 30 million.

The "**companies acquired with government grants/third-party funds**" include **IGI SpA**, acquired using the grant referred to in Art. 1 para. 260-266 of Italian Law 205/2017. Although wholly owned by Invitalia, the latter company does not exert any real management power as at 31 December 2021, and thus IGI is not within the Invitalia Group's consolidation area. The value of the equity investment has been written down to take into account the lasting impairment in its value. However, this has not impacted the Agency's Statement of Profit and Loss, as it was recognised as a balancing entry to the financial source, thus neutralising its effect. For a description of the accounting treatment, see "Section 4 - Other aspects - Accounting treatment of equity investments acquired with government grants/external resources".

That investment was liquidated in 2022.

The "**companies acquired with government grants/third-party funds**" include **Banca Popolare di Bari SpA**, held through Mediocredito Centrale - Banca del Mezzogiorno. As indicated in "Section Other aspects - Accounting treatment established for equity investments acquired with government grants/ third-party funds", that equity investment was impairment-tested when trigger events arose. After the impairment test, the value of this equity investment, originally € 430 million, was written down by approximately € 10 million. However, this negative change has not impacted the Agency's profit and loss account as it was recognised as a balancing entry of the financial source, thus neutralising its effect.

This category also includes equity investments acquired with funds pursuant to Law 181/89. The accounting methods used for this measure establish that any losses are recognised against the fund and hence do not directly impact the balance of assets in the Statement of Financial Position, but are recognised in a specific liabilities provision, classified among other liabilities. For this reason, assets are recognised even in the case of bankruptcy proceedings, duly offset by provisions in the liabilities. These values are reversed with reference to the fund upon completion of the aforementioned proceedings.

Also note that the equity investments in the share capital of Industria Italiana Autobus (42.76%) and Sider Alloys (22.33%) are not recognised in the financial statements item as they were acquired using third-party funds under management (Equity Investments DC) and are thus recognised under commitments.

Similarly, the commitments also include equity investments acquired in the context of the following measures:

- Company Protection Fund: Canepa SpA (30.00%), Sicamb SpA (17,86%) and Corneliani Spa (48.15%);
- "Cresci al Sud" Fund (Growth in the South): Italian Cool Design srl (35,00%) and Tesi srl (20,00%).

For further details, see Part D - GUARANTEES AND COMMITMENTS.

7.2 Equity investments: annual changes

	Group equity investments	Non-Group equity investments	Total
A. Initial balances		460,127	460,127
B. Increases		435,264	435,264
B.1 Purchases		430,000	430,000
B.2 Write-backs		1,910	1,910
B.3 Revaluations			-
B.4 Other changes		3,354	3,354
C. Decreases		10,307	10,307
C.1 Sales		-	-
C.2 Value adjustments		-	-
C.3 Write-downs		9,639	9,639
C.4 Other changes		668	668
D. Closing balances		885,084	885,084

As mentioned, item B.1 "Purchases" in Group equity investments includes the acquisitions made during 2021, in Acciaierie d'Italia Holding SpA (€ 400 million), Reithera Srl (€ 15 million) and TLS Sviluppo Srl (€ 15 million).

The value of the investment in Acciaierie d'Italia Holding SpA has been verified and, in the light of the results for the period as well as on the basis of information obtained, no elements have been identified that could imply the need to proceed with value adjustments. Sensitivity analyses of the recoverable value have been developed which, also in view of the current situation of market volatility and uncertainty about future economic prospects, confirm its full recoverability.

The "Other changes" in point B.4 relate to the capitalisation of the costs incurred to acquire the shareholding in Acciaierie d'Italia Holding SpA.

Annex A.5 shows analytical changes in equity investments.

Section 8 - Property, plant and equipment - Item 80

205,336

197,413

8.1 Property, plant and equipment used in operations: breakdown of assets measured at cost

Assets/Values	Total 31/12/2021	Total 31/12/2020
1. Property assets	138,626	149,151
a) land	861	861
b) buildings	4,574	5,730
c) furniture	484	349
d) electronic systems	1,566	1,276
e) other	131,141	140,935
2. Rights of use acquired through leasing	43,890	48,262
a) land	-	-
b) buildings	43,695	48,099
c) furniture	-	-
d) electronic systems	-	-
e) other	195	163
Total	182,516	197,413

The "rights of use acquired through leasing" include (in accordance with IFRS 16) the value of the right of use acquired for the period of the property lease agreements and the company car rental agreements.

Specifically, the "Buildings" item includes the value of the parent company's lease agreements of € 28,467 thousand, and € 15,418 million of the subsidiary MCC

8.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

Assets/Values	Total 31/12/2021				Total 31/12/2020			
	Book value	Fair Value			Book value	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Property assets	-	-	-	-	-	-	-	-
a) land	3,821	-	-	3,821	-	-	-	-
b) buildings	18,998	-	-	18,998	-	-	-	-
2. Rights of use acquired through leasing	-	-	-	-	-	-	-	-
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	22,819	-	-	22,819	-	-	-	-

8.2.1 Property, plant and equipment held for investment: annual change

	Total	
	Land	Buildings
A. Initial balances	-	-
B. Increases	3,821	24,215
B.1 Purchases	-	-
B.2 Capitalised expenses for improvements	-	-
B.3 Positive changes in fair value	-	-
B.4 Write-backs	-	-
B.5 Positive exchange differences	-	-
B.6 Transfers from functional use properties	-	-
B.7 Other changes	3,821	24,215
C. Decreases	-	5,217
C.1 Sales	-	-
C.2 Amortisation	-	5,217
C.3 Negative changes in fair value	-	-
C.4 Value adjustments for impairment	-	-
C.5 Negative exchange differences	-	-
C.6 Transfers to:	-	-
a) functional use properties	-	-
b) non-current assets and asset groups held for sale	-	-
C.7 Other changes	-	-
D. Closing balances	3,821	18,998
E. Valuation at fair value	-	-

This item relates to the parent company's reclassification of the Capodichino property and land, from "Assets held for sale" as they are not included in the scope of assets to be contributed to the fund managed by Invimit, in the context of the plan to restructure and dispose of non-strategic real estate, and for which it has been decided not to proceed with the disposal.

There are no:

- tangible assets pledged as collateral for own debts and commitments
- assets acquired under financial leases

8.6 Property, plant and equipment for functional use: annual changes

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross initial balances	861	57,930	413	1,630	265,571	326,405
A.1 Total net write-downs	-	(4,101)	(64)	(354)	(124,474)	(128,993)
A.2 Net initial balances	861	53,829	349	1,276	141,097	197,412
B. Increases:		576	285	892	5,340	29,912
B.1 Purchases	-	576	285	892	5,340	7,093
B.2 Capitalised expenses for improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit and loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfers from properties held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	22,819
C. Decreases:	-	6,136	150	602	15,296	21,988
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation	-	5,776	150	592	14,388	20,905
C.3 Value adjustments from impairment attributed to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit and loss	-	-	-	-	-	-
C.4 Negative changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) profit and loss	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property, plant and equipment held for investment	-	-	-	-	-	-
b) non-current assets and asset groups held for sale	-	-	-	-	-	-
C.7 Other changes	-	360	-	10	713	1,083
D. Net closing balances	861	48,269	484	1,566	131,336	182,516
D.1 Total net write-downs	-	(6,136)	(150)	(602)	(15,296)	(21,988)
D.2 Gross closing balance	861	54,405	634	2,168	146,632	204,504
E. Measurement at cost	-	-	-	-	-	-

The largest increases are included in the item **"Other assets"**. They essentially pertain to the capitalisation of the cost of buying devices for the Wi-Fi coverage of municipalities and hospitals, by Infratel SpA and amount to € 3,324 thousand.

Section 9 - Intangible assets - Item 90

87,818

34,682

9.1 Intangible assets: breakdown

Items/Valuations	Total 31/12/2021		Total 31/12/2020	
	Assets measured at cost	Financial assets measured at fair value	Assets measured at cost	Financial assets measured at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets	87,818	-	34,682	-
of which software:	-	-	-	-
2.1 owned	87,818	-	34,682	-
- generated internally	1,972	-	1,107	-
- other	85,846	-	33,575	-
2.2 rights of use acquired through leasing	-	-	-	-
Total 2	87,818	-	34,682	-
3. Assets acquired under financial leases	-	-	-	-
3.1 unassigned assets	-	-	-	-
3.2 assets withdrawn after termination	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	-	-	-	-
Total (1+2+3)	87,818	-	34,682	-
Total (T-1)	-	-	-	-

9.2 Intangible assets: annual changes

	Total
A. Initial balances	34,682
B. Increases	61,246
B.1 Purchases	60,839
B.2 Write-backs	-
B.3 Positive changes in fair value	-
- in Shareholders' equity	-
- in Statement of Profit and Loss	-
B.4 Other changes	407
C. Decreases	8,110
C.1 Sales	-
C.2 Amortisation	8,024
C.3 Value adjustments	-

- in Shareholders' equity	-
- in Statement of Profit and Loss	-
C.4 Negative changes in fair value	-
- in Shareholders' equity	-
- in Statement of Profit and Loss	-
C.5 Other changes	86
D. Closing balances	87,818

The changes in the year, as well as the amortisation for the period, are essentially due to:

- capitalisation by the parent company of projects to implement IT and reporting platforms, which will offer future benefits in terms of cost savings and greater revenue for a net sum of € 1,285 thousand.
- the increases in the item "Concessions, licences and trademarks" of the subsidiary Infratel S.p.A. for the net sum of € 51,089 thousand pertain to the acquisition of IRU for the Schools project

Section 10 - Tax assets and liabilities – Item 100 and liability Item 60

Tax assets - Item 100	40,551	35,946
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10.1 "Tax assets: current and deferred": breakdown

	Total	
	31/12/2021	31/12/2020
Current	10,931	10,162
Deferred	29,620	25,784
Total	40,551	35,946

Current assets include the residual tax credits deriving from companies incorporated when Sviluppo Italia was formed, for which the recovery actions are still pending.

Deferred tax assets show the following balancing entry:

10.1 Tax assets: current and deferred: breakdown

	Total 31/12/2021	Total 31/12/2020
- As balancing entry to profit and loss account	27,220	24,857
- As balancing entry to shareholders' equity	2,400	927
Total	29,620	25,784

10.2 Tax liabilities: current and deferred: Breakdown

	2021	2020
Current	3,087	16,824
Deferred	42	845
Total	3,129	17,669

Deferred tax liabilities show the following balancing entry:

10.2 Tax liabilities: current and deferred: breakdown

	Total 31/12/2021	Total 31/12/2020
- As balancing entry to profit and loss account	-	-
- As balancing entry to shareholders' equity	42	845
Total	42	845

10.3 Changes in deferred taxes (through profit or loss)

	Total 31/12/2021	Total 31/12/2020
1. Reversals	24,857	15,383
2. Conversion into tax credit	13,699	12,258
2.1 Deferred tax assets recognised during the year	13,078	12,258
a) related to previous financial years	1	-
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) other	13,077	12,258
2.2 New taxes or tax rates increases	-	-
2.3 Other increases	621	-
3. Decreases	11,336	2,784
3.1 Deferred tax assets derecognized in the year	7,149	2,784
a) reversals	6,791	2,271
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	358	513
3.2 Decreases in tax rates	-	-
3.3 Other decreases:	4,187	-
a) conversion into tax credits under law no. 214/2011	-	-
b) other	4,187	-
4. Final amount	27,220	24,857

10.3.1 Changes in deferred tax assets pursuant to Italian Law 214/2011 as balancing entry to profit and loss account

	Total	Total
	31/12/2021	31/12/2020
1. Initial Amount	5,693	5,436
2. Increases	106	
3. Decreases	1,108	750
3.1 Reversals	750	750
3.2 Conversion into tax credit	-	-
a) deriving from financial year losses	-	-
b) deriving from tax losses	-	-
3.3 Other decreases	358	
4. Final amount	4,691	4,686

Deferred tax assets, as in the previous table, will be gradually recovered on the income tax returns filed up until the 2025 financial year.

10.5 Changes in deferred tax assets (as balancing entry to shareholders' equity)

	Total	Total
	31/12/2021	31/12/2020
1. Initial Amount	927	2,054
2. Increases	1,478	89
2.1 Deferred tax assets recognised during the year	1,478	89
a) related to previous financial years	-	-
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) other	1,478	89
2.2 New taxes in tax rates increases	-	-
2.3 Other increases	-	-
3. Decreases	5	1,216
3.1 Deferred tax assets derecognized in the year	5	1,216
a) Reversals	5	1,216
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	2,400	927

10.6 Changes in deferred taxes (as balancing entry to shareholders' equity)

	Total	Total
	31/12/2021	31/12/2020
1. Initial Amount	844	83
2. Increases	-	777
2.1 Deferred taxes recognised in the year	-	777
a) related to previous financial years	-	-
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) other	-	777
2.2 New taxes or tax rates increases	-	-
2.3 Other increases	-	-
3. Decreases	802	15
3.1 Deferred taxes derecognized in the year	802	15
a) reversals	802	15
b) due to changes in accounting criteria	-	-
c) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	42	845

Section 11 - Non-current assets and disposal groups classified as held for sale - Item 110

212,395 **304,886**

11.1 Non-current assets and disposal groups classified as held for sale: breakdown

	31/12/2021	31/12/2020
Cash and cash equivalents	3,252	10
Financial assets measured at amortised cost	3,155	9,389
Equity investments	374	14,020
Property, plant and equipment	197,714	266,606
Intangible assets	35	368
Tax assets	445	1,600
Other assets	7,420	12,893
Total	212,395	304,886

This item includes not only the assets of the companies held for sale and controlled directly and indirectly (Italia Turismo SpA and Sviluppo Italia Calabria SpA in Liquidation), but also the proprietary assets of a subsidiary included in the scope to be transferred to the fund managed by Invimit in the context of the restructuring and disposal of the Group's non-strategic real estate, as described in more detail in the report on operations.

The estimated market value of tangible assets is particularly sensitive to changes in the key variables used to determine them (real estate prices, discount rates etc.). In view of the ongoing Russia-Ukraine conflict, the uncertainty surrounding its outcome, other impacts deriving from the

pandemic and the repercussions that both these events have had on the general economic situation and the main market variables, it is not possible to rule out potential variations in the assumptions and valuation models used by the Group to estimate the value of the assets in the real estate operation, or the value of other assets to be sold to third parties in separate negotiations. Even a minor fluctuation in any of the variables of the models can have an impact on the estimated values. This is why Management constantly monitors developments in these parameters.

The Property, plant and equipment item also includes land and buildings to be developed. The Group intends to keep them until after completion of the work needed to make them profitable, and therefore the estimated recoverable value was based on the higher of the fair value and the value in use.

The value in use has been estimated using the current value of the expected cash inflows and outflows deriving from the continued use of the asset and its final disposal. In calculating the value in use, the directors were assisted by an independent expert, relied on an estimate of future cash flows that the entity would expect to obtain from the asset, and considered the expectations as to any potential changes in value or the timing of future cash flows as well as the time value of money represented by the current interest rates without market risk; the cost of bearing the implicit uncertainty; and other factors such as the lack of liquidity that market operators would pass on in the prices of the future cash flows that the entity would expect to obtain from the asset. The value in use was estimated with the discounted cash flow method.

The decrease in this item is due to the sale of Marina di Arechi, Marina di Portisco and Ottana industrial complex, and also following the reclassification of the Capodichino land and property in the "Property, plant and equipment" item, as these assets are not part of the Group's plan for the disposal of non-strategic assets.

The sub-item "**equity investments**" represents the value of the investee companies held for sale valued at equity.

Section 7 - Liabilities associated with assets classified as held for sale - Item 70

14,580 **79,046**

7.1 Liabilities associated with assets held for sale: breakdown

	31/12/2021	31/12/2020
Financial liabilities measured at amortised cost	0	51,000
Tax liabilities	0	115
Other liabilities	11,472	24,242
Employee severance liabilities	268	645
Provisions for risks and charges	2,840	3,044
Total	14,580	79,046

There has been a decrease in the Associated liabilities held for sale due to the sale of Marina di Arechi, Marina di Portisco and the Ottana complex.

Section 12 - Other assets - Item 120

644,973 **280,881**

12.1 Other assets: breakdown

	Total 31/12/2021	Total 31/12/2020
- Inventories	175,636	178,380
- Indirect tax receivables from tax authorities	4,392	3,585
- Receivables and advances from suppliers	4,807	4,368
- Security deposits	3,154	3,140
- Prepayments (only those related to other assets)	1,876	2,648
- Tax consolidation	597	350
- Receivables from social security institutions	70	267
- Receivables and various items	454,441	88,143
Total	644,973	280,881

The sub-item "Inventories" mainly includes:

- € 7.8 million for the parent company, relative to the measurement of fees accrued for activities essentially carried out by the former subsidiary IAP, after progress reports invoiced and paid, and for activities pursuant to Legislative Decree 185/00 for which the final accounts have not yet been approved.
- Most of the remainder related to the installation of Infratel SpA's "broadband" and "ultra-broadband" deployment work;

Receivables and various items essentially include 257 million for the SME Bond Fund, which is a measure authorised by the European Commission as part of the "Temporary Framework for State Aid Measures to Support the Economy in the Current COVID-19 Outbreak". In particular, as indicated in the Bankit Provision for the preparation of financial statements by financial intermediaries, this item includes minibonds subscribed by Invitalia relative to which Invitalia takes on zero risk.

The same item also includes:

- 162 million for the subsidiary Infratel relating to advances requested from the MED on the granted DCF Funds, and advances paid to suppliers for the Schools Plan project.
- 21 million for MCC, relating to the acquisition of tax credits for the construction industry bonus schemes

Prepayments represent costs for services ascertained and paid in advance, accruing during the subsequent year or correlated with future revenue.

Liabilities

Section 1 - Financial liabilities measured at amortised cost - Item 10

3,542,158	3,151,274
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Description	31/12/2021	31/12/2020
a) payables	2,665,749	2,266,058
b) securities issued	876,409	885,216
	3,542,158	3,151,274

1.1 Financial liabilities at amortised cost: product composition of payables

Items	31/12/2021			31/12/2020		
	to banks	to financial institutions	to clients	to banks	to financial institutions	to clients
1. Due to banks	159,896	435	44,505	127,611	435	24,907
1.2 Repurchase agreements	105,156	-	-	104,424	-	-
1.2 Other loans	54,740	435	44,505	23,187	435	24,907
2. Lease liabilities	146	-	54,901	32	-	59,020
3. Other payables	905,998	-	1,499,868	620,400	33,190	1,400,463
Total	1,066,040	435	1,599,274	748,043	33,625	1,484,390
Fair value - level 1						
Fair value - level 2						
Fair value - level 3	1,066,040	435	1,599,274	748,043	33,625	1,484,390
Total fair value	1,066,040	435	1,599,274	748,043	33,625	1,484,390

The fair value has been assumed to be equal to the amortised cost (and as such classified as Level 3) in relation to the short duration and variable-rate structure of these instruments.

1.2 Financial liabilities at amortised cost: product composition of securities issued

Type of securities/Amounts	31/12/2021				31/12/2020			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	876,409	336,503	552,302	-	885,216	351,315	640,079	
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	876,409	336,503	552,302		885,216	351,315	640,079	
2. other securities	-	-	-	-		-	-	-
2.1 structured	-	-	-	-		-	-	-
2.2 other	-	-	-	-		-	-	-
Total	876,409	336,503	552,302	-	885,216	351,315	640,079	

The item includes:

- € 351 million relative to the bond issued by the parent company in July 2017, functional to the acquisition of Banca del Mezzogiorno-Mediocredito Centrale and to the optimisation of working capital. The issue price was equal to 99.784% of the nominal value, with a nominal return rate of 1.375%. The repayment of the capital is expected in a single five-year maturity and annual coupons.

Below is a summary of the main features of the bond loan in question:

- Issue amount: 350 million
- Duration: 2017-2022
- Market of listing: Luxembourg
- Country of origin: Italy
- Only for qualified investors
- € 178.3 million relative to a residual bond loan listed on the MOT, issued by BDM-MCC on 9 February 1998, maturing on 10 February 2028;
- € 284.2 million relative to a "Social" bond loan (unsecured senior preferred), listed on the Luxembourg Market for a total of € 300 million (excluding transaction costs) with a fixed annual rate of 1.5% and issued by BDM-MCC on 24 October 2019, maturing on 24 October 2024.

As the securities held by BDM-MCC are subject to fair value hedges, this item is presented net of the basis adjustment attributable to interest rate risk for a total of 62 million (82 million at 31 December 2020).

1.5 Lease liabilities

	Within 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Lease liabilities	-	-	23,429	4,878	26,740		55,047
Total	0	0	23,429	4,878	26,740	-	55,047

The sub-item "Lease payables" includes the valuation of the rights of use which have been recognised according to the new IFRS 16, pertaining to property lease agreements including the

one for the head office of Invitalia at Via Calabria, and the offices of MCC at Viale America 351, as well as company car rental contracts.

Section 4 - Hedging derivatives - Item 40

1,265

-

4.1 Hedging derivatives: breakdown by type of hedge and hierarchy level

	NV	Fair Value 31/12/2021			NV	Fair Value 31/12/2020		
	31/12/2021	L1	L2	L3	31/12/2020	L1	L2	L3
A. Financial Derivatives	300,000	-	1,265	-	460		90	-
1. Fair Value	300,000	-	1,265		460		90	-
2. Cash flows	-	-	-	-	-	-	-	-
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1. Fair Value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	300,000	-	1,265	-	460		90	-

Key
 NV = Notional value
 L1 = Level 1
 L2 = Level 2
 L3 = Level 3

Section 6 - Tax liabilities - Item 60

Please refer to the information provided in Section 10, Assets

Section 7 - Liabilities associated with assets classified as held for sale - Item 70

Please refer to the information provided in Section 11, Assets

Section 8 - Other liabilities - Item 80

2,729,993

2,089,416

8.1 Other liabilities: breakdown

Type of securities/Amounts	Total	
	31/12/2021	31/12/2020
Other liabilities - Other		
- Capital grants	1,215,650	699,088
- Payables for third-party funds under management	782,669	854,794
- Payables to clients for contracted works in progress	-	7,642
- Suppliers	315,077	200,840
- Accrued expenses and deferred income	25,172	17,259
- Payables to employees	18,057	18,470

- Payables to social security institutions	7,651	7,047
- Payables to tax authorities	6,221	5,277
- Tax consolidation payables	18,732	42
- Security deposits received	213	176
- Sundry payables	340,551	278,781
Total	2,729,993	2,089,416

The fair value has been assumed to be equal to the book value (Level 3), based on the consideration that most of these liabilities are "grants" and "third-party funds under management" whose book value can reasonably be assumed as their fair value.

The item "**Capital grants**" essentially refers to:

A grant of € 420,366 thousand allocated by the MEF to strengthen the capital of Banca del Mezzogiorno-Mediocredito Centrale SpA through a capital grant, to allow it to acquire the equity investment in Banca Popolare di Bari. The amount is presented net of its impairment as of 31 December 2021.

A grant of € 400,000 thousand allocated by the MEF for the capital increase of AM InvestCo Italy SpA, the company leasing Ilva business units under Extraordinary Administration. This was done in order to start a new phase of eco-sustainable development for Ilva of Taranto. Through the acquisition, Invitalia acquired 50% of the voting rights.

Capital grants of € 183,450 thousand granted by the MED for work carried out by Infratel and recognised on an accrual basis. Release of capital grants amounts in the Statement of Profit and Loss is correlated to the useful life of the assets to which the grants are recognised and, subsequently, made.

A grant of € 86,305 thousand, net of the reported amounts, paid for the environmental reclamation and urban regeneration of the area of significant national interest in the Bagnoli-Coroglio area, pursuant to Article 33 of Italian Decree Law 133 of 12 September 2014, converted and amended by Italian Law 164 of 11 November 2014. This is discussed in greater detail in section B.3 of the Directors' Report On Operations and in item 100 Property, Plant and Equipment.

A grant, net of the reported amounts, of a further € 40,724 thousand of residual funds allocated for the reclamation of the Bagnoli-Coroglio site of natural interest, which had not been used by the Municipality of Naples as at 31 December 2020.

A grant of € 35,000 thousand to set up the company DRI Italia S.p.A., whose mission is to perform pre-feasibility studies for the design, build, construction and management of plants used to produce DRI used in the green conversion of the metalworking industry.

A grant of € 30,000 thousand allocated by the MEF in accordance with Article 34 of Italian Decree Law 126 of 14 August 2020 to acquire the shareholdings in Reithera Srl and TLS Sviluppo Srl.

€ 10,000 thousand grant pursuant to Article 83 of Italian Law 289/02, disbursed by the Italian Ministry of Economy and Finance in 2003. Decree Law 35 of 14 March 2005 provides that this amount can be used to create incubators for production companies.

A grant of € 4,563 thousand (Law 208/98) intended for the creation of incubators. Said grant was provided by the Italian Ministry of Economic Development in 2005, as regulated by the Procedural Document signed by Sviluppo Italia on 14 December 2004. The amount corresponds to the value

of the grant received, net of the amount credited to the profit and loss account for the available incubators on which the calculation of depreciation was initiated.

The information above is also provided in compliance with the disclosure requirements established under paragraphs 125 and subsequent of article 35 in Italian Decree Law 34 of 30 April 2019.

“Payables for third-party funds under management” refer to funds for subsidy measures for which the Agency is responsible for implementing the projects envisaged by the measures themselves. For further information on operations and the funding forms, please see the comment under *Part D “other information”*.

Below are the relative details:

Composition:

	2021	2020
PMI Fund (severance indemnities)	500,652	500,047
BUL DCF	69,754	115,575
Italian Law 181/89 (Interventions in Crisis/Distressed Areas)	73,675	76,770
The sustainable growth fund	47,055	46,090
Rolling Fund Italian Presidential Decree 58/87	43,426	43,131
BUL Voucher	26,879	40,000
Voucher 3I Fund	1,945	9,148
Fund for Broadband and Ultra-Broadband deployment	3,591	4,251
Italian Regional Law 23/91, Article 8	1,984	1,984
Tourism Promotion Fund	1,081	1,243
Museum sites of Excellence	201	201
Other	12,426	16,354
Total	782,669	854,794

In more detailed terms:

- The **SME Asset Fund** is intended to support the subscription of newly issued bonds or debt securities, to encourage medium enterprises to strengthen their capital and to support their financing, when meeting the conditions established in article 26 of the Relaunch Law, no. 77 of 17 July 2020.

- the **BUL DCF Fund**, equal to € 69,754 thousand, represents the residual value of the amount collected in December 2016 for the first tranche of the DCF funds for the BUL Large Project. In compliance with the Guidelines for implementation, accounting, monitoring and control of the public project to develop Ultra-broadband in the “white areas” - SIE Funds 2014-2020, given the favourable opinion issued by the State-Regions Conference on 20 September 2018, for all advances, including those coming from resources assigned for the DCF, it is established that the MED will deposit them with Infratel Italia, which holds them in a specific unavailable rolling fund intended to finance the BUL Large Project (only approved by the European Community on 2 April 2019). This rolling fund can be used exclusively upon receiving prior authorisation from the MED.

The decrease of € 45,821 thousand essentially relates to the interim payments made to Open Fiber according to the concession model financed using the DCF funding source.

- The **Fund L.181/89** is aimed at implementing investment and employment programmes in areas affected by the steel sector crisis. The aforementioned provision was allocated as a result of the CIPE resolution of 20 December 1990, the content of which was confirmed by the same CIPE with resolution of 3 August 1993, as well as reaffirmed by the "implementation guidelines" that were formulated by the Italian Ministry of Industry by letter of 9 April 1994 and confirmed by ministerial decree 1123182/75 of 23 December 1996. The above regulate the implementation of Law 513/93 which aggregated the regulations listed in Italian Laws 181/89, 408/89 and 38/90. Losses incurred on the use of funds are accounted for by direct transfer of this item.

The change in the composition of the L.181/89 fund as at 31 December 2021 is shown below:

	2021	2020
Funds cashed	645,697	645,697
Capital returns to the MED	(174,467)	(171,724)
Grants issued	(364,617)	(364,631)
Grants pending release	(2,914)	(2,914)
Losses on receivables and equity investments	(30,023)	(29,658)
Total	73,676	76,770

The item "**Capital returns**" indicates the amount returned to the Italian Ministry of Economic Development, in accordance with Italian Ministerial Decree No. 1184605/75 of 9 March 2005, which established the Single Fund and provides for half-yearly repayment by the Agency of capital amounts received for loans, revoked contributions and disposal of equity investments. These capital amounts will subsequently be reassigned by the Agency to continue investments and employment projects with regards to the areas impacted by the steel crisis.

The L.181/89 fund thus recorded the following changes in the 2021 financial year:

Balance as at 31 December 2020	76,770
Capital grants paid and other uses	16
Funds cashed	0
Capital returns to the MED	(2,744)
Losses on receivables and equity investments	(365)
Other uses	0
Balance as at 31 December 2021	73,676

As at 31 December, the funds collected totalled € 645,697, net of the returns to the Ministry of € 174,467 thousand which have been used as follows:

	2021	2020
Capital grants	364,617	364,630

Loan receivable from customers for pre-fin., fin. and mortgages (net of returns)	45,332	49,697
Equity Investments (net of unpaid called-up capital)	8,334	8,334
Loans to banks	23,600	23,890
Other financial receivables (payables) for items to be recorded	(676)	(2,236)
Losses on receivables, equity investments and other uses	30,023	29,658
Total	471,230	473,973

Loans include the item of equity investments described and commented on under item 70 of the assets. Any losses on these equity investments are recognised as a reduction in the provision, exclusively when they are definitively ascertained.

- The **Fund for sustainable growth** is aimed exclusively at underwriting the Fondo Italia Venture I, which has the goal of supporting investments in the risk capital of companies, start-ups and innovative SMEs with high development potential. The intent is to assist the capitalisation of small and medium-sized companies to allow easier access to credit and to support medium to long-term development projects. The fair value variations in these investments were recorded as a reduction in the related fund under management. The fund is managed by the investee Cdp Venture Capital.

- The **IT PR DECR 58/87 Revolving Fund** refers to sums disbursed for financial assistance to subsidiaries engaged in the tourism sector. The Fund is provided from allocations made by the former Agensud pursuant to Article 9 of Italian Presidential Decree 58/87. A management fee of 0.75% per semester is recognized for the management of loans granted on said Fund.

- The "**Bul Voucher**" Fund, of € 26,879 thousand, represents the residual amount as of 31 December 2021 of the payment by the MED in respect of the voucher scheme for low-income families as a demand support measure to guarantee access to ultra-Broadband Internet connections by households with an equivalent economic status indicator (ISEE) of less than € 20,000. A total of € 204,000 thousand was allocated to this measure.

- The **Voucher 3I Fund** refers to grants made to innovative start-ups to support and develop the innovation process, making use of consulting services.

- The **Fund for Broadband and Ultra-Broadband Construction** refers to sums disbursed by MED and intended to be distributed as contributions to telecommunications operators to create Broadband infrastructure (model B) and Ultra-Broadband infrastructure (model C), net of sums already distributed to beneficiaries.

- The **Law 23/91 Regional Fund** refers to the remainder of the sums disbursed in their time by the Region of Sicily (pursuant to Law no. 23 of 15.05.91) net of the amount referenced in Law 359/92.

- The **Tourism Promotion Fund** refers to sums paid out in implementation of the CIPE resolution of 25 March 1990, aimed at driving promotional efforts for tourism in the South. The purpose of the Program is to increase tourist flows in the Southern areas, providing adequate technical, organisational and coordination assistance to the identified initiatives. The envisaged formula is the co-financing of interventions proposed by Regional Authorities, business associations and relevant tourism sector organisations. A commission of 10% of the funds managed is retained to compensate for the organisation, coordination and quality control of the initiatives, as well as assistance for the relative planning work.

- **Museum Sites of Excellence** includes the residual amount relative to the convention to restore the National Museum of Abruzzo.

- The **Law 208/98 Incentive Fund** refers to amounts released by the Italian Ministry of Productive Activities to activate the "incentive fund" to stimulate investments for enterprises operating in the incubators of the regional companies and as grants for plant for the construction of the incubators themselves.

- **Patent Agreement Fund** was reclassified among memorandum accounts within the item Guarantees and Commitments

- The item "other", totalling € 12,426 thousand, is essentially composed of the following funds:

Financial allocation under Art. 25 (2) of Law 196/97 (€ 9,153 thousand), which in accordance with Article 1, paragraph 260- 266 of Law 205/2017, was used by Invitalia to establish Invitalia Global Investment SpA.

Venture Capital Rolling Fund (€ 346 thousand) relates to ERDF contributions assigned to the Agency and aimed at establishing 50% of the ten-year Fund for venture capital projects. The final reporting of the fund was made in 2015 and the amount represents the resources that will be transferred to the Ministry upon collection from the recovery procedures under way related to the residual equity investment shares acquired.

Acerra crisis area (€ 914 thousand) relative to the capital grants deposited by the Campania Region, as regulated by the programme agreement of 14 July 2005, for the coordinated implementation of the intervention in the Acerra NGP SpA industrial crisis area, in synergy with the Ministry of Economic Development for the financing of the industrial project promoted by Simpe SpA. With approval from the Campania Regional Government, part of these funds (€ 1,235 thousand) were used to provide subsidies to PRO.S.IT Sri in early 2010, pending further remittances from the Campania Regional Government itself. The company is question is carrying out an entrepreneurial project under the aforementioned programme agreement.

"**Trade payables**" represent exposure for invoices received and to be received from external entities.

"**Payables to employees**" consists essentially of provisions for holidays accrued and not taken, '14th month' gratuities.

"**Payables to social security institutions**" refers almost entirely to contributions for December relative to employees.

"**Payables to tax authorities**" mainly consists of IRPEF due for December for both employees and freelance workers.

"**Tax consolidation payables**" represent the amount due to subsidiaries taking part in group tax consolidation.

"**Sundry payables**" include:

- resources transferred from the Regions to the MED and then by the latter to Infratel as part of the 2014-2020 PSR-PORT, net of disbursements (€ 121,050 thousand)
- payables to the Regions, of € 29,047 thousand, which are the sums due to the regional governments against the revenues from the sale of IRU to telecom operators net of the costs of ordinary, scheduled and extraordinary maintenance to improve the use of the infrastructure, in order to meet the SLA requested by the operators.
- deferrals relative to revenues deferred to future years

- transitional items “to branches” and those “awaiting processing”, deriving mainly from processes completed in the days preceding year-end which were balanced in the early part of the following year, by the subsidiary MCC.

Note that the Group manages additional funds disbursed by the Government (equal to around € 19,760 million), intended for specific projects and governed by specific laws.

These amounts are recognised among “Commitments”, as there is no risk, either full or partial, falling to the Agency and management is remunerated solely through a fee (commission). Therefore, these can be classified as mere services.

Section 9 - Employee termination indemnities - Item 90

11,016 **11,511**

Section 9.1 Employee termination indemnities: annual changes

	Total 31/12/2021	Total 31/12/2020
A. Initial balances	11,511	11,358
B. Increases	6,390	6,236
B.1 Provisions during the year	5,924	6,276
B.2 Other changes	466	(40)
C. Decreases	(6,885)	(6,263)
C.1 Liquidations completed	107	(199)
C.2 Other changes	(6,992)	(6,062)
D. Closing balances	11,016	11,511

The item represents the "benefit subsequent" to the employment relationship and is calculated by projecting the amount already accrued to the presumable date of termination of the employment relationship. The value thus obtained is discounted at the reporting date using the actuarial method i.e. "Projected Unit Credit Method". This method complies with the Defined Benefit Obligation criterion envisaged by IAS no. 19.

The provision for the year includes the so-called "Interest cost", i.e. the "figurative" charge that would be incurred by requesting a loan from the market for an amount equal to the liability at the beginning of the year, appropriately discounted at the rate adopted.

The "other decreases" item essentially refers to the portion of termination indemnities transferred to supplementary pension funds and to INPS treasury [the Italian National Social Security Institution].

The main demographic and financial hypotheses adopted in the valuation of the benefits are:

1. inflation;
2. discount rates;
3. salary increases.

1. With reference to initial assumption, the inflation scenario was based on ISTAT forecasts, assuming an IPCA index of 1.0% for the entirety of 2022 and 1.2% from 2023 onwards.

2. Pursuant to IAS 19R, the discount rate used in measuring the TFR Fund was determined with reference to the market yields of bonds issued by primary companies at the measurement date. More specifically, the composite interest rate curve was used for securities issued by AA-rated corporate issuers in the euro zone of Investment Grade class (source: Bloomberg) as at 31 December 2021.

3. Following social security reform, the assumption relative to salary increases was adopted solely for Group companies which in 2006 employed an average number of employees of less than 50. In fact, only for these is the portion of future annual severance indemnities accrued by employees still considered in the actuarial measurement of TFR (not deposited to social security funds). As agreed with parent company Management, the annual salaries have been revalued on the basis of the IPCA index for the previous year at 0.84% for 2022 and 0.42% from 2023 onwards.

The subsidiary MCC determines this item in line with the indications in Law 296 of 27 December 2006 (2007 Budget Law), according to which the severance pay accruing from 1 January 2007 is a defined contribution scheme that does not require an actuarial calculation.

Section 10 - Provisions for risks and charges - Item 100

39,574 **40,472**

10.1 Provisions for risks and charges: breakdown

Items/Components	Total 31/12/2021	Total 31/12/2020
1. Provisions for credit risk relative to commitments and financial guarantees given	3,358	3,947
2. Provisions for other commitments and guarantees given	600	600
3. Provisions for pensions and similar obligations	3,091	3,345
4. Other provisions for risks and charges	32,525	32,580
4.1 legal and fiscal disputes	1,906	2,187
4.2 personnel charges	11,172	15,244
4.3 other	19,447	15,149
Total	39,574	40,472

In point 4.2, the provision includes the estimate of direct and indirect charges relative to production bonuses/reward systems which will be paid to personnel based on subsequent union resolutions or agreements.

In point 4.3, this item includes the provisions made to cover liabilities assessed as probable

10.2 Provisions for risks and charges: annual changes

	Provisions for other commitment s and guarantees given	Provisions for retirement funds	Other provision s for risks and charges	Total
A. Initial balances	4,547	3,345	32,580	40,472
B. Increases	1,009	7	8,157	9,173
B.1 Provisions for the year	-	5	8,157	8,162
B.2 Time value changes	-	-	-	-
B.3 Changes due to discount-rate adjustments	-	-	-	-
B.4 Other changes	1,009	2	-	1,011
C. Decreases	1,599	261	8,211	10,071
C.1 Use during the year	-	261	7,009	7,270
C.2 Changes due to discount-rate adjustments	-	-	-	-
C.3 Other changes	1,599	-	1,202	2,801
D. Closing balances	3,957	3,091	32,526	39,574

The provisions for company retirement funds in the financial statements refer to BDM-MCC and involve the run-off management of the Supplemental Pension Fund, limited to a small group of

retired employees who in the past decided to not adhere to cancellation. At 31 December, there were 8 pensioners enrolled in this fund, with no active employees.

10.3 Provisions for credit risk relative to commitments and financial guarantees given

	Provisions for credit risk relative to commitments and financial guarantees given				
	Stage one	Stage two	Stage three	Acquired or originated impaired	Total
Commitments to disburse funds	249	2,099	-	-	2,348
Financial guarantees given	1,005	6	-	-	1,011
Total	1,254	2,105	-	-	3,359

The table shows the impairment provisions, broken down by stage, connected to irrevocable commitments regarding loans stipulated and unsecured loans issued.

Section 11 - Equity - Items 110, 120, 130, 140, 150, 160 and 170

11.1 Capital: breakdown

	Total 31/12/2021	Total 31/12/2020
1. Capital		
1.1 Ordinary shares	836,384	836,384
1.2 Other shares (specify)	-	-

11.2 Treasury shares: breakdown

	Total 31/12/2021	Total 31/12/2020
1. Treasury shares		
1.1 Ordinary shares	-	-
1.2 Other shares (specify)	-	-

The share capital of € 836,384 thousand is represented by 1,257,637,210 ordinary shares without nominal value owned by the Ministry for the Economy and Finance.

The Company has not issued "dividend-bearing shares" nor "convertible bonds".

* * * *

Items 150 and 160 of liabilities, respectively "Reserves" and "Valuation reserves" are commented on in Part D Section 4- Information on Equity.

Section 12 – Minority Shareholders’ Equity - Item 180

12.1 Minority Shareholders’ Equity: breakdown

	31/12/2021	31/12/2020
1. Capital	2	2
2. Treasury shares	-	-
3. Equity securities	-	-
4. Share premiums	-	-
5. Reserves	(8)	(7)
Valuation reserves	-	-
6. Valuation reserves		
7. Profit (Loss) for the year		
Total	(6)	(5)

Part C - INFORMATION ON THE INCOME STATEMENT

Section 1 - Interest - Items 10 and 20

Interest and similar income - Item 10

57,585 **47,302**

1.1 Interest income and similar revenues: breakdown

Items/Technical forms	Debt securities	Financing	Other transactions	Total 31/12/2021	Total 31/12/2020
1. Financial assets measured at fair value through profit and loss:	248	-	-	248	255
1.1 Financial assets held for trading	248	-	-	248	255
1.2 Financial assets at fair value	-	-	-	-	-
1.3 Other financial assets obligatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
3. Financial assets measured at amortised cost:	4,053	37,315	-	41,368	35,708
3.1 Receivables from banks	3,207	49	-	3,256	3,160
3.2 Receivables from financial companies	-	-	-	-	(1)
3.3 Receivables from clients	846	37,266	-	38,112	32,549
4. Hedging derivatives	-	-	9,965	9,965	8,713
5. Other assets	-	-	84	84	72
6. Financial liabilities	-	-	-	5,920	2,554
Total	4,301	37,315	10,049	57,585	47,302
of which: interest income on impaired financial assets	-	408	-	408	303
of which: interest on leases	-	-	-	-	-

The item, which mainly refers to interest accrued by the bank, consists for the most part of interest on the portfolio of loans to customers.

Section 1 - Interest and similar expense - Item 20

(29,972) **(25,704)**

1.3 Interest and similar expense: breakdown

Items/Technical forms	Loans payable	Securities	Other transactions	Total 31/12/2021	Total 31/12/2020
1. Financial liabilities measured at amortised cost	5,897	20,454	-	26,351	25,012
1.1 Due to banks	(194)	-	-	(194)	(125)
1.2 Due to financial companies	(7)	-	-	(7)	-
1.3 Due to customers	6,098	-	-	6,098	5,443
1.4 Debts securities issued	-	20,454	-	20,454	19,694

2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	-	-	9	9	2
5. Hedging derivatives	-	-	-	-	-
6. Financial assets	-	-	-	3,612	690
Total	5,897	20,454	9	29,972	25,704
of which: interest expense relative to lease payables	660	-	-	660	-

The sub-item "**Due to banks**" includes the interest receivable on the repurchase agreements.

The sub-item "**Due to customers**" and "**Due to financial companies**" includes the interest expense on the operations included in the scope of application of IFRS 16 (which essentially relate to property lease agreements).

The sub-item "Debt **Securities issued**" includes the interest expense on the Bonds issued by the parent company and the subsidiary MCC, plus the change in the amortised cost of the same bonds recognised under Liabilities item 10 - Financial liabilities measured at amortised cost - b) Securities issued.

Section 2 - Commission - Items 40 and 50

525,257	416,835
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This item is shown net of contracts in which Invitalia acts as the Delegated Contracting Authority, in compliance with IFRS 15. These involve contracts under which Invitalia acts as an "agent", that is with the obligation to take action to ensure a third party provides the specific asset or service.

The reimbursement received is net of the cost incurred to comply with the obligation.

2.1 Commission income: breakdown

Type of services/Amounts	Total 31/12/2021	Total 31/12/2020
a) financial leases	-	-
b) factoring transactions	545	358
c) consumer loans	-	-
d) guarantees given	-	2
e) services	522,085	416,240
- management of third party funds	400,243	319,053
- currency brokering	-	-
- product distribution	-	-
- other	121,842	97,187
f) collection and payment services	-	-
g) servicing for securitisation transactions	-	-
h) other commissions	2,627	235
Total	525,257	416,835

The item "Management of third-party funds/other services" at 31 December 2021 essentially includes € 165 million relative to fees and contributions to repay costs incurred to carry out activities associated with operating programmes assigned by the Administrations to the parent company, € 159 million for the subsidiary Banco del Mezzogiorno-MCC, of which 154 million for services rendered to manage the SME Guarantee Fund and € 200 million for revenue accrued by Infratel to build the ultra-broadband infrastructure network commissioned by the regional administrations.

Below is the breakdown:

	2021	2020
Broadband deployment	200,222	153,739
BdM - MCC - Subsidised SME Financing	154,000	121,634
Remain in the South	13,169	12,103
2015 Development contracts	9,194	7,347
Central Italy earthquake	7,978	5,136
Earthquake Emilia Romagna 2019-2020	7,796	12,029
Transition to DVB-T2 communication	7,744	2,325
TA on 2014-2020 Enterprise and Competitiveness NOP	7,597	8,684
Grow in the South	4,750	1,500
Smart & Start Italia	3,890	3,818
National technical assistance programme DCF	3,687	3,115
New interest-free companies	3,381	3,352
Bagnoli-Coroglio remediation	3,372	3,385
Sabatini Capital Goods	3,333	3,323
Ecobonus	3,294	0
Company Protection Fund	3,140	0
Tech. Assistance PO Environment MATTM DGSTA	3,095	2,573
System Actions-IV addendum	2,890	2,667
Tech. Ass. MED GDEI Enterprises and Competitiveness COP	2,510	1,875
ReOPEN SPL	2,182	2,536
Italian Legislative Decree No. 185-Title 2	2,064	2,519
MLPS Controls Level I	2,038	1,400
Innovative entrepreneurship	1,947	1,060
NRP 2015-2020- DCF Plan	1,824	1,904
former prison S. Stefano Ventotene IDC	1,700	0
CdC MIBACT cohesion policy project	1,630	1,016
Digital export reinforcement	1,529	1,441
Consumers 2019-2021	1,515	977
Development of creative cultural enterprises	1,507	0
SELFIEmployment tutoring	1,499	0
Italian Legislative Decree No. 185-Title 1	1,495	1,897
Digit GDEI ZFU	1,462	1,582
Bagnoli - Works	1,423	3,707
Culture and Tourism DCF 2014-2020	1,397	1,228
National Aid Register	1,375	2,465
Patents +2	1,253	798

Assessment Notice 12 areas	1,223	0
Capitanata IDC	1,167	0
PA reinforcement of SEN implementation	1,137	0
Innovative investments - Ministerial Decree 9/3/2018	1,124	1,560
Complex Industrial Crises	1,082	0
Ministry for the Environment – Env. Remediation - Asbestos	1,071	0
TA OP Health DCF	1,064	0
Assessment MUR research project	1,055	0
Large Companies Fund	1,027	0
CSU water purification framework agreement	991	0
"DGLC UIBM - Strengthen admin. activity	987	778
Imprenditorialità Turismo 4	977	1,452
OP MIT DCF14/20	973	0
Checks ARS 12 areas	924	0
Voucher 3I	869	0
Support for handling the migrant reception emergency	865	1,113
SGATE	833	771
Support for the Culture and Development NOP	831	0
DTD - Digital Transformation	827	0
Social subsidies project	814	0
SME Fund	805	0
Molise IDC	798	0
2014-2020 Development contracts	743	1,563
Digital Transformation	726	0
ACP 2007/2013-Protection projects	689	0
Inland areas 3	671	1,221
New 181 Regime	390	4,296
Decree Law 18/2020 – Art. 5	295	1,262
Museum Sites of Excellence	275	1,315
Reimbursement PPE purchases pursuant to article 43, Decree Law 18/20	176	1,324
Support to Extraordinary COVID-19 Emergency Committee	158	2,606
MIUR-Servizi Istruttori Progetti Ricerca	0	1,308
MED and MIT PSNMS	0	810
Other contractors	21,615	21,724
	522,085	416,240

Section 2 – Commission expense – Item 50

(204,395) (164,548)

2.2 Commission expense: breakdown

Services/Amounts	Total 31/12/2021	Total 31/12/2020
a) guarantees received	(419)	(380)
b) distribution of third party services	(8,481)	(9,486)
c) collection and payment services	(252)	(231)
d) other commissions	(195,243)	(154,451)
Total	(204,395)	(164,548)

Below is a list of activities relative to contracts for “**Distribution of third-party services**”.

	2021	2020
Bagnoli - Works	1,303	3,597
Digital export reinforcement	845	744
Central Italy earthquake	664	343
ReOPEN SPL	583	476
NRP 2015-2020- DCF Plan	490	708
2015 Development contracts	407	220
TA on 2014-2020 Enterprise and Competitiveness NOP	349	268
Earthquake Emilia Romagna 2019-2020	334	404
Innovative entrepreneurship	280	65
System Actions-IV addendum	245	0
Remain in the South	230	188
Bagnoli-Coroglio remediation	222	352
ACP 2007/2013-Protection projects	194	120
2014-2020 Development contracts	181	54
former prison S. Stefano Ventotene IDC	162	181
Tech. Assistance PO Environment MATTM DGSTA	155	129
New 181 Regime	154	70
Support for the Culture and Development NOP	130	112
New interest-free companies	110	69
Etna Area Reconstruction	87	52
Sabatini Capital Goods	0	51
Inland areas 3	62	324
MLPS Controls Level I	0	76
National technical assistance programme DCF	50	81
Smart & Start Tutoring	38	0
New interest-free companies	28	66
System-level actions	13	64

Development of cooperatives 2017	2	72
Support for handling the migrant reception emergency	0	53
Central Italy earthquake - Schools	0	44
JHEP2 EU project support	0	48
Other contractors	1,162	457
	8,481	9,486

Section 4 - Net income from trading activities - Item 80

187 **(111)**

4.1 Net income from trading activities: breakdown

Operations/Income components	Capital gains (A)	Trading gains (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B) = (C+D)]
1. Financial assets held for trading	310	-	(123)	-	187
1.1 Debt securities	-	-	(123)	-	(123)
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	310	-	-	-	310
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	-	-	-	-	-
4. Derivatives	-	-	-	-	-
4.1 Financial derivatives:	-	-	-	-	-
- On debt securities and interest rates	-	-	-	-	-
- On equity securities and stock indexes	-	-	-	-	-
- On currencies and gold	X	X	X	X	X
- Other	-	-	-	-	-
4.2 Credit derivatives:	-	-	-	-	-
of which: natural hedges connected to the fair value option	-	-	-	-	-
Total	310	-	(123)	-	187

The item represents the net positive balance of financial transactions related to debt securities in the portfolio held by the parent company, determined as to € 123 thousand by negative year-end valuation and as to € 310 thousand by positive valuations of mutual assessment funds.

Section 5 - Net income from hedging activities - Item 90

222 **26**

5.1 Net result of hedging activities: breakdown

Income components/Amounts	Total	Total
	31/12/2021	31/12/2020
A. Income from:		
A.1 Fair value hedging derivatives	-	4,035
A.2 Hedged assets (fair value hedging)	-	-
A.3 Hedged liabilities (fair value hedging)	19,990	188
A.4 Cash flow hedging derivatives	-	-
A.5 Other	-	-
Total income from hedging activities (A)	19,990	4,223
B. Charges related to:		
B.1 Fair value hedging derivatives	(19,768)	(185)
B.2 Hedged assets (fair value hedging)	-	-
B.3 Hedged liabilities (fair value hedging)	-	(4,013)
B.4 Cash flow hedging derivatives	-	-
B.5 Other	-	-
Total charges for hedging activities (B)	(19,768)	(4,198)
C. Net income from hedging activities (A-B)	222	26
of which: net result of hedging positions	-	-

The item represents the net result of € 222 thousand, of hedging activities carried out using derivatives.

Section 6 - Profits (Losses) on disposal or repurchase - Item 100

2,315 **8,697**

6.1 Profits (losses) on disposal or repurchase: breakdown

Items/Income Components	Total			Total		
	31/12/2021			31/12/2020		
	Profit	Loss	Net result	Profit	Loss	Net result
A. Financial assets	-	-	-	-	-	-
1. Financial assets measured at amortised cost	1,175	(680)	495	-	(92)	(92)
1.1 Receivables from banks	-	-	-	-	-	-
1.2 Receivables from financial companies	-	-	-	-	-	-
1.3 Receivables from clients	1,175	(680)	495	-	(92)	(92)
2. Financial assets measured at fair value through other comprehensive income	1,837	(17)	1,820	13,345	(4,556)	8,789
2.1 Debt securities	1,837	(17)	1,820	13,345	(4,556)	8,789
2.2 Loans	-	-	-	-	-	-

Total assets (A)	3,012	(697)	2,315	13,346	(4,648)	8,697
B. Financial liabilities measured at amortised cost	-	-	-	-	-	-
1. Payables to banks	-	-	-	-	-	-
2. Payables to financial companies	-	-	-	-	-	-
3. Payables to clients	-	-	-	-	-	-
4. Securities issued	-	-	-	-	-	-
Total liabilities (B)	-	-	-	-	-	-

The item shows a positive net result of € 2,315 thousand deriving from the net profit realised through the sale of "Securities classified as financial assets measured at amortised cost" (€ 495 thousand) and the net positive result of "Financial assets measured at fair value through other comprehensive income" (€ 1,820 thousand).

Section 7 - Net income on other financial assets and liabilities measured at fair value through profit or loss - Item 110

504	536
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The item can be broken down as follows:

DESCRIPTION	31/12/2021	31/12/2020
a) financial assets and liabilities designated at fair value	0	741
b) other financial assets obligatorily measured at fair value	504	(205)
	504	536

This item represents the positive change deriving from the valuation of the capitalisation policies held by the parent company (€ 648 thousand) and the balance of the capital losses recognised on UCITS units classified under Financial assets obligatorily measured at fair value.

7.2 Net value change in other financial assets and liabilities at fair value through profit and loss: breakdown of other financial assets necessarily measured at fair value (IFRS 7, paragraph 20 letter a), i)

Operations/Income components	Capital gains (A)	Realised gains (B)	Capital losses (C)	Realised losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets	648	34	(174)	(4)	504
1.1 Debt securities	648	34	-	(4)	678
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	(174)	-	(174)
1.4 Loans	-	-	-	-	-
2. Financial assets in foreign currencies: exchange differences	-	-	-	-	-
Total	648	34	(174)	(4)	504

The sub-item mainly includes the balance of capital losses from valuation registered in units of UCITS classified among financial assets necessarily measured at fair value.

Section 8 - Net value losses/recoveries for credit risk - Item 130

(38,112) (31,166)

The item can be broken down as follows:

Items/Sectors	31/12/2021	31/12/2020
a) Financial assets measured at amortised cost	(38,288)	(30,691)
b) Financial assets measured at fair value through other comprehensive income	176	(475)
Total	(38,112)	(31,166)

8.1 Net adjustments for credit risk associated with financial assets measured at amortised cost: breakdown

Operations/Income components	Value Adjustments (1)						Write-backs (2)				Total	
	Stage one	Stage two	Stage three		Acquired or originated impaired		Stage one	Stage two	Stage three	Acquired or originated impaired	31/12/2021	31/12/2020
			Write-offs	Other	Write-offs	Other						
1. Loans to banks	(159)	-	-	-	-	-	(138)	-	-	-	(297)	3,633
- for leases	(1)	-	-	-	-	-	15	-	-	-	14	-
- for factoring	(126)	-	-	-	-	-	-	-	-	-	(126)	-
- other receivables	(32)	-	-	-	-	-	(153)	-	-	-	(185)	3,633
2. Loans to financial companies	(4)	(6)	-	-	-	-	-	-	-	-	(10)	1,437
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	(4)	(6)	-	-	-	-	-	-	-	-	(10)	1,437
3. Loans to customers	(9,575)	(8,692)	(37)	(22,465)	-	-	892	64	1,832	-	(37,981)	(35,761)
- for leases	(7,985)	(3,438)	(37)	(10,098)	-	-	965	45	1,832	-	(18,716)	-
- for factoring	(1,430)	-	-	-	-	-	-	-	-	-	(1,430)	-
- for consumer loans	-	-	-	-	-	-	-	-	-	-	-	-
- pledge loans	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	(160)	(5,254)	-	(12,367)	-	-	(73)	19	-	-	(17,835)	(35,761)
Total	(9,738)	(8,698)	(37)	(22,465)	-	-	754	64	1,832	-	(38,288)	(30,691)

The item "Net value losses/recoveries for impairment of receivables" consists of recoveries for € 2,650 thousand and € 40,938 thousand, being write-downs of loans mainly classified in stage 3 for which, also based on specific legal opinions, it was considered necessary to post adequate adjustment provisions for these items; write-downs on positions in which the insolvency procedures have closed, and the write-downs relative to the application of IFRS 9.

8.1a Net value adjustments for credit risk relative to loans measured at amortised cost subject to COVID-19 support measures: breakdown

Operations/Income components	Net value adjustments						31/12/2021	31/12/2020		
	Stage one		Stage two		Stage three				Acquired or originated impaired	
	Stage one	Stage two	Write-offs	Other	Write-offs	Other			Write-offs	Other
1. Loans in forbearance in compliance with GLs	552	961	-	79	-	-	1,592	(1,862)		
2. Loans subject to the measures of existing moratorium no longer in compliance with the GLs and not in forbearance	399	(1,643)	-	(36)	-	-	(1,280)			
3. Loans subject to other forbearance measures		(360)	-	(116)	-	-	(476)	(49)		
4. New loans	(1,324)	(1,914)	-	(20)	-	-	(3,258)	(2,246)		
Total 31/12/2021	(373)	(2,956)	-	(93)	-	-	(3,422)	(4,158)		
Total 31/12/2020	(3,964)		-	(194)	-	-	(4,158)			

8.2 Net value adjustments for credit risk associated with financial assets measured at fair value through other comprehensive income: breakdown

Operations/Income components	Value Adjustments (1)						Write-backs (2)				Total 31/12/2021	Total 31/12/2020
	Stage one	Stage two	Stage three		Acquired or originated impaired		Stage one	Stage two	Stage three	Acquired or originated impaired		
			Write-offs	Other	Write-offs	Other						
A. Debt securities	(658)	-	-	-	-	-	835	-	-	-	176	(475)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- with clients	-	-	-	-	-	-	-	-	-	-	-	-
- with financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
- with banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(658)	-	-	-	-	-	835	-	-	-	176	(475)

Section 9 - Profits (Losses) from changes in contracts without derecognition - Item 140

9.1 Profits (losses) from changes in contracts: breakdown

(897) 95

		31.12.2021	31.12.2020
a.	Loss from contractual changes without cancellations	(897)	
b.	Profit from contractual changes without cancellations		95
	Total a+b	(897)	95

Section 10 - Administrative expenses - Item 160

(221,352) (192,228)

The item can be broken down as follows:

Items/Sectors	31.12.2021	31.12.2020
Personnel expenses (a)	(166,316)	(149,369)
Other administrative expenses (b)	(55,036)	(42,859)
Total	(221,352)	(192,228)

10.1 Personnel expenses: breakdown

Type of expense/Amounts	Total	
	31/12/2021	31/12/2020
1) Employees	(153,309)	(147,874)
a) salaries and wages	(105,291)	(114,793)
b) social security charges	(32,502)	(29,123)
c) severance benefits	(1,392)	(1,228)
d) insurance expenses	(225)	(248)
e) provisions for employee severance liabilities	(5,954)	(464)
f) allocations to the provision for retirement and similar obligations:	(5)	(24)
- defined contribution	-	-
- defined benefit	(5)	(24)
g) contributions to supplementary external pension funds:	(2,089)	(379)
- defined contribution	(2,089)	(379)
- defined benefit	-	-
h) costs stemming from payment agreements based on own equity instruments	(3,310)	-
i) other employee benefits	(2,541)	(1,615)
2) Other working staff	(11,521)	(709)
3) Directors and Statutory Auditors	(1,486)	(786)

4) Personnel on leave	-	-
5) Recovery of expenses for employees seconded to other companies	-	-
6) Reimbursement of expenses for employees seconded to the company	-	-
Total	(166,316)	(149,369)

“**Payments to external supplementary pension plans with defined contributions**” account for the severance indemnity payments made to INPS.

Number of employees by category

Number of employees	31/12/2021	31/12/2020
a) executives	71	62
b) middle managers	425	397
c) remaining employees	2,191	1,777
Other working staff		
	2,687	2,236

Average number of employees

Average number of employees	31/12/2021	31/12/2020
a) executives	72	66
b) middle managers	413	394
c) remaining employees	2,036	1,827
Other working staff		
	2,521	2,287

10.3 Other administrative expenses: breakdown

Type of expense/Amounts	Total 31/12/2021	Total 31/12/2020
Other administrative expenses		
- Use of third party assets	(1,063)	(870)
- Legal and notary	(7,148)	(7,338)
- Miscellaneous third parties services	(9,893)	(10,022)
- Maintenance, utilities and insurance	(4,840)	(4,148)
- Other personnel expense	(3,181)	(1,368)
- IT systems	(14,396)	(11,284)
- Indirect taxes and taxes	(1,149)	(957)
- Communication expenses	(7,856)	(3,015)
- Consumables and other operating expenses	(531)	(288)
- Association contributions	(318)	(270)
- Board of Statutory Auditors expenses	(8)	(34)
- Other	(4,653)	(3,265)
Total	(55,036)	(42,859)

The cost of "Other personnel expenses" was affected by the increase in staff during 2021 (241 employees at the parent company) and MCC (96 employees).

The increase in "IT cost" relates mainly to the parent company, where the significant increase in active projects during 2021 required investment in the online portals and services. Other IT investments are included in the financial statements of MCC

"Communication expenses" reflect the 38% increase in advertising costs borne by the parent company in relation to the analysis, planning, booking, purchasing and monitoring of advertising space for the DVBT2 campaigns supporting the transition to second-generation digital-terrestrial.

Section 11 - Net provisions for risks and charges - Item 170

(4,984) (18,819)

The item can be broken down as follows:

Items/Sectors	31.12.2021	31.12.2020
Commitments for guarantees given (a)	590	(2,235)
Other net provisions (b)	(5,574)	(16,584)
Total	(4,984)	(18,819)

11.1 Net provisions for credit risk relative to commitments to disburse funds and financial guarantees given: breakdown

Items/Sectors	31.12.2021		
	Stage one and two	Stage three	Total
- Provisions	(1,010)		(1,010)
- Write-backs	1,599		1,599
Total	590	-	590

11.3 Net allocations to other provisions for risks and charges: breakdown

Type of expense/Amounts	Total 31/12/2021	Total 31/12/2020
Other net provisions		
- Use of provision for future charges	202	68
- Net provisions for other risks	(5,776)	(16,652)
Total	(5,574)	(16,584)

Provisions for risks and charges relate to disputes in which the risk of losing the case is considered probable.

For a description of the main disputes in which there is a possible risk of losing the case, or where no assessment has been possible, see the paragraph in the report on operations headed "D8) Litigation

Section 12 - Net adjustments to property, plant and equipment - Item 180

(20,712) (19,190)

12.1. Net value adjustments to property, plant and equipment: breakdown

Activity/Income components	Amortisation/Depreciation	Value adjustments for impairment	Write-backs	Net result
	(a)	(b)	(c)	(a + b - c)
A. Property, plant and equipment				
A.1 Operating assets	(15,495)	-	-	(15,495)
- Owned	(14,137)	-	-	(14,137)
- Rights of use acquired through leasing	(1,358)	-	-	(1,358)
A.2 Held for investment purposes	(5,217)	-	-	(5,217)
- Owned	(5,217)	-	-	(5,217)
- Rights of use acquired through leasing	-	-	-	-
A.3 Inventory	-	-	-	-
Total	(20,712)	-	-	(20,712)

The item includes depreciation for the year on owned assets as well as value adjustments regarding rights of use acquired through operations that fall within the scope of IFRS 16.

Section 13 - Net adjustments to intangible assets - Item 190

(8,024) (5,705)

13.1 Net adjustments/write-backs to intangible assets: breakdown

Activity/Income components	Amortisation/Depreciation	Value adjustments for impairment	Write-backs	Net result
	(a)	(b)	(c)	(a + b - c)
1. Intangible assets other than goodwill				
of which software:				
1.1 owned	(8,024)	-	-	(8,024)
1.2 rights of use acquired through leasing	-	-	-	-
2. Assets acquired under financial leases	-	-	-	-
3. Assets acquired through operating leases				
Total	(8,024)	-	-	(8,024)

The item includes amortisation for the year on owned fixed assets.

Section 14 - Other operating income (expense) - Item 200

39,399 **36,878**

The item can be broken down as follows:

Items/Sectors	31.12.2021	31.12.2020
Other charges (a)	(4,658)	(6,202)
Other income (b)	44,057	43,080
Total	39,399	36,878

14.1 Other operating expense

Services/Amounts	Total 31/12/2021	Total 31/12/2020
14.1 Other operating expense	-	-
- Other operating expense	(4,658)	(6,202)
Total	(4,658)	(6,202)

14.2 Other operating income: breakdown

Services/Amounts	Total 31/12/2021	Total 31/12/2020
- Rental income	227	1,219
- Revenue from contractual penalties	-	-
- Revenue from capital grants	20,517	17,768
- Revenue from operating grants	12,839	16,230
- Reversals	3	92
- Other operating income	10,471	7,771
Total	44,057	43,080

The item "Other operating expenses" mainly includes other charges recognised by the Bank for the amortisation of third-party assets, settlements, disputes and charges for securitisation. Revenues from capital grants and operating grants relate to the grants of the company Infratel.

The increase in "Other operating income" essentially relates to the income from consolidation net of the deferred tax assets posted by the Parent Company.

Section 15 - Profits (Losses) on equity investments - Item 220

4,367 **57**

15.1 Profits (losses) on equity investments: breakdown

Income components/Sectors	Total 31/12/2021	Total 31/12/2020
1. Income	15,371	471
1.1 Revaluations	(71,146)	471
1.2 Profits from disposals	-	-

1.3 Write-backs	86,517	-
1.4 Other income	-	-
2. Charges	(11,004)	(528)
2.1 Write-downs	(11,004)	(528)
2.2 Losses from disposals	-	-
2.3 Value adjustments for impairment	-	-
2.4 Other charges	-	-
Net result	4,367	(57)

Section 19 - Income taxes for the year from continuing operations - Item 270

(19,826)	(13,145)
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19.1 Income taxes for the year from continuing operations: breakdown

Income components/Sectors	Total 31/12/2021	Total
1. Current taxes (-)	(25,793)	(23,875)
2. Changes in current taxes from previous years (+/-)	3,569	1,256
3. Reduction in current taxes for the year (+)	40	0
3.bis Reduction in current taxes for the year due to tax credits pursuant to Law 214/2011 (+)	-	-
4. Changes in deferred tax assets (+/-)	2,358	9,474
5. Changes in deferred tax liabilities (+/-)	-	-
6. Taxes accruing during the year (-) (-1+/-2+3+3bis+/-4+/-5)	(19,826)	(13,145)

Section 20 - Profit (loss) after tax from discontinued operations - Item 290

2,890	(2,911)
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20.1 Profit (loss) after tax from discontinued operations: breakdown

Income components/Sectors	Total 31/12/2021	Total 31/12/2020
1. Income	10,261	(1,722)
2. Charges	1,578	6,692
3. Result of measurement of the group of assets and associated liabilities	(7,314)	(8,717)
4. Profit (loss) realised	-	(540)
5. Taxes	(1,635)	1,376
Profit (loss)	2,890	(2,911)

Section 22 - Profit (Loss) for the year pertaining to minority interests - Item 310

0 0

22.1 - Profit (Loss) for the year attributable to non-controlling interests:

Company Name	31/12/2021	31/12/2020
Result attributable to non-controlling interests	-	-
Total	0	0

Part D - OTHER INFORMATION

Section 1- Specific references for activities carried out

B - FACTORING AND ASSIGNMENT OF RECEIVABLES

B.1 - Gross value and book value

B.1.1 Factoring transactions

	31.12.2021	31.12.2021	31.12.2021	31.12.2020	31.12.2020	31.12.2020
Gross value and book value	Gross value	Value Adjustments	Net value	Gross value	Value Adjustments	Net value
1. Performing	124,740	(31)	124,709	69,578	-	69,578
. <i>Exposures to assignors (with recourse)</i>	122,517	-	122,517	67,355	-	67,355
assignment of future receivables			-	3,719		3,719
Other	122,517		122,517	63,636		63,636
. <i>Exposures to assigned debtors (without recourse)</i>	2,223	(31)	2,192	2,223		2,223
2. Non-performing	5,068	(997)	4,071	1,719	(97)	1,622
2.1 Bad Loans			-			
. <i>Exposures to assignors (with recourse)</i>	4,724	(687)	4,037	1,374	(80)	1,294
assignment of future receivables			-			
other	4,724	(687)	4,037	1,374	(80)	1,294
. <i>Exposures to assigned debtors (without recourse)</i>	344	(310)	34	345	(17)	328
acquisitions at less than nominal value			-			
other	344	(310)	34	345	(17)	328
2.2 Unlikely-to-pay						
. <i>Exposures to assignors (with recourse)</i>						
assignment of future receivables						
other						
. <i>Exposures to assigned debtors (without recourse)</i>						
acquisitions at less than nominal value						
other						
2.3 Past due						
. <i>Exposures to assignors (with recourse)</i>						
assignment of future receivables						
other						
. <i>Exposures to assigned debtors (without recourse)</i>						
acquisitions at less than nominal value						
other						
Total	129,808	(1,028)	128,780	71,297	(97)	71,200

B.2 – Breakdown by residual life

B.2.1 – With recourse factoring: advances and total receivables

Time stages	- advances	- advances	- total receivables	- total receivables
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
on demand				
within 3 months				
over 3 months to 6 months				
over 6 months to 1 year				
over 1 year	-	3,719		
unspecified time			127,241	65,010
Total	-	3,719	127,241	65,010

B.2.2 – Without recourse factoring transactions: exposures

Without recourse factoring transactions	- exposures	- exposures
	31.12.2021	31.12.2020
- on demand		
- up to 3 months		
- over 3 months to 6 months		
- over 6 months to 1 year		
- over 1 year		
- unspecified term	2,567	2,568
Total	2,567	2,568

B.3.3 - Nominal value of contracts for the acquisition of future receivables

	Total	Total
Nominal value of contracts for the acquisition of future receivables	31.12.2021	31.12.2020
Flow from contracts for acquisition of future receivables during the year	-	-
Amount of contracts existing as of the reporting date	129,808	71,297
Total	129,808	71,297

D. GUARANTEES GIVEN AND COMMITMENTS

D.1 Value of guarantees issued and commitments

D - GUARANTEES AND COMMITMENTS

D.1 - Value of guarantees (real or personal) issued and commitments

	2021	2020
1) First demand guarantees given of a financial nature		
a) Banks	29	13
c) Customers	52,591	52,828
3) Commercial guarantees given		
c) Customers	28,796	9,739
4) Irrevocable commitments to disburse funds		
c) Customers		
i) For certain use	19,523,053	15,462,637
ii) for uncertain use	350	350
7) Other irrevocable commitments		
a) to give guarantees	452	452
b) other	163,982	172,723
Total	19,769,252	15,698,742

In execution of the investment agreement signed on 10 December 2020 with Arcelor Mittal S.A., commercial guarantees have been issued in the interests of Acciaierie d'Italia Holding SpA in favour of ENI (approximately € 86 million) with counter guarantees in favour of AM S.A. (for approximately € 47 million, of which 45 million relate to the performance bond), to acquire 38% of the equity investment in Acciaierie d'Italia Holding S.p.A. (ADIH) with the capital grants allocated by the Ministry for the Economy and Finance (Decree Law 142 of 2019).

The item "Irrevocable commitments to disburse funds" includes the financial resources dedicated exclusively to the disbursement of subsidies from third-party funds under management accounted for in the memorandum accounts, since the operations of Invitalia are limited to provision of services on behalf of the State.

The item "Other irrevocable commitments" mainly includes loans stipulated to be disbursed to customers by Banca del Mezzogiorno for € 159,559 thousand.

With regards to disclosure requirements under paragraphs 125 et seq of Article 35 of Decree Law 34 of 30 April 2019, note that all the spending commitments taken on by Invitalia relative to funds under management are published in the National Aid Register, pursuant to Article 52 of Law 234 of 24 December 2012, in the transparency section established therein.

Breakdown of "Irrevocable commitments to disburse funds" - Development contracts

	2021	2020
"Research and Competitiveness" NOP ERDF 2007-2013:		
Axis I - "Support for structural changes"		
- Revolving fund for development contracts	9,668	50,296
Axis II - "Support for innovation"		
- Revolving fund for development contracts	14,553	85,835
Axis I - "Support for structural changes"		
Axis II - "Support for innovation"		
- Operating grant	1,723	1,723
SIL NOP		
- Revolving fund for development contracts	5,507	1,293
- Development contracts, operating grants	13,463	11,843
Axis II - Investments in businesses in the tourism, cultural and environmental sectors		
- Revolving fund for development contracts	-	681
L'Aquila earthquake area		
- Development Contracts operating grants-Revolving Fund	8,539	2,178
2013 Stability Law Basilicata		
- Revolving fund for development contracts	441	737
- Development contracts, operating grants	2,271	3,015
Centre-North Initiative		
- Revolving fund for development contracts	52,027	45,248
National ACP [Action and Cohesion Plan]		
- Revolving fund for development contracts	2,611	1,686
- Development contracts, operating grants	4,273	5,040
ACP for Campania		
- Revolving fund for development contracts	2,046	1,311
- Development contracts, operating grants	552	650
- Development contracts, Campania Region operating grant	12,506	14,473
2014 State budget		
- Revolving fund for development contracts	1,725	6,402
The Termini Imerese Programme Agreement		
- Revolving fund for development contracts	79	79
- Development contracts, operating grants	2,140	2,140
Development and Cohesion Fund		
- Revolving fund for development contracts	75,726	86,456
- Development contracts, operating grants	55,515	37,492
E&C NOP Axis I		
- Revolving fund for development contracts	2,543	8,201
- Development contracts, operating grants	6,337	24,734
E&C NOP Axis III		
- Revolving fund for development contracts	25,624	35,313
- Revolving fund for development contracts Por Lazio	549	542
E&C NOP Axis IV		
- Revolving fund for development contracts	10,115	10,111
- Development contracts, operating grants	1,216	4,371
E&C POC 2014-2020		
- Revolving fund for development contracts	12,571	6,381
- Development contracts, operating grants	8,204	15,607
POC Axis III		
- Development contracts, operating grants	3,403	7,895
The Sustainable Growth Fund		
- Revolving fund for development contracts	10,913	20,913

- Development contracts, operating grants	2,955	6,935
MD 9 March 2018 E&C NOP Axis III 2014-2020		
- Revolving fund for development contracts	34,123	35,668
- Development contracts, operating grants	35,580	20,761
MD 9 March 2018 E&C NOP Axis IV 2014-2020		
- Revolving fund for development contracts	1,046	248
- Development contracts, operating grants	926	122
Region DC		
- Lazio operating grant	3,276	2,325
- Abruzzo operating grant	3,574	75
- Piedmont operating grant	663	658
- Puglia operating grant	3,076	3,076
- Sicily operating grant	9,364	141
- Umbria operating grant	375	539
- North-east Reg. operating grant	299	211
- Basilicata operating grant	1,493	549
- Marche operating grant	111	-
- Sardinia operating grant	11,923	-
National Resources DC		
- Development contracts, operating grants	472	1,068
Por Sardinia DC		
- Development contracts, operating grants	361	14,840
Sustainable mobility DC		
- Development contracts, operating grants	50,000	-
Budget Law 2020 DC		
- Revolving fund for development contracts	15,000	-
- Development contracts, operating grants	9,987	-
Capitanata DC		
- Development contracts, operating grants	1,302	-
Equity Investments DC	9,251	9,251
Total	541,997	589,112

	2021	2020
"Renewable Energies and Energy Saving" IOP ERDF 2007-2013:		
Axis I - "Energy production from renewable sources"		
- Activity line 1.2		
- Revolving fund for subsidised loans	3,511	79,040
- Operating grant	2	2
- Activity line 2.1		
- Revolving fund for subsidised loans	1,704	48,998
- Operating grant	179	179
- Activity line 1.1 - Biomass		
- Revolving fund for subsidised loans	209	11,252
- Operating grant	41	42
Smart & Start Title-II and III		
- Contribution to operating expenses, Title II (MD 06/03/2013)	3,644	3,644
- Operating grant, Title III (MD 06/03/2013)	4,585	4,598
- Grant for Smart Start Abruzzo	1,170	1,171
Smart and Start Italy		
- Revolving Fund - Operating grant - Management Grant IT MD 24/09/14	14,525	25,441
- Revolving Fund - Operating grant - 2017 Stability Law management	5,082	17,112
- Revolving Fund - Operating grant - 2014/2020 NOP management	7,743	9,890
New interest-free companies		
- Revolving fund for Single Fund	66,939	9,398
- Revolving fund for 2017 Stability Law	48,261	9,868
- non-interest bearing cash, LED NOP 2000/2006	17,482	1,254
- Revolving Fund Pac Campania	9,748	22
- Cash c/o Treasury 01/01	-	44,174
- Fees collected from Treasury account	(17,600)	(5,822)
SELFIEmployment		
- Revolving fund	8,170	13,012
AZ 3.A.1.A New Businesses NOP		
- Revolving fund	9,365	10,552
- Operating grants	605	172
AZ 3.B.1.A NOP Cons. SME		
- Revolving fund	6,044	6,246
- Operating grants	902	487
AZ 3.C.1.A NOP Tertiary Sector		
- Operating grants	891	376
CRASI L'Aquila MD 14/10/2015		
- Measure I, operating grant - New Crasi	786	1,726
- Measure II, operating grant	454	455
Murgia		
- operating grant	3,510	3,510
MD Campania 13/02/2014		
- Revolving fund	5,327	4,982
- operating grant	2,775	3,065
New Law 181		
-Growth Fund, Revolving fund	17,536	6,425
-NOP E&C Axis III, Revolving fund	8,834	9,470
-POR FESR 2014-2020 Campania Revolving Fund	1,770	3,286
-POR FESR 2014-2020 Basilicata Revolving Fund	506	506

-FSC Campania Revolving Fund	935	29
-Single Fund, Revolving fund	2,141	2,668
-Law 80/05 Revolving Fund	13,948	1,655
- FSC Calabria Revolving Fund	274	334
-Growth fund, operating grant	7,475	3,475
-NOP E&C Axis III, operating grant	4,030	1,148
-FESR operating grant	3,954	138
-Law 80/05 operating grant	5,623	703
-Single Fund, operating grant	1,628	1,835
-FSC Campania operating grant	472	72
-FSC Calabria operating grant	169	173
-Puglia PA Revolving Fund	253	-
-Puglia PA operating grant	126	-
-Veneto PA Revolving Fund	800	-
-Veneto PA operating grant	160	-
-Piedmont PA Revolving Fund	347	-
-Marche PA Revolving Fund	350	-
-Marche PA operating grant	70	-
-Lazio PA Revolving Fund	-	-
-Lazio PA operating grant	1	-
-FVG PA operating grant	25	-
-FVG PA Revolving Fund	23	-
Resto al sud [Remain in the South]		
- operating grant, capital grant	38,575	41,019
Internationalisation voucher		
- operating grant	-	1,557
Innovative Investments Voucher		
- operating grant	121,244	38,860
Management of concession laws		
- Single fund Article 27 par. 11 Law 488/1999	66,872	68,269
- EU funds	4,156	4,156
- QCS Fertility Project 89/94	1,996	1,996
- Young ideas change Italy	1,163	1,163
CuraItalia		
- CuraItalia Decree Law 18 of 17 March 2020 - article 5	11,001	15,609
- CuraItalia Decree Law 17 March 2020 - Safe Company Notice article 43	2,051	2,926
Patents +		
- Contributions	64,013	50,279
Southern Enterprise Fund	112,840	124,380
Matera DL 91-2017 art 7 par. 1-BIS	8,625	13,613
COP MED 2020 Notification		
- operating grant	2,933	5,302
"Cresci al Sud" Fund (Grow in the South)		
-Equity investments	39,249	50,000
Company Protection Fund		
-Equity investments-Revolving Fund- Bond Loans	278,860	300,000
Fuel Tender		
- operating grant	591	-
Spa Bonus		
- operating grant	53,000	-
Digital Transformation		
- operating grant	19,512	-
Social Economy		
- operating grant	385	-
Large Company Fund		
-Revolving fund	400,000	-
Digital Entertainment Fund		
-Funds collected	4,000	-
National Energy Efficiency Fund		

-Guarantees	33,257	33,257
-Revolving Fund	77,461	77,600
SME Relaunch		
-Revolving Fund	9,284	-
Smart Money		
- operating grant	9,025	
Guarantee fund Law 23/12/96 no. 662 c/o Mediocredito Centrale	17,081,173	13,500,943
Sustainable Growth Fund DL 22/06/12 no. 83, article 23, p. 2	181,216	117,347
Fund Law 23/12/00 art. 106 c/o Mediocredito Centrale	32,325	32,334
Fund Law 23/12/97 no. 454 c/o Mediocredito Centrale	1,475	1,454
National Research and Innovation Operating Programme Fund 2014-2020	6,342	4,095
Management portion single fund Marche Region	4,409	4,420
Management portion single fund Liguria Region	8,764	8,761
Law 488 RTI (MCC/BDS/IRFIS) MPA (now MED)	7,436	7,454
Other funds	20,319	18,714
Total	18,981,056	14,862,271
Other commitments of uncertain use	350	350
Total	18,981,406	14,862,621
Grand total	19,523,053	15,451,383

COMMITMENTS

Note that in the following schedules, amounts relative to liquidity available for individual lines include annual interest accrued and indicate the effective amount of resources available for disbursing subsidies.

Development Contracts

In implementation of Article 43 of Italian Decree-Law no. 112 of 25 June 2008 converted and amended by Italian Law no. 133 of 6 August 2008, the Interministerial Decree of 24 September 2010, published in the *Official Gazette of the Italian Republic (OG)* no. 300 of 24 December 2010, establishes the so-called "Development Contracts" identified with a new preferential formula designed to support large investments.

The subsequent Ministerial Decree [MD] of February 2014, published in the *OG* on 29 January 2015, reformed the governance of development contracts in accordance with EU legislation for the 2014-2020 period (EU regulation 651/2014 - GBER). Subsequently, the MD was integrated and amended by the Ministerial Decree of 9 June 2015, published in the *OG* on 23 July 2015. Lastly, on 8 November 2016, a further amendment decree was issued, published in the *OG* on 5 December 2016, to reduce the time required for granting subsidies and to establish a new procedure for large-scale strategic projects.

The details of the individual financial sources active in the Development Contracts are shown below.

Axis I - support for structural changes (operational goal 4.1.1.2 "Technological-productive areas for system competitiveness")

This measure enables the financing of investment, research and development programmes undertaken in the Industry, Tourism and Trade sectors.

Axis II - Support for innovation (4.2.1.1 Operational objective "Strengthening the production system")

The project includes two programmes focussed on:

- industrialisation of the results of the experimental research and development programmes;
- the pursuit of specific innovation, competitive improvement and environmental protection goals.

A Revolving Fund has been established for a revolving fund for disbursements of facilitated financing under the operational goal 4.2.1.1 with separate capital and accounting. Total financial resources allocated to the above goal are € 430 million of which € 50 million dedicated to Axis II.

	2021	2020
Revolving Fund (MD 24/09/10) Axis I		
Cash at 01/01	50,296	42,024
Repayments from beneficiaries	3,786	10,440
Repayment of interest portions and interest on arrears	30	-
Funds returned to the Ministry	(44,446)	(1,777)
Amounts	-	(393)
Net annual banking amounts	2	2
Cash at 31/12	9,668	50,296

	2021	2020
Revolving Fund (IT MD 24/09/10) Axis II		
Revolving Fund (IT MD 06/08/10)		
Cash at 01/01	85,835	67,849
Funds returned to the Ministry	(85,600)	-
Subsidies provided		
MD 06/08/10 NOP RC	-	(1,521)
Repayment of capital portion:		
MD 06/08/10 NOP RC	9,639	14,839
Axis 2 DC	3,684	3,672
ACP	858	856
Repayment of interest portions		
MD 06/08/10 NOP RC	83	129
Axis 2 DC	42	52
ACP	12	14
Receivables due from other measures	-	1
Amounts		
Axis 2 DC	-	(56)
Cash at 31/12	14,553	85,835
	2021	2020
Operating grants (MD 24/09/10) Axis I		
Operating grants (MD 24/09/10) Axis II		
Grants for plant (MD 06/08/10)		
Cash at 01/01	1,723	3,413
Subsidies provided		
MD 06/08/10 NOP RC	-	(661)
ACP	-	(976)
Transfer of funds to other measures	-	(52)
Cash at 31/12	1,723	1,723

For this financial source, no subsidies were disbursed during the financial year and around € 130,046 thousand were returned to the Ministry

2000-2006 LED NOP

Resources made available from the 2000-2006 LED NOP were used to fund development contracts.

	2021	2020
Revolving Fund (MD 24/09/10)		
Cash at 01/01	1,293	4,912
Cash advances, other measures	5,000	5,000
Subsidies provided	(1,536)	(8,825)
Repayments from beneficiaries	751	206
Net annual banking amounts	(1)	-
Cash at 31/12	5,507	1,293
Grants for plant (MD 24/09/10)		

Cash at 01/01	11,843	6,266
Funds cashed	-	4,000
Cash advances, other measures	10,000	(6,000)
Cash returns, other measures	-	5,000
Subsidies provided	(8,380)	(6,795)
Repayments from beneficiaries	-	9,372
Cash at 31/12	13,463	11,843

For this financial source, subsidies totalling € 9,916 thousand were disbursed and funds of around € 15,000 thousand were collected from other measures.

Axis II - Business competitiveness in the tourism, cultural and environmental sectors, and promotion of Region offerings, convergence objective

The funds allocated to the EU programme are aimed at making investments in the tourism and cultural sectors for qualification and innovation of accommodation facilities.

	2021	2020
Revolving fund for subsidised loans		
Cash at 01/01	681	764
Returning funds to the Ministry	(681)	-
Amounts	-	(83)
Cash at 31/12	-	681
Operating grant		
Cash at 01/01	-	312
Transfer of funds to other measures	-	(312)
Cash at 31/12	-	-

Relative to this financial source, € 681 thousand was repaid to the Ministry during 2021

The L'Aquila Earthquake Area - Development and Cohesion Fund

The Agency was specifically appointed for projects aimed at favouring the economic and employment recovery of the Abruzzo area hit by the April 2009 earthquake. 4 Development Contracts were signed and disbursements were made for a total of over € 29.3 million.

	2021	2020
Operating Grant Development Contracts (IT MD 24/09/10)		
Cash at 01/01	2,178	1,277
Funds cashed	8,105	20,539
Restitution of funds to other Measures	-	(5,000)
Cash advances and other measures	-	(5,539)
Subsidies provided	(2,030)	(2,567)
Sums to return Ministerial Commission	22	31
Net annual banking amounts	-	-
Cash at 31/12	8,275	8,741
Revolving Fund (MD 24/09/10)		
Subsidies provided	(835)	(7,072)
Repayments from beneficiaries	1,099	509
Total cash at 31/12	8,539	2,178

For this financial source, € 2,865 thousand in subsidies were disbursed during the financial year and € 8,105 thousand were collected from the Ministry.

2013 Basilicata regional budget - Law 228/2012

Financial assistance in support of private investments has been made available in the Basilicata region to facilitate the start-up and continuation of entrepreneurial initiatives aimed at developing tourism. The intent is to strengthen and improve the quality of accommodation services on offer as well as ancillary activities aimed at promoting tourism products and in need of investment. Relative to this financial source, only 1 Development Contract was admitted, which utilised the entire amount of financing available. Total disbursements amounted to € 9.5 million.

	2021	2020
Development Contracts Revolving Fund (IT Law 228/2012)		
Cash at 01/01	737	817
Funds cashed	-	418
Subsidies provided	(295)	(498)
Repayments from beneficiaries	-	-
Net annual amounts	(1)	-
Cash at 31/12	441	737
Operating Grant Development Contracts (IT Law 228/2012)		
Cash at 01/01	3,015	15
Funds cashed	-	3,023
Transfer of funds	-	910
Restitution of funds to MED	-	(28)
Sums to return Ministerial Commission	-	6
Subsidies provided	(744)	(911)
Net annual banking amounts	-	-
Cash at 31/12	2,271	3,015

For this financial source, € 1,039 thousand in subsidies were disbursed during the year.

The Centre-North Initiative - D.L. 69/2013

Law 69/2013 is one of the financial sources related to Development Contracts which contains provisions for economic growth. At 31 December 2021, 13 Development Contracts were admitted for use of subsidies.

	2021	2020
Development Contracts Revolving Fund (IT DM 24/09/10)		
Cash at 01/01	45,248	36,320
Subsidies provided	(3,937)	(3,360)
Repayments from beneficiaries	9,890	12,261
Sums to return Ministerial Commission	-	13
Payables to customers	808	-
Net annual banking amounts	18	14
Cash at 31/12	52,027	45,248

For this financial source, € 3,937 thousand in subsidies were disbursed during the year.

ACP - Action and Cohesion Plan

The Action and Cohesion Plan aims to:

- accelerate the implementation of the 2007-2013 plans;
- strengthen the effectiveness of interventions by orienting them towards measurable results and focusing resources;
- start new actions, some of a prototype nature which, according to the results, will be incorporated into the 2014-2020 plans.

8 Development Contracts were given access to the subsidies and around € 89.7 million was disbursed.

	2021	2020
Development Contracts Revolving Fund (IT DM 24/09/10)		
Cash at 01/01	1,686	1,260
Subsidies provided	-	(26)
Repayments from beneficiaries	925	452
Cash at 31/12	2,611	1,686
Operating Grant Development Contracts (IT MD 24/09/10)		
Cash at 01/01	5,040	2,110
Return of cash advance	-	5,000
Revolving fund for cash advances	-	363
Subsidies provided	(789)	(2,477)
Payables due to Ministerial Commission	22	43
Net annual banking amounts	-	1
Cash at 31/12	4,273	5,040

For this financial source, € 789 thousand in subsidies were disbursed during the year

ACP for Campania

The Action and Cohesion Plan of the Campania Region has been set up to provide incentives in support of productive investments oriented towards innovation and competitive improvement in the manufacturing and electricity production sectors as well as other specific services. The goal is the conversion of economically distressed areas through the innovation, integration and management of companies, the enhancement of disused or underused facilities and the creation of new jobs. Of the 15 requests presented, on 4 were granted access to the subsidies, which exhausted the financial resources available.

	2021	2020
Development Contracts Revolving Fund (IT DM 24/09/10)		
Cash at 01/01	1,311	1,714
Subsidies provided	-	(1,171)
Repayments from beneficiaries	735	768
Cash at 31/12	2,046	1,311
Grants for plant (MD 24/09/10)		
Cash at 01/01	650	4,984
Transfer of funds from other measures	700	0
Subsidies provided	(851)	(4,339)
Payables to tax authorities	-	(24)
Repayments from beneficiaries	7	-
Sums to return Ministerial Commission	46	29
Cash at 31/12	552	650
Region of Campania		
Cash at 01/01	14,473	10,320
Funds cashed	10,000	20,000
Restitution of funds to other measures	-	(5,000)
Subsidies provided	(11,967)	(10,847)
Cash at 31/12	12,506	14,473

During the year, € 12,819 thousand of subsidies were paid on this financial source, € 10,000 thousand were collected from the Ministry and € 700 thousand were collected from another financial source.

Law 147/2013 - 2014 Stability Law

This subsidy aims to finance interventions for territorial safety, national interest sites and environmental policy. Only one Development Contract was given access to this financing source, but the resources were used to cover the subsidised financing associated with other DC measures.

	2021	2020
Revolving Fund (MD 24/09/10)		
Cash at 01/01	6,402	4,187
Transfer of amounts from other measures	-	5,000
Subsidies provided	(5,340)	(3,746)
Repayments from beneficiaries	648	959
Withholding Ministerial Compensation	13	-
Net annual banking amounts	2	2

Cash at 31/12	1,725	6,402
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Relative to this financial source, during the year subsidies totalling € 5,340 thousand were disbursed.

Termini Imerese PA

This is the Programme Agreement regulating the retraining and upgrading of the Termini Imerese industrial site.

	2021	2020
Development Contracts Revolving Fund (IT DM 09/12/14)		
Cash at 01/01	79	79
Cash at 31/12	79	79
Grants for plant (MD 24/09/10)		
Cash at 01/01	2,140	2,140
Cash at 31/12	2,140	2,140

For this financial source, no subsidies were disbursed during the year

2014-2020 Development and Cohesion Fund (DCF)

The Fund for development and cohesion (DCF) is the main financial tool through which development policies are being implemented in economic, social and territorial cohesion endeavours and the removal of economic and social imbalances, in order to implement the provisions of the Italian Constitution and the European Union Treaty.

	2021	2020
Development Contracts Revolving Fund (IT MD 24/09/10)		
Cash at 01/01	86,456	63,171
Funds cashed	-	29,500
Reclassification of disbursements previous years	-	3,705
Transfer of funds to other measures	-	(3,000)
Subsidies provided	(14,449)	(11,480)
Repayments from beneficiaries	4,305	4,574
Amounts	(598)	(37)
Payables due to other measures	(5)	5
Net annual banking amounts	17	18
Cash at 31/12	75,726	86,456
Operating Grant Development Contracts (IT MD 24/09/10)		
Cash at 01/01	37,492	19,503
Funds cashed	104,890	79,560
Transfer of funds from other measures	3,500	5,000
Transfer of funds to other measures	(5,700)	(21,410)
Subsidies provided	(84,315)	(47,773)
Reclassification of disbursements previous years	-	2,600
Amounts	(399)	-
Sundry payables	48	12
Net annual banking amounts	(1)	-
Cash at 31/12	55,515	37,492

During the year, relative to this financial source, disbursements of € 98,764 thousand were paid. A total of € 104,890 thousand was collected from the Ministry and funds totalling € 5,700 thousand were transferred to other financial sources. Funds of € 3,500 thousand were collected from another financial source.

Axis I Innovation E&C NOP DC

These development contracts are aimed at sustaining initiatives charged to the E&C NOP for the management and implementation of the following projects:

- "Intelligent energy distribution networks (smart grids) and work on closely related transmission networks aimed at directly increasing the distribution of energy produced from renewable sources, introduction of equipment incorporating digital communications systems, smart metering, control and monitoring for cities and peri-urban areas".

Commitments to third parties are shown in the following tables:

	2021	2020
Development Contracts Revolving Fund		
Cash at 01/01	8,201	5,350
Funds cashed	3,000	20,946
Subsidies provided	(8,717)	(14,341)
Reclassification of disbursements previous years	-	(3,705)
Repayments from beneficiaries	133	27
Amounts	(79)	(71)
Receivables due from other measures	5	(5)
Cash at 31/12	2,543	8,201
Operating Grant Development Contracts		
Cash at 01/01	24,734	11,746
Funds cashed	7,000	30,000
Subsidies provided	(25,397)	(14,412)
Reclassification of disbursements previous years	-	(2,600)
Cash at 31/12	6,337	24,734

For this financial source, subsidies totalling € 34,114 thousand were disbursed and funds of around € 10,000 thousand were collected

Axis III SME Competitiveness E&C NOP DC

Through the Development Contract, Invitalia supports large investments in the industry, tourism and environmental protection sectors. At 31 December 2020, 14 Development Contracts were signed and subsidies were granted for a total of € 98 million. Commitments to third parties are shown in the following tables:

	2021	2020
Development Contracts Revolving Fund		
Cash at 01/01	35,313	45,783
Subsidies provided	(10,383)	(11,324)
Reclassification of disbursements previous years POR Lazio	-	(720)
Reclassification of disbursements previous years	-	163
Repayments from beneficiaries	1,247	1,509
Payables due to other measures	1	-
Amounts	(565)	(113)
Net annual banking amounts	11	15
Cash at 31/12	25,624	35,313
Revolving Fund Por Lazio		
Cash at 01/01	542	960
Subsidies provided	-	(1,152)
Reclassification of disbursements previous years	-	720
Repayments from beneficiaries	7	14
Cash at 31/12	549	542

For this financial source, € 10,383 thousand in subsidies were disbursed during the year.

Axis IV E&C NOP DC

This financial source is intended for the deployment of intelligent storage systems serving smart grid distribution networks and renewable energy generating stations” linked to Axis IV “Energy Efficiency”.

	2021	2020
Development Contracts Revolving Fund		
Interest-bearing cash	10,111	10,108
Net annual banking amounts	3	3
Closing interest-bearing cash	10,115	10,111
Operating Grant Development Contracts		
Interest-bearing cash	4,371	14,006
Subsidies provided	(3,156)	(9,638)
Net annual banking amounts	-	3
Closing interest-bearing cash	1,216	4,371

Relative to this financial source, during the year subsidies totalling € 3,157 thousand were disbursed.

2014-2020 COP - "Enterprises and Competitiveness"

The financial resources for the COP, equal to € 355 thousand, are intended to finance two lines of intervention in the most disadvantaged areas of the country. One line relates to the attraction of investments capable of ensuring a regional impact on SMEs (60% of the budget). The other (40% of the financial allocation) covers significant investments.

Commitments to third parties are shown in the following tables:

	2021	2020
Development Contracts Revolving Fund		
Cash at 01/01	6,381	8,548
Funds cashed	10,000	10,000
Transfer of funds from other measures	-	-
Transfer of funds to other measures	-	(5,000)
Reclassification of disbursements previous years	-	(163)
Subsidies provided	(3,929)	(7,058)
Repayments from beneficiaries	131	43
Payables due to other measures	(11)	11
Receivables due from other measures	(1)	-
Net annual banking amounts	-	-
Cash at 31/12	12,571	6,381
Operating Grant Development Contracts		
Cash at 01/01	15,607	7,037
Funds cashed	10,000	20,000
Reclassification of disbursements previous years	-	(2,922)
Subsidies provided	(17,403)	(8,512)
Sums to return Ministerial Commission	-	4
Net annual banking amounts	-	-
Cash at 31/12	8,204	15,607

For this financial source, € 21,332 thousand in subsidies were disbursed during the year and € 20,000 thousand were collected from the Ministry.

COP - 2014-2020 Action and Cohesion Programme - "Businesses and Competitiveness" Axis III

Commitments to third parties are shown in the following tables:

	2021	2020
Operating Grant Development Contracts		
Cash at 01/01	7,895	5,438
Funds cashed	10,000	10,000
Transfer of funds from other measures	-	17,000
Subsidies provided	(14,514)	(27,465)
Reclassification of disbursements previous years	-	2,922
Withholding Ministerial Compensation	22	-
Cash at 31/12	3,403	7,895

For this financial source, € 14,514 thousand in subsidies were disbursed and € 10,000 thousand in funds were collected during the year.

Sustainable Growth Fund DC

This measure is intended to finance industrial investment and environmental protection projects in the regions of the centre/north.

	2021	2020
Development Contracts Revolving Fund		
Cash at 01/01	20,913	845
Funds cashed	-	20,000
Transfer of funds to other measures	(10,000)	-
Interest returns	-	65
Net annual banking amounts	-	3
Cash at 31/12	10,913	20,913
Operating Grant Development Contracts		
Cash at 01/01	6,935	2,308
Receipts from Ministry	10,000	10,000
Subsidies provided	(13,980)	(5,374)
Net annual banking amounts	-	1
Cash at 31/12	2,955	6,935

For this financial source, during the year € 13,980 thousand in subsidies were disbursed, € 10,000 thousand of funds were collected and € 10,000 thousand were transferred to another measure.

IT MD 9 MARCH 2018 - Innovative Investments E&C NOP Axis III 2014-2020

This measure serves to support innovative investment programmes with the aim of improving the efficiency and/or flexibility of economic activity, to support the manufacturing sector in transitioning to the "Intelligent Factory" model.

	2021	2020
Development Contracts E&C NOP Axis III - Revolving Fund		
Opening interest-bearing cash	35,668	40,207
Funds cashed	42,299	42,299
Receivables due from other measures	-	734
Transfer of funds	4,300	-
Subsidies provided	(48,144)	(47,610)
Repayments from beneficiaries	-	38
Cash at 31/12	34,123	35,668
Development Contracts E&C NOP Axis III - Operating grant		
Opening interest-bearing cash	20,761	55,000
Funds cashed	40,000	-
Payables due to other measures	-	(734)
Transfer of funds to other measures	(4,300)	-
Subsidies provided	(21,104)	(33,505)
Payables to tax authorities	223	-
Cash at 31/12	35,580	20,761

For this financial source, € 69,248 thousand in subsidies were disbursed during the year and € 82,299 thousand were transferred from the Ministry. Additionally, € 4,300 thousand was transferred to other financial sources.

MD 09 MARCH 2018 - Innovative Investments E&C NOP Axis IV 2014-2020

	2021	2020
Development Contracts E&C NOP Axis IV - Revolving Fund		
Opening interest-bearing cash	248	7,787
Funds cashed	908	-
Restitution of funds to MED	-	(6,879)
Subsidies provided	(110)	(660)
Cash at 31/12	1,046	248
Development Contracts E&C NOP Axis IV - Operating grant		
Opening interest-bearing cash	122	700
Funds cashed	900	-
Subsidies provided	(96)	(578)
Cash at 31/12	926	122

For this financial source, € 206 thousand in subsidies totalling were disbursed during the year and € 1,808 thousand were collected from the Ministry

Region DC

Italian Ministerial Decree 9 May 2017 saw the introduction of a procedure known as "Development Agreements", to support the implementation of major strategic projects. The Agreement, signed by the Regions and the MED, established a co-financing portion under the responsibility of the latter, making use of the DCF resources for 2014-2020.

	2021	2020
Lazio operating grant development contracts		
Cash at 01/01	2,325	3,333
Funds cashed	2,367	-
Subsidies provided	(1,416)	(1,008)
Cash at 31/12	3,276	2,325
Abruzzo operating grant development contracts		
Cash at 01/01	75	75
Funds cashed	3,500	-
Net annual banking amounts	(1)	-
Cash at 31/12	3,574	75
Piedmont operating grant development contracts		
Cash at 01/01	658	480
Funds cashed	701	434
Subsidies provided	(735)	(256)
Sums to return Ministerial Commission	39	-
Cash at 31/12	663	658
Puglia operating grant development contracts		
Cash at 01/01	3,076	-

Funds cashed	-	4,544
Subsidies provided	-	(1,468)
Cash at 31/12	3,076	3,076
Sicily operating grant development contracts		
Cash at 01/01	141	-
Funds cashed	15,000	-
Transfer of funds from other measures	-	3,500
Transfer of funds to other measures	(3,500)	-
Subsidies provided	(2,277)	(3,359)
Cash at 31/12	9,364	141
Umbria operating grant development contracts		
Cash at 01/01	539	-
Funds cashed	-	539
Subsidies provided	(164)	-
Cash at 31/12	375	539
North-east Region operating grant development contracts		
Cash at 01/01	211	-
Funds cashed	680	700
Subsidies provided	(592)	(489)
Cash at 31/12	299	211
Basilicata operating grant development contracts		
Cash at 01/01	549	-
Funds cashed	1,046	549
Subsidies provided	(102)	-
Cash at 31/12	1,493	549
Marche operating grant development contracts		
Cash at 01/01	-	-
Funds cashed	140	-
Subsidies provided	(29)	-
Cash at 31/12	111	-
Sardinia development contracts		
Cash at 01/01	-	-
Funds cashed	14,840	-
Subsidies provided	(2,924)	-
Repayments from beneficiaries	7	-
Cash at 31/12	11,923	-

For this financial source, € 8,239 in subsidies were disbursed during the year and € 23,424 thousand was collected from the Ministry. Additionally, € 14,840 thousand was collected from another measure and a total of € 3,500 thousand was transferred to other financial sources.

National Resources DC

The funds which can be used to carry out investments come from special account 1726 "Depressed Areas Projects", in the context of resources intended for unused programme contracts.

	2021	2020
Development Contracts, Operating Grants		
Cash at 01/01	1,068	-
Transfer of funds from other measures	-	4,000
Subsidies provided	(596)	(2,932)
Cash at 31/12	472	1,068

During the year, € 596 thousand in subsidies were disbursed for this financial source.

Por Sardinia DC

In 2015, the Sulcis Plan was begun with the aim of relaunching the economic system and taking advantage of the potential of this area.

	2021	2020
Development Contracts, Operating Grants		
Cash at 01/01	14,840	-
Funds collected	3,600	14,840
Transfer of funds to other measures	(14,840)	-
Subsidies provided	(3,239)	-
Cash at 31/12	361	14,840

Development Contract Equity Investments

With a Decree of 23 March 2018, the Agency was assigned € 20 million to acquire minority shareholdings in companies already financed through Development Contracts, with the aim of reopening industrial plants of significant size.

	2021	2020
Development Contract Acquisitions of Equity Investments		
Cash at 01/01	9,251	9,250
Funds collected	7,003	-
Capital grant payment	(7,003)	-
Net annual banking amounts	0	1
Cash at 31/12	9,251	9,251

With MED directives, Invitalia was authorised to use resources pursuant to It. Law no. 145 of 30 December 2018 to support the equity investments acquired with DC funds in the process of relaunching production, with the issue of guarantees and counter-guarantees in favour of public bodies and suppliers within the limits of the stakes held.

Sustainable Mobility IDC

For the implementation of paragraph 613 of Law 232 of 11 December 2016, the MED and the Ministry for Infrastructure and Transport have entered into an agreement for a strategic national plan on sustainable mobility, aimed at upgrading the local and regional public bus services and at promoting and improving air quality using new technologies.

	2021	2020
Funds collected	50,000	-
Ending interest-bearing cash	50,000	-

For this financial source, no subsidies were disbursed.

2020 Budget Law IDC

In relation to this measure, the Ministerial Directive of 15 April 2020 allocated additional funds of € 600 million for the development contracts scheme. This will be used for applications for development agreements and programme agreements across the country. In the Ministerial Decree of 5 March 2021, a further € 500 million were allocated, of which € 250 million will be for the biomedical industry and the green transition.

	2021	2020
Development Contracts Revolving Fund		
Funds collected	15,000	-
Ending interest-bearing cash	15,000	-
Development Contracts, Operating Grants		
Funds collected	15,000	-
Subsidies provided	(5,013)	-
Ending interest-bearing cash	9,987	-

During the year, € 5,013 in subsidies were disbursed for this financial source.

Capitanata IDC

On 13 August 2019 the Capitanata institutional development contract (Capitanata IDC) was signed, through which Invitalia will manage the business support measures according to the funding allocated to the development contracts. This measure is financed through funds of the Presidency of the Council.

	2021	2020
Development Contracts, Operating Grants		
Funds collected	6,963	-
Subsidies provided	(5,662)	-
Net annual banking amounts	1	-
Cash at 31/12	1,302	-

During the year, € 5,662 thousand in subsidies were disbursed for this financial source.

Other Measures

“Renewable Energies and Energy Saving” IOP ERDF 2007-2013

The Ministry has issued a number of implementing decrees in the context of this operational programme, as highlighted below:

- on 6 August 2010, the MED issued three decrees implementing the provisions of the Ministerial Decree of 23 July 2009 with an original allocation of € 500 million, later reduced to € 495 million
- The Ministry of Economic Development, with the Decree of 5 December 2013 (Energy Efficiency MD), promoted the implementation of investment programmes aimed at reducing and rationalising the use of primary energy in the processing and/or supply cycles of services carried out within an already existing production unit, benefiting companies located in the Convergence Goal regions (Calabria, Campania, Puglia and Sicily)

Activity Line 1.2/2.1 - Initiatives supporting the development of research-related entrepreneurship and application of innovative technology in the field of renewable energy

The program finances investment projects involving the production of instrumental assets used to develop renewable energy sources and energy savings.

In this regard, two Rolling Funds were activated for project lines 1.2 and 2.1, managed with separate capital and accounting.

	2021	2020
Revolving fund for subsidised loans line 1.2		
Cash at 01/01	79,040	76,433
Funds returned to the Ministry	(78,350)	-
Repayments from beneficiaries:		
EE IOP 1.2 MD 06/08/10	120	121
IOP 1.2 IT MD 05/12/13 Energy Efficiency	1,909	1,745
EE IOP 1.2 MD 24/04/2015 New Energy Efficiency	778	760
Net annual banking amounts	3	4
Other		
Payables due to other measures	-	(12)
Receivables due from other measures - previous year	11	(11)
Cash at 31/12	3,511	79,040
Revolving fund for subsidised loans line 2.1		
Cash at 01/01	48,998	47,358
Funds returned to the Ministry	(48,998)	-
Subsidies provided:		
EE IOP 2.1 MD 24/04/2015 New Energy Efficiency	-	(76)
Repayments from beneficiaries:		
EE IOP 2.1 MD 06/08/10	469	411
IOP 2.1 IT MD 05/12/13 Energy Efficiency	602	584
New Energy Efficiency 2.1	631	706

Net annual banking amounts	2	2
Other		
Receivables due from other measures	-	13
Cash at 31/12	1,704	48,998

For this financial source, no subsidies were disbursed during the year. Loans totalling € 127,348 thousand were returned to the Ministry during the year.

	2021	2020
Operating Grant(IT MD 06/08/10) line 1.2		
Cash at 01/01	2	2
Net annual banking amounts	-	-
Cash at 31/12	2	2
Operating Grant(IT MD 06/08/10) line 2.1		
Cash at 01/01	179	180
Net annual banking amounts	-	(1)
Cash at 31/12	179	179
Operating Grant (IT MD 6/8/10)	181	181

For this financial source, no subsidies were disbursed during the year.

Project line 1.1 - initiatives for the activation of biomass production chains driven by goals comprising energy efficiency, environmental compatibility and spatial development (the Biomass Call)

The Agency is the Managing Body of the Biomass Initiative, promoted pursuant to Italian Ministerial Decree of 13 December 2011, whose purpose is to finance investment programmes for activating, strengthening and supporting biomass supply chains in the regions of Campania, Puglia, Calabria and Sicily.

	2021	2020
Revolving fund for subsidised loans (MD 13/12/11)		
Cash at 01/01	11,252	10,895
Cash advances, other measures	-	-
Repayments from beneficiaries	210	357
Restitution of revolving funds	(11,253)	-
Net annual banking amounts	-	-
Cash at 31/12	209	11,252
Operating Grant (IT MD 13/12/11)		
Cash at 01/01	42	42
Net annual banking amounts	(1)	-
Cash at 31/12	41	42

For this financial source, no subsidies were disbursed during the year and € 11,253 thousand in funds were returned to the Ministry.

Instruments for creation of new enterprises and jobs

Smart&Start (MD 06/03/2013)

The programme includes 2 types of initiatives:

- aid for newly created small businesses (SMART);
- support for investment programmes carried out by new digital and/or technological content companies (START).

	2021	2020
Smart - Contr. Operating Expenses - Title II (MD 06/03/2013)		
Cash at 01/01	3,644	3,645
Net annual banking amounts	-	(1)
Cash at 31/12	3,644	3,644
Start-Operating grant, Title III (MD 06/03/2013)		
Cash at 01/01	4,598	4,689
Subsidies provided	(13)	(91)
Cash at 31/12	4,585	4,598
Smart & Start Abruzzo (MD 06/03/2013)		
Cash at 01/01	1,170	1,171
Cash at 31/12	1,170	1,171

For this financial source, € 13 thousand in subsidies were disbursed during the year.

Smart & Start Italia

Smart & Start Italia benefits are reserved for innovative start-ups located throughout the country, whose business idea must include innovative technological features or envisages the development of products, services or solutions in the realm of the digital economy, or economically enhances the results of the research system.

With Relaunch Decree, no. 34 of 19/05/2020, € 100,000,000.00 was allocated to refinance subsidies granted in the form of subsidised financing.

	2021	2020
Revolving Fund (MD 24/09/2014)		
Grants for plant and operations (MD 24/09/2014)		
Cash at 01/01	25,441	17,474
Funds cashed	-	9,635
transfer to other financial sources	-	(286)
Disbursements paid out for financing	(12,312)	(2,976)
Reclassification of disbursements previous years	(33)	410
Subsidy grants paid out	(627)	(160)
Reclassification of disbursements previous years	(8)	4
Repayments from loan beneficiaries	2,140	1,020
Repayments from grant beneficiaries	9	-
Receivable from other sources	-	227
Disbursements in transit	(94)	94
Sundry payables	10	-
Net annual banking amounts	(1)	(1)

Cash at 31/12	14,525	25,441
	2021	2020
2017 State budget		
Cash at 01/01	17,112	338
Funds cashed	-	28,513
Restitution of funds to another measure	-	(1,240)
Payable to other financial source	-	58
Subsidies provided:		
Financing	(11,816)	(10,057)
Reclassification of disbursements previous years for financing	(148)	(356)
Contributions	(532)	(270)
Reclassification of disbursements previous years grant	(37)	(89)
Repayment of capital portions and revocations	502	219
Payables to tax authorities for RA previous years	(1)	(4)
Payables to tax authorities for RA	2	1
Net annual banking amounts	-	(1)
Cash at 31/12	5,082	17,112
	2021	2020
2014/2020 NOP		
Cash at 01/01	9,890	9,969
Funds cashed	1,200	2,725
Net annual banking amounts	(1)	(1)
Subsidies provided		
Financing	(2,622)	(2,254)
Contributions	(791)	(592)
Repayment of capital portion:		
Financing	64	43
Contributions	3	-
Cash at 31/12	7,743	9,890

For this financial source, € 28,700 thousand in subsidies were disbursed and € 1,200 thousand in funds were collected during the year.

New interest-free companies

This measure is aimed at supporting entrepreneurship through the creation of micro and small enterprises. Article 29 of Decree Law 34 of 30/04/2019, known as the "Growth Decree", partially redefined the regulations, extending the range of beneficiary subjects and amending the eligibility conditions for financing.

	2021	2020
Revolving Provision for 'Single Fund' subsidised loans		
Cash at 01/01	9,398	9,624
Cash c/o Treasury	57,500	-
Subsidies provided	(17)	(373)
Repayments from beneficiaries	58	147
Closing interest-bearing cash SF	66,939	9,398

Revolving fund for Stability finance, 2017		
Cash at 01/01	9,868	11,666
Cash at 01/01 c/o Treasury	40,321	-
Subsidies provided	(2,288)	(1,908)
Repayments from beneficiaries	360	110
Closing interest-bearing Cash: 2017 Stability Law	48,261	9,868
Revolving fund for LED NOP loans 2000-2005		
Cash at 01/01	1,254	1,736
Cash at 01/01 c/o Treasury	17,316	-
Transfers to current account	(4,000)	-
Funds collected	4,000	-
Subsidies provided	(972)	(490)
Repayments from beneficiaries	96	8
Transfer of funds to other measures	(212)	-
Closing interest bearing cash LED NOP 2000-2005	17,482	1,254
Campania ACP revolving fund		
Cash at 01/01	22	11
Cash c/o Treasury	9,562	-
Transfer of funds from other measures	212	-
Subsidies provided	(59)	-
Repayment of capital portion	11	11
Closing interest bearing cash Campania ACP	9,748	22
Cash at 01/01 c/o Treasury	-	44,174
Fees collected 01/01	(9,285)	(5,822)
Fees collected 2021	(8,315)	-
Total	124,830	58,894

For this financial source, € 3,336 thousand in subsidies were disbursed during the year.

SelfiEmployment

SELFIEmployment funds with interest-free loans small business initiatives, promoted by young NEET. The Fund is managed by Invitalia under the Guarantee for Youth Programme, under the supervision of the Italian Ministry of Labour. In July 2020, following an amendment in the Operating Programmes, the Agreement with the Ministry was revised, enlarging the range of possible Fund beneficiaries. Following these changes, February 2021 saw the publication of a new Public Notice which has made various improvements to the procedure for evaluating applications and accessing the subsidised finance.

	2021	2020
Revolving fund for subsidised loans		
Cash at 01/01	13,013	6,116
Funds cashed	-	11,824
Repayments from beneficiaries	810	557
Subsidies provided	(5,677)	(5,474)
Amounts in transit	31	-

Sundry payables	6	2
Net annual banking amounts	(13)	(12)
Cash at 31/12	8,170	13,013

For this financial source, € 5,677 thousand in subsidies were disbursed during the year.

Interventions to support sectors

Cultura Crea [Culture Creates] Programme (MIBACT Decree 11/05/2016)

This programme is for the creation and development of business initiatives in the cultural and tourism sectors and provides support to non-profit ventures aimed at enhancing cultural resources in the Basilicata, Calabria, Campania, Puglia and Sicily regions.

AZ 3.A.1.A New Businesses NOP

	2021	2020
Revolving fund		
Cash at 01/01	10,552	3,688
Funds cashed	-	8,611
Subsidies provided	(1,427)	(1,875)
Repayments from beneficiaries	262	93
Receivables due from other measures	(31)	82
Collection of fees	9	(47)
Cash at 31/12	9,365	10,552
Operating grant		
Cash at 01/01	172	1,763
Funds cashed	5,500	-
Transfer of funds to other measures	(3,000)	-
Transfer of funds from other measures	150	-
Subsidies provided	(2,251)	(1,519)
Repayments from beneficiaries	3	12
Payables due to other measures	31	(82)
Net annual banking amounts	-	(2)
Cash at 31/12	605	172

AZ 3.B.1.A NOP Cons. SME

	2021	2020
Revolving fund		
Cash at 01/01	6,246	3,403
Funds cashed	-	3,691
Subsidies provided	(289)	(886)
Repayments from beneficiaries	87	39
Cash at 31/12	6,044	6,246
Operating grant		
Cash at 01/01	487	682

Funds cashed	2,500	-
Transfer of funds to other measures	(150)	-
Transfer of funds from other measures	5,000	-
Subsidies provided	(6,934)	(195)
Net annual banking amounts	(1)	-
Cash at 31/12	902	487

AZ 3.C.1.A NOP Tertiary Sector

	2021	2020
Operating grant		
Cash at 01/01	376	1,438
Funds cashed	4,000	-
Transfer of funds to other measures	(2,000)	-
Subsidies provided	(1,486)	(1,062)
Repayments from beneficiaries	1	-
Cash at 31/12	891	376

For this financial source, € 12,387 thousand in subsidies were disbursed and € 12,000 thousand in funds were collected from the Ministry during the year.

CRASI L'Aquila MD 14/10/2015

This initiative promotes economic recovery and job creation in the Abruzzo area hit by the 2009 earthquake and is broken down into Measure I and Measure II. Measure I supports the creation of new businesses or the rehabilitation of existing ones, and Measure II provides funding for the promotion of territorial excellence with initiatives to increase visibility.

Commitments to third parties are shown in the following tables:

	2021	2020
Measure I operating grant		
Cash at 01/01	1,726	3,084
Subsidies provided	(95)	(584)
Capital amounts returned due to revocation	-	23
Payables to tax authorities	-	(1)
New Crasi		
Subsidies provided	(872)	(796)
Other amounts collected	27	-
Cash at 31/12	786	1,726
Measure II operating grant		
Cash at 01/01	455	626
Subsidies provided	-	(199)
Capital amounts returned due to revocation	-	18
Other amounts collected	-	11
Payables to tax authorities	-	(1)
Sundry payables	(1)	-
Cash at 31/12	454	455

For this financial source, € 967 thousand in subsidies were disbursed during the year.

Murgia IT MD 18/10/2013

The Agency is the Managing Body for the MD Murgia Call for Proposals, promoted pursuant to Ministerial Decree of 13 October 2013, whose purpose is the reconversion and reindustrialisation of the Murgia territory affected by the crisis in the upholstered furniture sector. During 2018-2020 no disbursements occurred as the companies were experiencing difficulties in beginning the investments.

	2021	2020
Operating Grant		
Cash at 01/01	3,510	4,060
Transfer of funds, other measures	-	(550)
Cash at 31/12	3,510	3,510

For this financial source, no subsidies were disbursed during the year

CAMPANIA IT MD 13/02/2014

The Agency is the Managing Body of the MD Campania Call for Proposals, promoted pursuant to Italian Ministerial Decree of 13 February 2014, whose purpose is the industrial relaunch and/or the redevelopment of the production system of the Municipalities in areas affected by industrial crisis in Campania.

	2021	2020
Revolving fund		
Opening cash	4,981	4,810
Subsidies provided	(155)	(429)
Repayment of capital portion	481	600
Repayment of interest portions and interest on arrears	20	-
Net annual banking amounts	-	1
Cash at 31/12/2021	5,327	4,982
Operating grant		
Interest-bearing cash 01/01	3,065	3,921
Subsidies provided	(290)	(856)
Cash at 31/12/2021	2,775	3,065

For this financial source, € 445 thousand in subsidies were disbursed during the year.

New Law 181

With the Decree of 09/06/2015, the MED set forth the conditions and arrangements for the actions required to implement a new aid provision system. The contexts to be addressed by the initiative are:

- Areas of complex industrial crises, in which the new aid regime was extended to 2 new areas of crisis; 1 application was submitted
- Areas of non-complex industrial crises, with 3 applications presented during the year, all of which are under assessment;

- Other areas, for which 2 applications were presented, both suspended due to a lack of financial resources.

Commitments to third parties are shown in the following tables:

	2021	2020
Growth Fund, Revolving fund		
Cash at 01/01	6,425	6,452
Funds cashed	26,500	15,200
Transfer of funds from other measures	-	690
Transfer of funds to other measures	(1)	-
Subsidies provided	(16,810)	(16,036)
Capital returned	1,422	123
Payables due to other measures	-	(4)
Cash at 31/12	17,536	6,425
NOP E&C Axis III, Revolving fund		
Cash at 01/01	9,470	13,116
Funds cashed	3,575	-
Subsidies provided	(4,452)	(3,715)
Capital returned	385	65
Transfer of funds from other measures	1	4
Collection of fees	(145)	-
Cash at 31/12	8,834	9,470
POR FESR 2014-2020 Campania Revolving Fund		
Cash at 01/01	3,286	6,750
Subsidies provided	(1,520)	(3,474)
Capital returned	38	10
Collection of fees	(34)	-
Cash at 31/12	1,770	3,286
Growth fund, operating grant		
Cash at 01/01	3,475	3,524
Funds cashed	9,600	4,800
Transfer of funds to other measures	-	(690)
Transfer of funds from other measures	65	-
Subsidies provided	(5,676)	(4,112)
Payables to tax authorities	11	(47)
Cash at 31/12	7,475	3,475
NOP E&C Axis III, operating grant		
Cash at 01/01	1,148	2,461
Funds cashed	5,000	466
Subsidies provided	(2,118)	(1,778)
Payables to tax authorities for R.A.	-	(1)
Cash at 31/12	4,030	1,148
POR FESR 2014-2020 Basilicata Revolving Fund		
Cash at 01/01	506	-
Funds cashed	-	506
Cash at 31/12	506	506
Campania DCF Revolving Fund		
Cash at 01/01	29	842

Funds cashed	900	510
Subsidies provided	-	(1,324)
Capital returned	6	1
Cash at 31/12	935	29
FESR operating grant		
Cash at 01/01	138	600
Funds cashed	4,500	1,100
Subsidies provided	(684)	(1,562)
Cash at 31/12	3,954	138
Law 80/05 operating grant		
Cash at 01/01	703	294
Funds cashed	6,800	2,000
Subsidies provided	(1,880)	(1,550)
Transfer of funds to other measures	-	(40)
Net annual banking amounts	-	(1)
Cash at 31/12	5,623	703
Single Fund, revolving fund		
Cash at 01/01	2,668	4,331
Subsidies provided	(677)	(1,797)
Capital returned	104	133
Sundry payables	46	-
Net annual banking amounts	-	1
Cash at 31/12	2,141	2,668
Single Fund, operating grant		
Cash at 01/01	1,835	2,377
Subsidies provided	(207)	(541)
Net annual banking amounts	-	(1)
Cash at 31/12	1,628	1,835
Law 80/05 Revolving Fund		
Cash at 01/01	1,655	447
Funds cashed	16,100	7,400
Transfer of funds from other measures	-	40
Subsidies provided	(4,296)	(6,647)
Capital returned	489	415
Cash at 31/12	13,948	1,655
Campania DCF Grant		
Cash at 01/01	72	-
Funds cashed	400	620
Subsidies provided	-	(548)
Cash at 31/12	472	72
Calabria DCF Revolving Fund		
Cash at 01/01	334	-
Funds cashed	600	685
Subsidies provided	(662)	(351)
Capital returned	2	-
Cash at 31/12	274	334
Calabria DCF Grant		
Cash at 01/01	173	-

Funds cashed	300	333
Subsidies provided	(304)	(160)
Cash at 31/12	169	173
Puglia PA Revolving Fund		
Funds cashed	2,590	-
Transfer of funds to other measures	(2,060)	-
Subsidies provided	(292)	-
Capital returned	15	-
Cash at 31/12	253	-
Campania PA Grant		
Transfer of funds from other measures	250	-
Subsidies provided	(124)	-
Cash at 31/12	126	-
Veneto Revolving Fund		
Transfer of funds from other measures	800	-
Cash at 31/12	800	-
Veneto Contribution Fund		
Transfer of funds from other measures	160	-
Cash at 31/12	160	-
Piedmont PA Revolving Fund		
Transfer of funds from other measures	797	-
Subsidies provided	(451)	-
Capital returned	1	-
Cash at 31/12	347	-
Marche PA Revolving Fund		
Funds collected	350	-
Cash at 31/12	350	-
Marche PA Grant Fund		
Funds collected	70	-
Cash at 31/12	70	-
Lazio PA Revolving Fund		
Funds collected	72	-
Subsidies provided	(72)	-
Cash at 31/12	-	-
Lazio PA Grant Fund		
Funds collected	28	-
Subsidies provided	(27)	-
Cash at 31/12	1	-
FVG PA Grant		
Transfer of funds from other measures	90	-
Transfer of Funds to other measures	(65)	-
Cash at 31/12	25	-
FVG PA Revolving Fund		
Transfer of funds from other measures	220	-
Restitution of funds from another measure	(197)	-
Cash at 31/12	23	-

For this financial source, € 40,252 thousand in subsidies were disbursed and € 77,385 thousand in funds were collected during the year.

Remain in the South

With Decree Law No. 91 of 20 June 2017, the Remain in the South Measure was established, with the goal of creating incentives to develop new businesses in southern Italy, with beneficiaries having no more than 45 years, and necessarily having registered offices in the following regions: Abruzzo, Basilicata, Calabria, Molise, Puglia, Sardinia and Sicily. The Measure finances the purchase of machinery, plant, equipment and IT systems, as well as remodelling and restructuring of the main offices. Following the publication in the Official Journal of Decree Law 123 of 24 October 2019, containing "Urgent provisions to accelerate and complete reconstruction in progress in areas affected by earthquakes", the Measure was also extended to municipalities within the seismic crater in the regions of Lazio, Marche and Umbria.

Law 178 of 31 December 2020 further increased the age limit for potential beneficiaries of the measure, bringing it to 55 years, exclusive of those residing in the municipalities within the seismic crater, for which the limit is the age of majority.

	2021	2020
Central Treasury		
Cash at 01/01	36,492	33,600
Funds cashed	72,800	48,850
Funds in current account	(76,800)	(39,800)
Collection of fees	(11,583)	(6,158)
Cash at 31/12	20,909	36,492
Operating Grant		
Cash at 01/01	3,664	5,080
Funds transferred from Central Treasury	71,000	36,000
Net annual banking amounts	(1)	-
Subsidies provided	(58,077)	(37,445)
Amounts collected for revocation	166	78
Payables to tax authorities	17	-
Amounts retained for	52	(40)
Receivables from interest rate subsidy	7	(7)
Payables to interest rate subsidy	1	(2)
Cash at 31/12	16,829	3,664
Interest Rate Subsidy		
Cash at 01/01	863	709
Funds transferred from Central Treasury	5,800	3,800
Net annual banking amounts	(3)	(2)
Subsidies provided	(5,853)	(3,664)
Amounts collected for revocation	23	15
Financial items in transit	15	(4)
Receivables from operating grants	(1)	2
Payables to operating grants	(7)	7
Cash at 31/12	837	863

For this financial source, € 76,800 thousand were collected during the year and € 69,930 thousand were disbursed

Internationalisation voucher

On 29 September 2017, an Agreement was signed with the MED with the aim of using grants in the form of vouchers to support SMEs intending to market their goods outside of Italy, through a specialist able to analyse, design and manage these processes.

	2021	2020
Internationalisation voucher		
Cash at 01/01	1,557	2,426
Funds cashed	-	-
Return of funds to the Ministry	(1,522)	1,267
Subsidies provided	-	(2,064)
Payables to tax authorities	(4)	4
Payables to tax authorities, previous years	-	(66)
Disbursements in transition	(30)	30
Disbursements in transition, previous years	-	(40)
Net annual banking amounts	(1)	-
Cash at 31/12	-	1,557

For this financial source, no subsidies were disbursed and € 1,522 thousand were returned to the Ministry during the year

Innovative Investments Voucher

On 23 October 2019, an Agreement was signed with the MED for the use of grants in the form of vouchers, to support SMEs intending to acquire specialised consulting for technological and digital transformation processes.

	2021	2020
Innovative Investments Voucher		
Cash at 01/01	38,860	25,000
Funds cashed	121,098	25,000
Subsidies provided	(38,640)	(11,270)
Repayments from beneficiaries	21	-
Amounts	(85)	-
Payables to tax authorities	49	117
Payables to tax authorities, previous years	(117)	-
Payables to tax authorities	61	-
Sundry payables	1	-
Net annual banking amounts	(4)	13
Cash at 31/12	121,244	38,860

For this financial source, € 38,640 thousand in subsidies were disbursed and € 121,098 thousand in funds were collected during the year.

CuraItalia Decree Law 18 of 17 March 2020 - article 5

This Decree established incentives for companies making investments to increase the availability of medical devices and personal protective equipment, to help limit the COVID-19 epidemiological emergency.

	2021	2020
CuraItalia Decree Law 18 of 17 March 2020 - article 5		
Cash at 01/01	15,609	-
Funds collected	-	35,850
Cash c/o Treasury	-	14,150
Disbursements paid out for financing	12,299	(34,661)
Disbursements paid out for grants for plants	(15,274)	(490)
Disbursements paid out for operating grants	(2,132)	(98)
Repayments from beneficiaries	499	854
Payables to tax authorities	-	4
Cash at 31/12	11,001	15,609

During the year, € 5,107 thousand in subsidies were disbursed for this financial source.

CuraItalia Decree Law 17 March 2020 - Safe Company Notice article 43

This Notice offered reimbursement for expenses incurred by companies to acquire personal protective equipment.

	2021	2020
CuraItalia Decree Law 17 March 2020 - Safe Company Notice article 43		
Cash at 01/01	2,926	-
Funds collected	-	50,000
Subsidies provided	(865)	(47,089)
Repayments from beneficiaries	4	-
Payables to tax authorities, medical disp.	(13)	13
Sundry payables	(1)	-
Net annual banking amounts	-	2
Cash at 31/12	2,051	2,926

During the year, € 865 thousand in subsidies were disbursed for this financial source.

COP MED 2020 Notification

This is an Agreement under which the Agency provides support services for the design and management of a financing measure intended to support the development of the technological level of industrial property rights held by universities and research and other scientific institutions.

	2021	2020
COP MED 2020 Notification		
Cash at 01/01	5,302	5,300
Subsidies provided	(2,369)	-
Net annual banking amounts	-	2
Cash at 31/12	2,933	5,302

For this financial source, € 2,369 thousand in subsidies were disbursed during the year.

Patents+

This measure is intended to support projects that take advantage of the best patents from public and private research

	2021	2020
Patents+		
Cash at 01/01	50,279	26,014
Funds cashed	23,000	27,000
Subsidies provided	(9,374)	(2,777)
Net annual banking amounts	3	-
Amounts collected, revocations and sureties	89	28
Payables to tax authorities, previous years	(13)	13
Payables to tax authorities	29	-
Cash at 31/12	64,013	50,279

For this financial source, € 9,374 thousand in subsidies were disbursed and € 23,000 thousand in funds were collected during the year.

Fuels Tender

This measure is aimed at micro, small and medium enterprises (resident in Italy) which manage roadside fuel stations. As refuelling services continued to be provided during the public health emergency despite the considerable drop in the demand for fuel, a grant has been awarded to these operators based on the social insurance and welfare contributions due on the employees' salaries for March, April and May 2020.

	2021	2020
Operating Grant		
Funds collected	1,518	-
Subsidies provided	(927)	-
Ending interest-bearing cash	591	-

During the year, € 927 thousand in subsidies were disbursed for this financial source.

Spa bonus

This scheme provides for vouchers, for the purchase of spa services. Vouchers can be requested from the accredited spa centres.

	2021	2020
Funds collected	53,000	-
Cash at 31/12	53,000	-

During the year, no subsidies were disbursed for this financial source.

Digital Transformation

The purpose of this measure is to support the digital transformation of micro, small and medium enterprises in the manufacturing, business services and tourism industries, for companies involved in the digitisation of cultural heritage and commercial services, in order to contribute to the innovation and improved competitiveness of Italy's production network.

	2021	2020
Operating Grants		
Cash at 01/01	-	-
Funds collected	19,512	-
Cash at 31/12	19,512	-

During the year, no subsidies were disbursed and € 19,512 thousand was collected from the Ministry for this financial source.

Social Economy

Agreement signed with the MED GDEI on 21/11/2018, expiring on 31/12/2021, aimed at type B social cooperatives (aimed at employing the disadvantaged) and type A social cooperatives (aimed at creating social, public health and educational services). An aid scheme which aims to support the establishment and growth of businesses throughout Italy pursuing general interests and for social utility as defined by industry regulations.

	2021	2020
Funds collected	487	-
Subsidies provided	(103)	-
Cash at 31/12	385	-

During the year, € 103 thousand in subsidies were disbursed and € 487 thousand was collected from the Ministry for this financial source.

"Cresci al Sud" Fund (Grow in the South)

The Budget Law of 27/12/2019 created a fund known as the Growth in the South Fund, to support, through capital investments, SME competitiveness and growth with their legal and operating offices located in the following Regions: Abruzzo, Basilicata, Calabria, Campania,

Molise, Puglia, Sardinia and Sicily. The initial funding was set at € 150,000 thousand for 2020, but at 31/12/2020 only € 50,000 thousand had been deposited in the Central Treasury account, increased by a further 100 million for 2021.

	2021	2020
Cash c/o Central Treasury	-	50,000
Cash at 01/01 c/o Central Treasury	50,000	-
Transfers to current account	(11,000)	-
Funds collected	11,000	-
Subsidies for called-up capital payments	(10,500)	-
Net annual banking amounts	(1)	-
Equity investment dividends collected	1,000	-
Fees collected	(1,250)	-
Cash at 31/12	39,249	50,000

During the year, € 11,000 thousand was collected from the Central Treasury and € 10,500 thousand was disbursed as called-up capital for acquiring equity investments.

Large Companies Fund

The Fund operates by granting aid in the form of loans repayable within 5 years, to large companies experiencing temporary financial difficulty. It excludes companies in the banking, financial and insurance industry.

	2021	2020
Funds collected	400,000	-
Cash at 31/12	400,000	-

During the year, no subsidies were disbursed and € 400,000 thousand was collected from the Ministry for this financial source.

Digital Entertainment Fund

With the Decree of 18/12/2020, the MED authorised an incentive for video game design and pre-production. It is aimed at companies headquartered in the European Economic Area and having tax residency in Italy at the date of application.

	2021	2020
Funds collected	4,000	-
Cash at 31/12	4,000	-

During the year, no subsidies were disbursed and € 4,000 thousand was collected from the Ministry for this financial source.

National Energy Efficiency Fund

This Fund involves measures aimed at achieving energy savings goals by financing projects for the same purpose. The fund, which has € 310 million, is aimed at companies and public administrations in the form of subsidised loans, also in the form of guarantees granted for individual lending operations, only for companies.

	2021	2020
Cash Central Treasury guarantees	-	33,257
Cash at 01/01 c/o Central Treasury guarantees	33,257	-
Cash at 31/12	33,257	33,257
Cash c/o Central Treasury loans	-	77,600
Cash at 01/01 c/o Central Treasury loans	77,600	-
Transfers to current account	(10,200)	-
Funds collected	10,200	-
Subsidies provided	(139)	-
Ending interest-bearing cash	77,461	77,600

During the year, € 10,200 thousand was collected from Central Treasury and € 139 thousand in subsidies were disbursed for this financial source.

Company Protection Fund

The Fund is intended to help restructure companies holding historic brands of national interest, with at least 250 employees, suffering economic and financial difficulties, or companies which, regardless of the number of employees, have assets and relationships of strategic importance to the national interest.

	2021	2020
Cash at 01/01	300,000	-
Funds collected	-	300,000
Subsidies provided	(19,500)	-
Amounts	(1,640)	-
Cash at 31/12	278,860	300,000

During the year, € 19,500 thousand in subsidies were disbursed for this financial source.

SME RELAUNCH

This measure deals with the new incentive promoted by the Italian government's Extraordinary Commissioner to support the restoration and relaunch of damaged economic activities in Umbria, Marche, Abruzzo and Lazio as part of entrepreneurial initiatives in the industrial, craft, agricultural product processing, service, tourism, agricultural production, fishing, and aquaculture industries.

	2021	2020
Funds collected	9,512	-
Umbria Region		
Subsidies provided	(11)	-
Marche Region		
Subsidies provided	(163)	-
Abruzzo Region		
Subsidies provided	(30)	-
Lazio Region		
Subsidies provided	(24)	-
Cash at 31/12	9,284	-

During the year, € 228 thousand in subsidies were disbursed and € 9,512 thousand was collected for this financial source.

SMART MONEY

With Decree no. 34 of 19 May 2020 innovative start-ups were granted subsidies to acquire services from incubators, accelerators, innovation hubs (physical space in which start-ups can present their projects) angel investors (people who provide financial and technical assistance to promising start-ups) and other private or public figures working to develop innovative companies.

	2021	2020
Funds collected	9,025	-
Ending interest-bearing cash	9,025	-

During the year, no subsidies were disbursed for this measure.

Single fund Article 27 par. 11 Law 488/1999

The table below shows the commitments to third parties regarding the management of facilitation measures pursuant to Italian Legislative Decree No. 185/2000. Title I refers to measures in support of entrepreneurship and Title II addresses initiatives supporting self-employment.

	2021	2020
Cash at 01/01	318,396	297,521
Subsidies to be disbursed	(66,872)	(68,269)
Mortgages	3,002,875	3,061,501

Loans totalling around € 5,617 thousand were provided during the year. These receivables will become true "available resources" only to the extent that such amounts will actually be repaid.

Fertility project

The programme supports the development of entrepreneurial initiatives promoted by non-profit organisations.

	2021	2020
Cash at 01/01	26	26
Subsidies to be disbursed	(1,996)	(1,996)

Under this project, the total commitment at 31 December 2021 stands at € 26 thousand.

The 'Youth ideas to change Italy' project

The programme aims to enhance the design skills and creativity of young people and addresses Italian citizens between 18 and 35 years of age. It is intended to finance the creation of the best project ideas in 4 areas: technological innovation, social and civic engagement, sustainable development, management of urban and territorial services for the quality of life of young people.

	2021	2020
Cash at 01/01	26	26
Subsidies to be disbursed	(1,163)	(1,163)

Under this project, the total commitment at 31 December 2021 stands at € 26 thousand.

EU funds

EU funds, the main instrument of the European Union's investment policy, are intended to promote economic growth and the employment policies of the Member States and their regions as well as European territorial cooperation.

	2021	2020
Cash at 01/01	425	425
Payables for Funds Received	(4,156)	(4,156)

These funds do not show changes from the 2009 financial year.

MATERA IT DL 91-2017 art 7 par. 1-BIS

These involve resources transferred to the special account no. 6065 held by the Agency, opened with the Italian Treasury for the project established under Italian Law 208/2015, Article 1, paragraph 435 "Matera, European Capital of Culture 2019".

Fondo Imprese sud [Southern Enterprise Fund]

This is a fund established by Law 205/17. The goal is to support the economic/production structure of the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily, to support growth of small and medium enterprises whose registered headquarters and manufacturing activities are located in the above regions. The original amount of € 150,000 thousand was the initial sum accredited to a specific account registered in the name of the Agency and under the control of the State Treasury.

E. Merchant Banking

E.1. - Table summarising equity investments in merchant banking

	2021				2020			
	Original value	Total value adjustments and/or write-downs	Total write-backs and/or revaluations	Book value	Original value	Total value adjustments and/or write-downs	Total write-backs and/or revaluations	Book value
Equity investments								
Merchant banking								
- of which, with funds from IT Law 181/89								
CMS SRL IN BANKRUPTCY PROCEEDINGS	1,370		-	1,370	1,370		0	1,370
ELA SPA IN BANKRUPTCY PROCEEDINGS	-	-	-	-	-	-	-	-
ELMIRAD SERVICE SRL	120		-	120	120		0	120
FONDERIE SPA IN BANKRUPTCY PROCEEDINGS	0		-	-	-		0	0
GUSTAVO DE NEGRI & ZA.MA. SRL IN BANKRUPTCY PROCEEDINGS	202		-	202	202		0	202
JONICA IMPIANTI SRL IN BANKRUPTCY PROCEEDINGS	278		-	278	278		0	278

MODOMECC BUILDING SRL	0	-	0	168	(168)	0
PERITAS SRL	326	-	326	326	0	326
PRO.S.IT S.R.L.	499	-	499	499	0	499
SICALP SRL IN BANKRUPTCY PROCEEDINGS	1,033	-	1,033	1,033	0	1,033
SIE-SOC.ITTICA EUROPEA IN INSOLVENCY PROCEEDINGS	0	-	-	-	0	0
SIMPE SPA IN BANKRUPTCY PROCEEDINGS	3,600	-	3,600	3,600	0	3,600
SURAL SPA	253	-	253	253	0	253
TEKLA SRL	653	-	653	653	0	653
Total	8,334	-	-	8,334	8,502	(168)

E.2 - Information on equity investments

Company name	Original value	Total value adjustments	Total revaluations	Book value	Site	Listed (Yes/No)	Share %	Available votes %
Investee company								
CMS SRL IN BANKRUPTCY PROCEEDINGS	1,370	-	-	1,370	LATERZA (TA)	NO	19.22%	19.22%
ELA SPA IN BANKRUPTCY PROCEEDINGS	0	-	-	0	NAPLES	NO	5.77%	5.77%
ELMIRAD SERVICE SRL	120	-	-	120	TARANTO	NO	12.40%	12.40%
FONDERIE SPA IN BANKRUPTCY PROCEEDINGS	0	-	-	0	ROME	NO	1.73%	1.73%
GUSTAVO DE NEGRI & ZA.MA. SRL IN BANKRUPTCY PROCEEDINGS	202	-	-	202	CASERTA	NO	20.20%	20.20%
JONICA IMPIANTI SRL IN BANKRUPTCY PROCEEDINGS	278	-	-	278	LIZZANO (TA)	NO	8.70%	8.70%
PERITAS SRL	326	-	-	326	BRINDISI	NO	15.16%	15.16%
PRO.S.IT S.R.L.	499	-	-	499	NAPLES	NO	27.06%	27.06%
SICALP SRL IN BANKRUPTCY PROCEEDINGS	1,033	-	-	1,033	CAMPIGLIA MARITTIMA	NO	36.36%	36.36%
SIE-SOC.ITTICA EUROPEA IN INSOLVENCY PROCEEDINGS	0	-	-	0	ROME	NO	15.00%	15.00%
SIMPE SPA IN BANKRUPTCY PROCEEDINGS	3,600	-	-	3,600	ACERRA (NA)	NO	4.01%	4.01%
SURAL SPA	253	-	-	253	TARANTO	NO	1.42%	1.42%
TEKLA SRL	653	-	-	653	SARNO (SA)	NO	26.33%	26.33%
	8,334	-	-	8,334				

F. Operations with third party funds

F.1 - Nature of funds and type of use

	2021		2020	
	Public funds		Public funds	
		of which: at own risk		of which: at own risk
1. Performing				
. Leasing loans	-	-	-	-
. Factoring	-	-	-	-
. Other financing	683,078	8,220	527,707	8,902
<i>of which: from the enforcement of guarantees and commitments</i>	-	-	-	-
. Equity investments	1,459	-	1,459	-
. Guarantees and commitments	-	-	-	-
2. Non-performing				
2.1 Bad loans				
. Leasing loans	-	-	-	-
. factoring	-	-	-	-
. Other financing	86,833	-	87,753	-
<i>of which: from the enforcement of guarantees and commitments</i>	-	-	-	-
. Guarantees and commitments	-	-	-	-
2.2 Unlikely-to-pay				
. Leasing loans	-	-	-	-
. Factoring	-	-	-	-
. Other financing	-	-	-	-
<i>of which: from enforcement of guarantees and commitments</i>				
. Guarantees and commitments	-	-	-	-
2.3 Past due				
. Leasing loans	-	-	-	-
. Factoring	-	-	-	-
. Other financing	-	-	4,649	4,649
<i>of which: from the enforcement of guarantees and commitments</i>	-	-	-	-
. Guarantees and commitments	-	-	-	-
Total	771,370	8,220	621,568	13,551

F.2 – Net and gross values of own risk assets

	Public funds		
	Gross value	Value Adjustments	Net value
1. Performing			
. leasing loans			
. Factoring			
. Other financing	8,220		8,220
. <i>Of which: from the enforcement of guarantees and commitments</i>			
. Equity investments			
. Guarantees and commitments			
2. Non performing			
2.1 Bad loans			
. leasing loans			
. Factoring			
. Other financing	-		-
. <i>Of which: from the enforcement of guarantees and commitments</i>			
. Equity investments			
. Guarantees and commitments			
2.2 Unlikely-to-pay			
. leasing loans			
. Factoring			
. Other financing			
. <i>Of which: from the enforcement of guarantees and commitments</i>			
. Equity investments			
. Guarantees and commitments			
2.3 Past due			
. leasing loans			
. Factoring			
. Other financing			
. <i>Of which: from the enforcement of guarantees and commitments</i>			
. Equity investments			
. Guarantees and commitments			
Total	8,220	-	8,220

Section 2 - Securitisation operations, information about structured entities not consolidated on the accounts (other than SPVs) and sales of assets

A) Securitisation operations

As of 31 December 2021 there were no securitisation operations in which the original objective was the transfer of credit risk. However, in 2019 the subsidiary started two tranching cover operations with a portfolio guarantee from the Central Guarantee Fund to cover the initial losses, aimed at providing finance to businesses. It acted as the investor in basket bond operations to support the growth of SMEs in the south of Italy (Basket Bond Campania, Basket Bond Puglia) with the intervention of the Central Guarantee Fund to support the initial losses. As of 31 December 2021 these operations did not imply any securitisation risk as they were "plain vanilla" standard operations with a clear risk and mitigated by guarantees. One of them is an investment in a securitisation² of 41.1 million in relation to the Puglia Basket Bond operation. The risk profile of the underlying assets was known from the origination stage (the Bank conducted a due diligence and credit scoring procedure on the underlying issuers). It is thus considered that there is no risk "that the economic substance of the securitisation will not be fully reflected in the decisions concerning the assessment and management of the risk". This operation is one of the techniques used by the Bank to achieve its mission to support the economy and it is expected that greater use will be made of these instruments in the near future.

In 2016 the Bank formed a securitisation of residential mortgages, for which all the tranches are still held via the SPV, MCC-RMBS srl; with this structure, the operation does not carry the securitisation risk and does not alter the portfolio's risk profile.

C – Disposals

C.1. Financial assets sold and not derecognised in full

In 2020, the Bank subscribed to repurchase agreements which are presented among the Payables to banks; they were made with the intention of acquiring short-term funds by offering securities as guarantee. These operations were not renewed in 2021.

Qualitative and quantitative criteria

C.1.1 Financial assets sold and fully recognised and associated financial liabilities: book values

This is not a case that applies to the Company.

² The operation structured by Unicredit (originator and arranger) to fund mini bonds issued by SMEs based in Puglia, with capital and interest guaranteed by Puglia Sviluppo in the form of a cash collateral on the first losses released to the vehicle company is a position in which the securitisation operation itself has a significant net economic interest as it retains at least 5% of each minibond (risk retention). Pursuant to Regulation EU 575/2013 (CRR) and Regulation EU 2402/2017 (Securitisation Framework), the other basket bond operations in existence on 31 December 2021 did not fit the profile of a securitisation and thus the rules applicable to credit risk (look-through approach) were used to calculate the capital requirement.

Section 3 - Information on risks and related hedging policies

In relation to the specific operations of Invitalia and related markets, the following risks emerged during the analysis phase:

- credit risk
- market risk
- operating risk
- concentration risk
- counter-party risk
- interest rate risk
- liquidity risk
- strategic risk
- reputation risk
- real estate risk

Analysed risks were classified into the following categories:

- quantifiable risks (for which it is possible to determine a capital requirement and/or internal capital);

- assessable risks (not subject to quantification).

These risks then underwent a relevance analysis, excluding liquidity and real estate risks, which were deemed not relevant in relation to the current asset allocation and scope of the regulatory capital.

Quantifiable risks consist of: credit risk, counterparty risk, market risk, operational risk, concentration risk and portfolio interest rate risk. Assessable risks include reputational risk and strategic risk.

Relevance analysis established the basis for defining Invitalia's level of exposure to the risks themselves.

The conclusions which emerged from this analysis indicate that Invitalia's risk exposure is low with reference to the organisational supervision enacted for its control. In any case, continuous surveillance and, where appropriate, limited remedial actions are warranted.

3.1. CREDIT RISK

QUALITATIVE CRITERIA

1. General aspects

The Invitalia Group has defined credit risk as that related to incurring losses due to unexpected deterioration of the creditworthiness of customers that were granted funding, also following breach of contract situations. Credit risk is also connected to possible counterparty breaches and losses incurred in the provision of services and/or consultancy work as well as the acquisition of holdings not classified in the trading book.

Lending activity is undertaken as part of merchant banking operations, the processing of statutory subsidies and within the scope of affiliation contracts. The first of these is centred on Equity Investment intervention principles, where the repayment capacity and the size of the loan granted is conditioned by the preliminary examination that precedes the effective intervention implementation.

Operations involving statutory funds or in the management of concession laws do not determine, by their nature, financial and economic effects borne by Company, with the exception of certain lines of activity of minor importance.

2. Credit risk management policies

2.1 Organisational aspects

The structure of the delegated powers is inspired by the containment of risk concentration level, both in quantitative and sectoral economic terms. Lines of credit are granted under the powers delegated by the Board of Directors and attributed to the business units involved in the assessment prior to the credit approval.

2.2 Management, measurement and control systems

Invitalia is not subject to capital requirements with regards to risk.

With regards to **Banca del Mezzogiorno – Mediocredito Centrale**, credit risk control and monitoring responsibilities are assigned to the Chief Risk Officer OU, both individually and in terms of the portfolio, with the task of monitoring:

- in relation to individual exposures, proper execution of performance monitoring in terms of consistency in classifications, congruence of provisioning and correctness in collection processes;
- in reference to the portfolio, the trend in total exposure to this risk, in line with the objectives defined in the RAS.

These activities are part of the Internal Control System, classified as second level controls.

From a regulatory point of view, estimates of credit risk are prepared using the standardised methods called for in the prudential Supervisory Regulations, with reference to both exposures and any guarantees underlying them.

In terms of operations, based on that governed by the Credit Policies and in line with the operating limits established, scoring methods are used to measure customer risk, supporting the investigation stage by creating anomaly levels deemed sustainable before the fact.

Scoring methods are also used

- to periodically establish the acceptance/refusal thresholds, which are part of a wider investigation process managed by the team specifically dedicated to this process;
- to estimate the expected returns coming from each loan, taking into account the risk component and the costs of all the components of the production process.

With reference to counter-party risk, in the context of the standardised methodology definition of credit equivalents is estimated using the current value method, as established in the prudential supervisory regulations. Additionally, with reference to derivatives, an additional capital requirement is calculated in the face of unexpected loss risks generated by changes in the fair value deriving from changes in the credit standing of the counter-part (Credit Value Adjustment – CVA).

In relation to derivatives, the Bank has issued specific guidelines intended to limit exposure to counter-party risk through a collateralisation requirement for these positions. In fact, a Credit Support Annex (CSA) is required, typically backed by cash collateral or UEM government securities, with margin frequency at least weekly and a minimum transfer amount (MTA) of €/million. 1. Additionally, the same guidelines, with reference to exposure deriving from repurchase agreements, establish as a risk mitigation technique the stipulation of General Master Repurchase Agreements (GMRA), with margin frequency at least weekly and a Minimum Transfer Amount (MTA) of at least €/million. 1.

With reference to the Bank's concentration risk, in addition to ensuring systematic compliance with the Large Exposure regulations (see Second Section, Chapter 10, Bank of Italy Circular 285/2013 and articles 387 and subsequent of EU Regulation 575/2013) and with "risk assets relative to associated parties" (see Title V of Circular 263 of 2006), the level of concentration in exposures is monitored relative to:

- single name entities: through the method known as Granularity Adjustment (GA), called for in the prudential supervisory regulations (see Bank of Italy Circular 285, First Section - Title III - Chapter 1 - Annex B);
- geo-sectorial: using methods based on practices commonly adopted in the banking system and shared with the Supervisory Body.

To that end, in the context of Credit Policies, in line with the Large Exposure regulations, and in compliance with parameters compatible with the Business Plan, RAF and maintenance of balanced and sustainable limits for capital amounts, internal

exposure limits have been defined as a function of counter-part ratings, consistent with a growth strategy for loans to selected customer sectors.

Management of credit risk is done with a forward looking approach, which is implemented, among other things, through stress tests that assess vulnerability to exceptional but plausible events linked to specific hypotheses associated with individual economic/financial variables (sensitivity analysis) or movements in a combination of variables using adverse scenarios (scenario analysis).

The stress testing programme, in addition to serving regulatory purposes, given its forward looking components also makes it possible to achieve concrete management objectives, providing information on risk exposure, the adequacy of the mitigation and control systems and the ability to deal with exceptional but plausible losses. Hence, the stress testing programme involves all company levels (company bodies and structures with various roles and responsibilities) in order to define not only the most appropriate stress hypotheses but also organisational and mitigation plans identified as a result of the stress tests.

In determining the severity of adverse scenarios and shocks, in part designed with the support of recognised external sources, the Bank uses prudential measurement criteria in general. The stress

testing methods adopted by the Bank call for forward looking measurement of effects deriving from:

1. significant changes in one or more market factors (sensitivity analysis);
2. combined movements of multiple economic/financial variables in adverse scenarios (scenario analysis).

When designing macroeconomic scenarios for adverse market situations and the associated shocks from risk factors, the Bank can make use of forecasts issued by recognised external sources, duly combined with internal hypotheses to better assess the Bank's vulnerabilities (e.g. those linked to its specific business model), to ensure the stress tests are consistent with respect to the current market scenario and possible developments in the same.

In 2021, stress scenarios were prepared in accordance with the instructions given by the Bank of Italy in its communication related to ICAAP and ILAAP requirements.

For each stress-tested risk type, the Bank simulates shocks on the possible risk factors. The intensity of the shock is defined by using the historical evidence (internal and/or external) available for the same risk factors and/or forecasts developed by specialised external info providers.

In this specific context of the pandemic, in line with indications provided by European and Italian regulatory authorities, the need to carefully monitor and assess counterparties benefiting from support measures deriving from government decrees was identified. The monitoring system used (Early Warning System) has certain limits in identifying anomalies, difficulties and deterioration of counterparts to which payment moratoriums have been granted. Hence management actions were developed to identify any prospective difficulties for customers, in order to allow for active support of counterparts suffering temporary problems linked to the pandemic. These were accompanied by in-depth analysis intended to identify possible risk factors and, when necessary, carry out analytical reviews to assess the current or prospective financial difficulties faced by individual counter-parts. This also affected the consequent evaluation of the significant increase in credit risk and, in particular, the granting of forbearance measures, in compliance with regulatory provisions and references issued by European supervisory authorities.

As a consequence of these new methods, the level 2 controls (under the responsibility of the CRO) were partially revised and added to, including block testing of the credit portfolio and of its main subsections, in order to highlight any potential irregularities. Detailed sample controls were also performed on selected credit positions to identify the economic sectors most heavily impacted by the COVID-19 crisis.

2.3 Expected loss measurement methods

As regard the impairment model adopted by the **Invitalia Group**, with the exception of Mediocredito Centrale, for the purposes of IFRS 9:

- methods were defined to measure credit quality of positions in the portfolio of financial assets measured at amortised cost;
- parameters were determined to assess increased credit risk, for the purposes of proper classification of performing exposures in either stage 1 or 2. With respect to the classification logic for exposures in stage 3, "impaired/default" exposures, IFRS 9 does not provide a definition of the term "default", but requires each entity to provide their own definition. Therefore, every entity must provide itself with a

definition of default that is consistent with its own situation, both in terms of types of assets and risk management practices. In the light of these regulatory requirements, Invitalia considers a position to be in default if debt recovery action has been started;

- models were developed to be used for stage allocation, as well as for calculated one-year expected credit loss (ECL) (applied to exposures in stage 1) and lifetime expected credit loss (applied to exposures in stages 2 and 3).

Given the lack of internal loss rates after default, the assignment of Loss Given Default (LGD) to individual positions is done by making use of regulatory values or those derived from benchmarks, considered on a flat basis for the entire duration of the loan or appropriately updated, evaluating whether or not prudential margins should be used.

For on balance sheet positions, Invitalia uses cash flows resulting from the effective amortisation plans of loans to determine exposure at default. More specifically, for the first year (positions in stage 1 and 2), the respective values in the financial statements are considered, while for subsequent years (stage 2), the residual debt associated with the capital portion of the exposure is considered, as in the IAS plan.

Parameters used for stage allocation are found in the section "Impairment" within Section A.2 Section related to the main items of the financial statements. In any case, note that no increase in credit risk was seen in the Company's loan portfolios due to the substantially public nature of counterparties as of the reporting date.

Probability of Default (PD) is determined as follows:

- for past-due loans, PD at one year is applied, in the hypothesis that the receivables come due within the next 12 months;
- for invoices to be issued, a risk exposure time frame of 2 years is considered, therefore cumulative PD at 2Y is applied;
- for intragroup relations, the PD for the parent company's institutional sector is applied (public administrations).

These criteria and the relative thresholds are defined at initial application and are updated at least once a year.

With reference to the securities portfolio, the approach adopted for allocation and transfer between stages is as follows:

- for securities which at the reporting date have an investment-grade rating, the LCRE is applied, or they are allocated directly to stage 1 on the basis of the requirements outlined above;
- for securities which at the reporting date have a speculative-grade rating, the credit rating trend of the counterparty between the purchase/subscription date and the reporting date is considered, measured as a change in the rating class.

Significant impairment leading to classification in stage 2 is defined by a decrease of at least 2 notches on the rating scale. On the other hand, if a credit event objectively occurs, the exposure is classified stage 3. If there is no significant impairment of the position, it is classified as Stage 1, in accordance with the Standard.

In any case, classification and transfers comply with a symmetric and relative model. In fact, at every reporting date, reclassification of the positions among the stages is carried out, both upwards and downwards, based on changes in the conditions that led to the prior staging.

If no information is available for determining significant impairment or low credit risk, the position must be classified in stage 2. Ratings, provided by an info provider, are carefully updated at each reporting date.

Assessment of financial assets, whether performing or in stage 3, also reflects the best estimate of the effects of future conditions, above all those associated with the economic situation, on the basis of which forward looking PD and LGD are estimated.

From a methodological point of view, at every consolidated financial statements reporting date, Invitalia must measure the impairment of a financial instrument on the basis of:

- 12-month Expected Credit Loss (ECL) for instruments classified in stage 1;
- Lifetime Expected Credit Loss (LECL) for instruments classified in stage 2.

The impaired portfolio is instead classified in stage 3 and continues to be measured using the Impairment Lifetime method.

With regard to **Mediocredito Centrale SpA**, following the introduction of IFRS 9, credit risk management is closely tied to the recognition and measurement of expected losses. Based on the accounting standard, assets and losses falling within a well-defined perimeter are classified into three stages. This classification is based on transfer criteria linked to the credit quality of the element in question, which impacts the methods used to recognise impairment, differentiated in terms of the reference time horizon and recognition of interest income. The Bank has therefore implemented tools which, in line with the dictates of the standard, allow it to automatically determine any significant increases in credit risk. These instruments are differentiated by the portfolio in question.

For the securities portfolio, the Bank uses the following measurement methods:

- for securities with an investment grade rating as of the reporting date, the low credit risk exemption (LCRE) is applied;
- for securities which at the reporting date have a speculative grade rating, the credit rating trend of the counterparty between the purchase/subscription date and the reporting date is considered, measured by the change in the rating class. Significant impairment leading to classification in stage 2 is defined by a decrease of at least 2 notches on the rating scale. On the other hand, if a credit event objectively occurs, the exposure is classified stage 3. If there is no significant impairment of the position, it is classified as Stage 1, in accordance with the Standard.

For the loan portfolio, these instruments use:

- information coming from scoring models, comparing measurements obtained at the origination date with periodic updates;
- information on payment trends (past due by more than 30 days);
- the presence of forbearance measures for performing positions;
- information coming from internal early warning systems (watchlist customers).

Performing loans are divided into risk classes and then assessed collectively by the Bank with due regard for the unusual economic situation and uncertainty induced by the ongoing pandemic, the effects of legislative measures and industry-specific moratoria and the other support measures introduced by the Government and the monetary authorities.

The information that the Bank uses to recognise expected losses for loans classified in stage 1 or stage 2 can be detailed as follows:

- probability of default by the customer, obtained from an external rating model; this information is subject to the adjustments dictated by the accounting standard, specifically: either a point in time (PIT) adjustment, which prudentially and considering the volatility of the default rate observed on the loan portfolio, consists of a Bayesian recalibration based on the average impairment rate observed on the portfolio;
- or a forward looking correction over the first three years of the curve, in order to include macroeconomic predictions for the market;
- after three years, a through-the-cycle²¹ calibration, using the PD and transition matrices determined as the average value seen over the past 8 years;
- loss given default (LGD), obtained by making use of regulatory values or amounts deriving from market benchmark values, considering the statistical number of positions in the portfolio and the content of historical series to measure internal recovery rates. These values are then duly updated using prudential margins and segmenting, when necessary, based on the type of guarantees associated with the loans;
- exposure at default (EAD), differentiating between on and off balance sheet positions;
- residual life of the relationship;
- discounting rate, equal to the internal rate of return on the position.

Changes due to COVID-19

During 2021, as in 2020, certain changes were made to the above methodology, mainly linked to the pandemic. This was in line with the guidelines and recommendations of the supervisory and regulatory authorities (ECB, EBA and Bank of Italy); the main changes can be summarised as:

- Inclusion in the satellite models of the economic scenarios published by the Bank of Italy on 5 June 2020, taking into account the effects of the pandemic in order to calculate the forward-looking coefficients used to estimate the PD;
- Prudent treatment of accounts on which a moratorium has been requested and those which the bank has identified as being hardest-hit by the pandemic based on economic sector. Stage 2 provisioning was considered for these accounts.

Additionally, to standardise the treatment in terms of provisioning for exposures relative to central administrations, with a risk weighting of zero (RW = 0%), when calculating provisions for credit losses the portion of exposure guaranteed by the Central Guarantee Fund was included, to which a coverage of 0% had previously been applied (LGD = 0%).

Measurement of significant increase in credit risk (SICR).

As indicated above, no methodological changes were applied in terms of measuring the significant increase in credit risk. However, the updating of the macroeconomic scenarios to include the

pandemic effects led to a worsening of the lifetime PD, leading to a gradual increase in Stage 2 exposures and an increase in writedowns compared to the pre-pandemic situation. The total percentage of stage 2 customer loans at 31 December 2021 was 17.9%. During the year, the Bank concluded its verification of continued financial difficulty for those who had requested a suspension of payments due to COVID-19. Where there was continued financial difficulty, the account was classified in stage 2. On a prudential basis, stage 2 provisioning was also applied to those accounts for which, despite the confirmation of financial difficulty, it was not possible to confirm the reinstatement of payments at the end of the moratorium period, for reasons related to the repayment intervals.

The Bank has also continued to finance SMEs according to its mandate, and has also supported their cash flow needs induced by the ongoing crisis, by relying on the public subsidies in the form of the SME Guarantee Fund, a government scheme which has been strengthened in order to support businesses.

Measuring expected loss

This updating of the macroeconomic scenarios to include the effects of the pandemic led to a significant increase in the forward looking coefficients applied to the probability of default.

In line with the EBA recommendations, the aim of which is to avoid excessive harm to the profit and loss accounts of banks, which would have created procyclical effects thus making it harder for businesses to access credit, the effects deriving from the increase in forward looking multipliers was attenuated in 2021 as in 2020, by using an average multiplier (calculated as the simple average of the forward looking multipliers in t+1, t+2 and t+3).

Additionally, a prudential solution was adopted to determine writedowns on accounts with moratoriums, also due to the higher risk observed for this portion of the portfolio. In addition to the stage 2 classification of accounts confirmed as being in financial difficulty, the lifetime provisioning applied to stage 2 was also adopted for:

1. accounts that had requested a legal moratorium but despite not being in financial difficulty were unable to confirm the reinstatement of payments for reasons due to the repayment interval;
2. moratoriums granted to counterparties in sectors identified as those hardest hit by the pandemic.

Due to the increase in volumes in the portfolio of SMEs guaranteed by the Central Guarantee Fund, and even if the provisioning levels are still considered adequate, in order to establish consistency in the treatment of exposures towards the Italian government held in the portfolio, in line with IFRS 9, the Bank decided to determine the writedowns for the portion guaranteed by the Central Guarantee Fund in the same way that provisioning is determined for government securities.

The write-owns are calculated on the basis of the following elements:

- Probability of default (PD), corresponding to the rating for the Italian government;
- LGD of 45%;
- Staging of the loan counter-part.

2.4 Credit risk mitigation

An essential factor in the proper control of credit risk is the adequate use of CRM techniques and instruments both during the acquisition phase and when monitoring the value and effect of the guarantees. During 2021, the Bank drew up its guarantee management policy, which sets out the principles and guidelines of the system of governance used to support the adequate use of guarantees and credit risk mitigation (CRM) techniques. This policy is supplemented with software programs used to monitor the guarantees provided.

The legal validity of all guarantees is checked at the time of acquisition by the business units, who must check that the guarantees are valid and can be enforced. The period of validity of the guarantee usually covers the full duration of the finance granted.

Secured or unsecured guarantees are designed to support the amount of the finance, and are no substitution for the debtor's capacity to meet the repayments (credit scoring): the lending departments mainly assess the credit score based on an analysis of the primary sources of income (customer – operation) and then on the basis of any ancillary guarantees, considering both the current and forward-looking situation of the counterparty and any corporate group they belong to.

The use of CRM instruments to calculate the capital absorption, according to the standard methodology, is governed by the internal policy and an operational procedure; this regulates the method of assessment and the monitoring of the instrument as a tool to mitigate credit and capital absorption risks.

The Public Disclosure includes a section on risk mitigation techniques, which includes qualitative and quantitative information. This document is available on the Bank's website in accordance with the prudential supervision instructions (see Part One – Title III – Chapter 2 and Part Two – Chapter 13 of Circular 285/2013).

The internal guidelines pursue the following objectives:

- to promote the proper management of credit and the related guarantees;
- to maximise the effect of risk mitigation offered by the CRM tools;
- to optimise the capital requirements in accordance with the Basel guidelines on credit risk mitigation;
- to define the general rules on the eligibility, assessment, monitoring and management of secured and unsecured guarantees;
- the main forms of guarantee used by the Bank to mitigate credit risk, which can be used for credit risk mitigation purposes, consist of:
 - Secured guarantees – a mortgage on residential or non-residential properties and to a lesser extent a secured financial guarantee in the form of cash collateral;
 - Unsecured guarantees – Central Guarantee Fund (backed by the Government guarantee), SACE.

Where the legal requirements are met, the mortgages contribute to reducing the capital requirement as a result of the enhanced weightings, which are 35% for residential properties and 50% for non-residential properties, with appropriate LTV (loan to value) restrictions.

The Central Guarantee Fund and SACE have a zero weighting, due to the effect of the counter guarantee of the Italian government.

The Bank also accepts as guarantee a pledge on a current account held with the Institution.

Lastly, there is:

- a type of secured guarantee in the form of cash collateral, to hedge the position in derivatives held with a leading Italian banking counterparty. From a contractual perspective this guarantee is regulated with a standard CSA/ISDA;

- a type of secured guarantee in the form of cash collateral, to hedge against PCT held with leading banking counterparties. From a contractual perspective, this guarantee is regulated by a GMRA (General Master Repurchase Agreement).

3. Impaired credit exposures

Credit risk management is governed by procedures that establish the applicable rules of conduct. During the pre-litigation phase, the work is done by the administrative department together with the department responsible for monitoring the position; subsequently, the legal department is instructed to recover the amounts due. The administrative department defines the specific loss estimates based on the information on the recoverability terms provided by the operations function and/or the legal department.

With reference to Mediocredito Centrale, note that on 26 April 2019 Regulation EU 630/2019 took effect, which requires banks to record provisioning for non-performing exposures, relative to disbursements arising after 26 April 2019, using calendar provisioning, taking into account the ageing and type of exposures, establishing a calendar which is differentiated by whether the loan is secured or unsecured. More specifically, for unsecured non-performing exposures a three-year calendar is applied, while a longer calendar is used for secured exposures: nine years for loans guaranteed by real estate and seven years for other types of guarantees. With the calendar system, the impaired loans are fully written down at predetermined intervals. The system is designed to ensure that NPL do not accumulate on the bank's financial statements without adequate value adjustments. Calendar provisioning also introduces a binding Pillar I requirement for all banks. Although this provision is regulatory in nature and has no accounting value it is still an important benchmark in determining the value adjustments. The Bank has adjusted its application procedures to ensure compliance with the new regulatory provisions on loan provisioning. The set of information indicating the minimum requirements, as imposed by law, provides additional elements to be used in determining the accounting write-downs.

QUANTITATIVE INFORMATION

1. Breakdown of financial assets by associated portfolios and credit quality (book value)

Portfolio/quality	Bad Loans	Unlikely to Pay	Non Performing Past Due Exposures	Past Due Exposuresd	Other Performing Exposures	Total
1. Financial assets measured at amortised cost	81,055	13,575	493	710,432	2,801,083	3,606,638
2. Financial assets measured at fair value through other comprehensive income					914,898	914,898
3. Financial assets designated at fair value						-
4. Other financial assets mandatorily designated at fair value					46,482	46,482
5. Financial assets held for sale					212,395	212,395
Total 2021	81,055	13,575	493	710,432	3,974,858	4,780,413
Total 2020	92,749	26,340	118	35,950	4,604,459	4,759,616

2. Breakdown of financial assets by associated portfolios and credit quality (gross and net values)

Portfolio/quality	Non Performing Assets			Performing Assets			Total (net exposure)
	Gross exposure	Overall writedowns	Net exposure	Gross exposure	Overall writedowns	Net exposure	
1. Financial assets measured at amortised cost	255,569	(160,446)	95,123	3,578,951	(67,436)	3,511,515	3,606,638
2. Financial assets measured at fair value through other comprehensive income			-	915,785	(887)	914,898	914,898
3. Financial assets designated at fair value			-	-		-	-
4. Other financial assets mandatorily designated at fair value			-	46,482		46,482	46,482
5. Financial assets held for sale				212,395		212,395	212,395
Total 2021	255,569	(160,446)	95,123	4,753,613	(68,323)	4,685,290	4,780,413
Total 2020	418,727	(255,911)	162.816	4,685,535	(56.619)	4,628,916	4,791.732

3. Distribution of financial assets by maturity (book values)

Portfolio/ quality	Stage one			Stage two			Stage three			Acquired or originated impaired		
	From 1 day to 30 days	Over 30 days to 90 days	Over 90 days	From 1 day to 30 days	Over 30 days to 90 days	Over 90 days	From 1 day to 30 days	Over 30 days to 90 days	Over 90 days	From 1 day to 30 days	Over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortised cost	2,812,979	381	16,215	365,991	3,087	312,863	18,265	702	76,154			
2. Financial assets measured at fair value through other comprehensive income												4
3. Financial assets held for sale												
Total 2021	2,812,979	381	16,215	365,991	3,087	312,863	18,265	702	76,154			-
Total 2020	806,186	32,739	2,082,295	615,760	9,314	105,222	185	431	118,591			-

4. Financial assets, commitments to disburse funds and financial guarantees given: trend of total value adjustments and total provisioning

Cause/Risk stage	Overall Write-down																				Total provisioning for commitments to disburse funds and financial guarantees given				Total				
	Stage one assets						Stage two assets						Stage three assets						Financial assets acquired or originated impaired				Total						
	Current accounts and demand deposits with banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Current accounts and demand deposits with banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Current accounts and demand deposits with banks	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment		of which: collective impairment	Stage one	Stage two	Stage three	Commitments to disburse funds and guarantees issued acquired or originated impaired	Total
Opening balance	38	17,863	1,063	-	-	18,964		14,578			14,578		62,436			62,436									327	3,620			99,925
Increases in financial assets acquired or originated																													
Reversals different from write-offs																												0	
Net value adjustments for credit risk (+/-)	(14)	9,895	(177)			9,895		25,100			25,100		98,010			98,010								927	(1,516)			132,225	
Contractual changes without cancellation																													
Changes in estimation methodology																													
Write-offs																												0	
Other changes																													
Final total adjustments	24	27,758	886	-	-	28,859	-	39,678	-	-	39,678	-	160,446	-	-	160,446	-	-	-	-	-	-	-	1,254	2,104	-	-	232,150	
Recoveries from financial assets subjected to write-offs																													
Write-offs not recognised directly in Profit and Loss																													

6. Credit exposures with customers, banks and financial companies

6.1 On and offbalance sheet credit exposures with banks and financial companies: gross and net values

Type of exposures/amounts	Gross exposure		Total value adjustments and total provisioning	Net exposure	Total partial write-offs*
	Non performing	Performing			
A. On-Balance exposures					
a) Bad Loans					
of which: forborne exposures				-	
b) Unlikely-to-Pay				-	
of which: forborne exposures				-	
c) Non Performing Past Due Exposures				-	
of which: forborne exposures					
d) Performing past due		737,306	(26,874)	710,432	
of which: forborne exposures				-	
e) Other Performing Exposures		18,387	(505)	17,882	
of which: forborne exposures					
TOTAL A	-	755,693	(27,379)	728,314	
B. Off-balance sheet credit exposures					
a) Non performing					
b) Performing				-	
TOTAL B	-	-	-	-	
TOTAL A+B	-	755,693	(27,379)	728,314	

6.2 On balance credit exposures with banks and financial companies: trend of gross non performing exposures

There are no non-performing exposures with banks or financial companies.

6.2bis On balance credit exposures with banks and financial companies: trend of gross forborne exposures broken down by credit quality

There are no *forborne exposures* with banks or financial companies.

6.3 Non performing on balance credit exposures with banks and financial companies: trend of overall write-downs

There are no non-performing exposures with banks or financial companies.

6.4 On and off-balance sheet credit exposures with customers: gross and net values

Type of exposures/amounts	Gross exposure		Total value adjustments and total provisioning	Net exposure	Total partial write-offs*
	Non performing	Performing			
A. On-balance exposures					
a) Bad Loans	220,426		(139,371)	81,055	
of which: forborne exposures					
b) Unlikely-to-pay	34,548		(20,973)	13,575	
of which: forborne exposures					
c) Non performing past due exposures	595		(102)	493	
of which: forborne exposures					
d) Performing past-due					
of which: forborne exposures					
e) Other performing exposures		2,823,258	(40,057)	2,783,201	
of which: forborne exposures					
TOTAL A	255,569	2,823,258	(200,503)	2,878,324	-
B. Off-balance sheet credit exposures					
a) Non performing					
b) Performing					
TOTAL B	-	-	-	-	-
TOTAL A+B	255,569	2,823,258	(200,503)	2,878,324	-

6.4a Loans subject to COVID-19 support measures: gross and net values

Type of exposures/amounts	Gross exposure				Acquired or originated impaired	Total value adjustments				Net exposure	Total partial write-offs*
	Stage one	Stage two	Stage three			Stage one	Stage two	Stage three	Acquired or originated impaired		
A. BAD LOANS	-	-	-	-	-	-	-	-	-	-	-
a) In forbearance in compliance with GLs											
b) Subject to the moratorium measures no longer in compliance with the GLs and not in forbearance											
c) Subject to other forbearance measures											
d) New loans											
B. UNLIKELY TO PAY	1,547	-	-	1,547	-	414	-	-	414	-	1,134
a) In forbearance in compliance with GLs											
b) Subject to the moratorium measures no longer in compliance with the GLs and not in forbearance	306			306		108			108		199
c) Subject to other forbearance measures	674			674		205			205		469
d) New loans	567			567		101			101		466
C. NON-PERFORMING PAST-DUE EXPOSURES	-	-	-	-	-	-	-	-	-	-	-
a) In forbearance in compliance with GLs											
b) Subject to the moratorium measures no longer in compliance with the GLs and not in forbearance											
c) Subject to other forbearance measures											
d) New loans											
D. PERFORMING PAST-DUE EXPOSURES	7,060	7,016	44	-	-	92	91	1	-	-	6,968
a) In forbearance in compliance with GLs											
b) Subject to the moratorium measures no longer in compliance with the GLs and not in forbearance											

c) Subject to other forbearance measures													
d) New loans	7,060	7,016	44			92	91	1				6,968	
E. OTHER PERFORMING EXPOSURES	739,856	559,889	179,937	-	-	8,578	2,387	6,190	-	-	731,277	-	
a) In forbearance in compliance with GLs	190	190									190		
b) Subject to the moratorium measures no longer in compliance with the GLs and not in forbearance	38,643	15,847	22,796			2,124	477	1,647			36,519		
c) Subject to other forbearance measures	20,437		20,437			1,142		1,142			19,294		
d) New loans	680,586	543,852	136,704			5,312	1,910	3,401			675,274		
TOTAL (A+B+C+D+E)	748,463	566,905	179,981	1,547	-	9,084	2,478	6,191	414	-	739,379	-	

6.5 Credit exposures with customers: trend of gross non-performing exposures

Causes/Categories	Bad Loans	Unlikely to Pay	Non Performing Past Due Exposures
A. Opening Balance	295,931	64,025	131
of which: sold non-cancelled exposures	32,489	64,025	
B. Increases	16,147	14,521	1,650
B.1 Transfers from performing loans	189	7,161	1,626
B.2 Transfers from acquired or originated impaired financial assets			
B.3 Transfers from other categories of non-performing exposures	2,552	434	
B.4 Contractual changes with no cancellations			
B.5 Other increases	13,406	6,926	24
C. Decreases	91,652	43,998	1,186
C.1 Transfers to performing loans		1,363	544
C.2 Write-offs	718	3,309	
C.3 Collections	537	4,669	176
C.4 Sale proceeds	2,286	7,672	
C.5 Losses from disposals	11,436	680	
C.6 Transfers to other non-performing exposures		2,552	434
C.7 Contractual changes without cancellation			
C.8 Other decreases	76,675	23,753	32
D. Closing Balance	220,426	34,548	595
of which: sold non-cancelled exposures	220,426	34,548	595

6.5bis On-balance credit exposures with customers: trend of gross forbore exposures broken down by credit quality

Causes/Categories	Forborne exposures: non performing	Other forbore exposures
A. Opening Balance	37,772	15,758
of which: sold non-cancelled exposures		
B. Increases	11,488	52,712
B.1 Transfers from performing loans not forbome	1,050	51,917
B.2 Transfers from performing loans forbome	1,728	
B.3 Transfers from non-performing loans forbome		455
B.4 Transfer from non performing loans not forbome	4,074	
B.5 Other increases	4,636	340
C. Decreases	21,615	8,859
C.1 Transfers to performing loans not forbome		1,121
C.2 Transfers to performing loans forbome	455	
C.3 Transfers to non-performing loans forbome		1,728
C.4 Write-offs	3,473	
C.5 Collections	1,051	5,594
C.6 Sale proceeds	2,672	
C.7 Sale losses	609	
C.8 Other decreases	13,355	416
D. Closing Balance	27,645	59,611
of which: sold non-cancelled exposures		

6.6 Non performing on- balance credit exposures with customers: trend of overall write-downs

Causes/Categories	Bad loans		Unlikely-to-pay		Non performing Past-due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening Balance	176,724	2,089	37,685	23,578	13	
of which: sold non-cancelled exposures	176,724	2,089	37,685	23,578	13	0
B. Increases	5,580	97	11,603	10,190	98	11
B.1 Write-downs of acquired or originated impaired financial assets						
B.2 Other write-downs	2,002	47	5,686	4,042	98	11
B.3 Losses on disposals			680	609		
B.4 transfers from other categories of non performing exposures	1,663		9			
B.5 contractual changes with no cancellation						
B.6 Other increases	1,915	50	5,228	5,539		
C. Decreases	42,933	184	28,315	17,872	9	0
C.1 Write-backs from valuation	256	18	1,082	680		
C.2 Write-backs from collections	172	2	704	2		
C.3 Gains from disposals	994		180			
C.4 Write-offs	718	164	3,309	3,309		
C.5 transfers to other categories of non performing exposures			1,663		9	
C.6 Contractual changes with no cancellation						
C.7 Other decreases	40,793		21,377	13,881		
D. Closing Balance	139,371	2,002	20,973	15,896	102	11
of which: sold non-cancelled exposures	1,401	18	1,130	213	9	

7. Classification of financial assets, commitments to disburse funds and financial guarantees issue based on external and internal ratings

7.1 Distribution of financial assets, commitments to disburse funds and financial guarantees issue by external ratings class (gross amounts)

Exposures	External ratings class						No rating	TOTAL
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	112	-	21,101	9,769	2,045		2,538,191	2,571,218
Stage one	112		21,101	9,769	4		2,131,054	2,162,040
Stage two					2,041		351,134	353,175
Stage three							56,003	56,003
Acquired or originated impaired								
B. Financial assets measured at fair value through other comprehensive income	-	-	915,785	-	-	-	-	915,785
Stage one			915,785					915,785
Stage two								-
Stage three								-
Acquired or originated impaired								-
C. Financial assets held for sale	-	-	-	-	-	-	-	-
Stage one								-
Stage two								-
Stage three								-
Acquired or originated impaired								-
Total (A+B+C)	112	-	936,886	9,769	2,045	-	2,538,191	3,487,003
D. Commitments to disburse funds and financial guarantees issued	-	-	-	26,925	-	-	140,040	166,965
Stage one				26,888			88,903	115,791
Stage two				37			51,137	51,174
Stage three								
Acquired or originated impaired								
Total (D)	-	-	-	26,925	-	-	140,040	166,965
Total (A+B+C+D)	112	-	936,886	36,694	2,045	-	2,678,231	3,653,968

The table shows a breakdown of MCC's cash and off-balance sheet exposures with regards to counterparts with external ratings. The classification refers to Standard & Poor's rating classes, to which ratings assigned by other agencies (Moody's and Fitch) are tracked. The percentage impact of exposures with external ratings relative to total exposures is 27%.

9. Credit concentration

Concentration risk is the risk that derives from a concentration of exposures in the credit portfolio relative to counterparts, or groups of counterparts in the same economic sector, which carry out the same type of business or are located in the same geographic area.

9.1 Distribution of on and off-balance sheet credit exposures by sector of economic activity

9.2 Territorial distribution of on- and "off-balance sheet" credit exposures, by geographical area

9.3 Large exposures

As of 31 December 2021, apart from the normal exposures towards Public Administration, the Agency only had a single "large risk" position with the subsidiary Italia Turismo.

3.2. MARKET RISKS

Analysis of market risk is done on a voluntary basis as Invitalia is not subject to supervision by the Bank of Italy.

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument may undergo oscillations due to changes in market prices.

For Invitalia, this risk is represented by the risk of adverse change in the value of a position in securities, included in the trading book for supervisory purposes, due to the adverse trend of interest rates, Exchange rates, inflation, volatility in stock prices, credit spreads, commodity prices (generic risk) and issuer credit ratings (specific risk).

Market risk comprises three types of risk: interest rate risk, price risk and currency risk.

Invitalia's financial management complies with the asset allocation policies and risk limits established by the Board of Directors.

As already shown in the Report on Operations, there is no appreciable liquidity, interest rate or credit risk.

With regards to liquidity risk, note that cash flow from normal operations fully satisfies structural operating costs. The stress test, intended to verify the financial strength of management in the case of exogenous liquidity shocks, indicates that financial management investments comply with the principle of high liquidity, as two thirds of the total can be readily monetised.

Interest rate and credit risk are similarly limited.

More specifically, the long-term securities portfolio (HTC) has a very low risk profile with an average duration of around 5 years (against a financial mandate limit of 7 years) and an average rating of BB+ with Italian government securities exceeding 50% of the total.

The Agency's intention and ability to hold these securities for the long term in order to collect coupon-based returns makes it possible, on the basis of the international accounting standards, to not suffer any capital losses (to fair value) due to temporary fluctuations in interest rates and prices (measurement of securities at historic cost).

On the other hand, the portfolio of securities held for trading is of a residual amount, now less than 10% of investments, with a shorter financial duration of less than 3 years, and more contained relative implicit interest rate risk.

Investment policies are for the most part made up of separately managed items with a prudential profile which, due to the segregation of the relative funds and the rules governing them, offer high protection from credit and interest rate risk.

Finally, mutual investment funds, which are marginal in terms of amount, led to the choice of the main asset managers globally through the selection process, and in virtue of the prudential balanced investment class, do not appreciably increase the risk profile for management.

3.2.1 Interest rate risk

Qualitative criteria

With reference to MCC, exposures to this risk mainly derives from the number of maturities changed by the Bank, that is collection of funds with short-term repricing frequency and adjustment of longer-term interest rates. For this reason, quantification of this risk is based on analysing the mismatch between repricing dates for asset and liability items.

The Bank's financial structure is defined and optimised by the Chief Financial Officer in accordance with the relevant Guidelines and the risk objectives as set by the company bodies ("Risk Appetite Framework"). The risk appetite on the interest rate is expressed in terms of the impact on the

expected interest margin (short-term view) and its impact on the economic value of the banking portfolio (medium-long-term view). Financial management is monitored from a preventive perspective, in order to identify the best financial structure for the evolving market conditions, and on a results basis in order to verify conformity with the risk objectives and the system of approved limits. The second level controls are the responsibility of teams which are organisationally separate and independent from the operations department.

As at 31 December 2021, the most significant elements determining exposure to interest rate risk are:

- medium/long-term loans associated with the core lending business, mainly consisting of variable-rate loans indexed to the Euribor (82%), fixed-rate loans (16%) and, residually, mixed-rate loans (2%);
- factoring operations;
- investments in multi-year treasury bonds with an average duration of 1.8 as at the reporting date;
- fixed-rate zero-coupon bonds, with maturities distributed as seen in Table B1 below;
- ECB funding ("TLTRO III");
- variable-rate deposits payable indexed to the Euribor by Cassa Depositi e Prestiti;
- variable-rate deposits payable indexed to the Euribor by the EIB (European Investment Bank);
- short and medium-term deposits indexed to the Euribor by customer businesses;
- short and medium-term deposits indexed to the Euribor by Invitalia Group companies;
- repurchase agreements with banks;
- demand deposits from business customers, associated with normal and time deposit accounts;
- demand deposits from Invitalia Group companies;
- demand deposits generated from technical current accounts linked to management of public subsidies.

The ALM structure is also made up of the following positions:

- hedging derivatives on bonds;
- active or passive deposits received or made in order to guarantee the market value (positive or negative) of the hedging derivatives and repurchase transactions (cash collateral).

The positions deriving from the securitisation of residential mortgages in 2016 have no effect on the overall ALM structure and therefore do not generate a rate risk because the securities issued by the vehicle company were fully subscribed by the Bank itself.

The Bank uses robust methods to measure risk, able to include all relevant elements (the drivers of risk exposure and risk factors) in the light of its specific business model.

In terms of risk factors, both parallel and non-parallel shifts in the rate curve are considered, using both a deterministic view point (e.g. parallel shock to the interest rate curve of ± 200 basis points) and probabilistic (shock to the curve corresponding to the 1st/99th percentile of the historic distribution of annual changes in rates).

To guarantee that exposures to interest rate risk for the portfolio is always consistent with the Bank's risk appetite - as defined in the Risk Appetite Framework - the operations department and the risk control department perform independent monthly monitoring and, relative to certain types of operations (e.g. changes in the portfolio of owned securities), a preventive impact analysis.

The Bank's risk control function also carries out stress test analysis to estimate the potential adverse consequences deriving from extreme but plausible market scenarios. Stress scenarios are identified based on the current financial market situation and forecasts coming from external

sources, while taking into account the specific vulnerabilities associated with the Bank's business model.

Relative to price risk, the Bank's exposure is negligible, as it holds an insignificant amount of shares.

Impacts from the COVID-19 pandemic

The Band monitors the potential impact of unexpected changes in interest rates, on profits and/or the economic value deriving from the higher pandemic-induced volatility. This analysis and subsequent monitoring of risk indicators during the year did not identify any elements that were susceptible to change in a manner that would significantly alter the exposure to interest rate risk of the bank portfolio.

QUANTITATIVE INFORMATION

Distribution by residual term (repricing date) of financial assets and liabilities

Types/Residual Maturity	on demand	3 months or less	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Unspecified
1. On Balance Assets	85,212	1,966,869	438,068	20,234	859,967	34,028	58,078	-
1.1 Debt securities	1,772	284,244	35,541	645	757,203	-	-	-
- with early repayment option	1,772	107,584	7,226	645	12,936			
- other		176,660	28,315		744,267			
1.2 Loans to banks	56,463	16,310	162					
1.3 Loans to customers	26,977	1,666,315	402,365	19,589	102,764	34,028	58,078	-
- current accounts	4,657							
- Other loans	22,320	1,666,315	402,365	19,589	102,764	34,028	58,078	
- With early repayment option	6,130	1,557,635	265,180	19,589	102,427	34,028	53,018	
- Other	16,190	108,680	137,185		337		5,060	
2. On Balance Liabilities	1,027,261	264,615	170,515	275,908	1,285,478	185,510	3,821	-
2.1 Payables to customers	953,986	249,875	170,512	225,888	203,147	7,121	3,806	-
- current accounts	937,756	249,834	118,933	225,350	198,376			
- Other payables	16,230	41	51,579	538	4,771	7,121	3,806	
- With early repayment option								
- Other	16,230	41	51,579	538	4,771	7,121	3,806	
2.2 Payables to banks	73,275	14,740	3	50,020	782,762	68	15	-
- current accounts								
- Other payables	73,275	14,740	3	50,020	782,762	68	15	
2.3 Debt securities	-	-	-	-	299,569	178,321	-	-
- With early repayment option								
- Other					299,569	178,321		
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With early repayment option								
- Other								
3. Financial derivatives	89,781	380,282	-	-	300,000	170,063	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
+ Long positions								
+ Short positions								
Other derivatives	-	-	-	-	-	-	-	-
+ Long positions								
+ Short positions								
3.2 Without underlying security	89,781	380,282	-	-	300,000	170,063	-	-
Options	-	-	-	-	-	-	-	-
+ Long positions								

+ Short positions								
Other derivatives	89,781	380,282	-	-	300,000	170,063	-	-
+ Long positions					300,000	170,063		
+ Short positions	89,781	380,282						
4. Other off-balance sheet transactions	192,361	19,275	28,331	-	-	-	-	-
+ Long positions	72,359	19,275	28,331					
+ Short positions	120,002							

3.2.2 PRICE RISK

Qualitative criteria

1. General aspects

"**Other price risk**", as defined in Appendix A of IFRS 7, is defined as the risk that the fair value or future cash flows of a financial instrument may oscillate due to changes in market prices other than changes determined by interest rate risk or currency risk. For Invitalia, this risk is substantially limited to equity investment operations which following reorganisation are limited to residual costs. Price risk is kept in check by defining shareholders' way-out agreements, possibly accompanied by guarantee mechanisms or disincentives in relation to non-compliance with agreed terms.

Quantitative information

3.2.3 EXCHANGE RISK

Assets and liabilities denominated in foreign currencies are not present.

3.3 OPERATIONAL RISK

QUALITATIVE CRITERIA

1. General aspects, management processes and measurement methods for operational risk

Operational risk means the risk of suffering losses due to the inadequacy or dysfunction of procedures, human resources and/or internal systems, or due to exogenous events. This category includes, among other things, losses deriving from fraud, human error, interruption of operations, unavailability of systems, contractual breaches and natural disasters. Operational risk includes legal risk, whereas strategic and reputational risks are not included.

The main corporate processes are governed by dedicated internal documented procedures. These documents, together with IT-based procedures, enable the monitoring of operational risks related to the occurrence of technical and human errors in all phases of the company's operations, which could result in harmful financial and reputational consequences for the company.

From an organisational point of view, the Internal Auditing function monitors the effectiveness and adequacy of the internal control system, verifying the adherence and coherence of corporate

departmental actions and practices with the regulations, directives, conferred powers and procedures enacted, with particular reference to the provisions of Italian Legislative Decree No. 231/2001.

The Organisation, Management and Control Model adopted, and compliant with the requirements of Legislative Decree 231/01 is based on:

1. adherence to the code of ethics, with particular regard to relations with the Public Administration bodies;
2. the written and jointly agreed definition of operating procedures;
3. the separation of tasks and responsibilities;
4. the establishment of an autonomous and independent supervisory body;
5. the systematic verification of compliance with the prescribed internal control procedures by the supervisory body and the Internal Auditing function.

Quantitative information

The Group's operations consist of a banking segment, another segment dedicated to the management of subsidy funds and services to the PA, and finally a segment dedicated to the disposal of assets considered non-strategic for the group.

In relation to the subsidies managed on behalf of the Public Administrations, the current disputes do not generally have any economic repercussions on the Group's ordinary activities, as any undesirable outcomes of the legal proceedings would not have an impact on the Group's profit and loss account. This is because the costs of losing a case are borne by the Customer Administration, and they are thus taken from the available funds under management. No provisions are made in relation to this type of dispute.

In the context of other operations, where the Group is involved in legal proceedings that the managing Department consider it likely that the case will be lost, funds will be allocated to the provision for risks and charges.

3.4 LIQUIDITY RISK

Qualitative criteria

1. General aspects, management processes and operational liquidity measurement methods

With reference to the parent company and the subsidiaries, with the exception of Mediocredito Centrale, liquidity risk is not subject to specific analysis, in consideration of current asset allocation.

On the other hand, for the Bank, in general terms liquidity risk is understood to be the risk that the Bank is unable to finance new loans and/or comply with its own payment commitments. The liquidity risk governance and management system is established to avoid conditions that could lead to this state of non-compliance.

Exposure to liquidity risk depends above all on the specific business model (2nd level bank focussed on business loans), characterised by limited amounts of low cost retail and stable over the medium/long-term, which requires greater use of transformation of maturities and secured forms of funding in order to contain the cost of funding. Additionally, management choices made relative to the tools used to mitigate this risk are also important, including: the qualitative/quantitative composition of liquidity reserves, the portion of assets restricted, the degree of funding diversification.

In relation to these aspects and risk factors which could impact expected cash flow, during the Internal Liquidity Adequacy Assessment Process (ILAAP) the following types of liquidity risk were identified, to which the Bank is exposed, as well as their relative significance:

- a. contingency liquidity risk, low significance;

- b. mismatch liquidity risk, high significance;
- c. market liquidity risk, specifically the risk of being forced to sell securities or loan assets at a price below fair value, low significance;
- d. funding liquidity risk, specifically in terms of the structure of funding and concentration by counter-party/technical form/maturity, regarding negative effects of the market's propensity towards the Bank's unsecured debt, high significance;
- e. asset encumbrance risk, connected to the portion of restricted assets involved in guaranteed funding operations, regarding negative effects of the market's propensity towards the Bank's unsecured debt, high significance.

In the face of these risks, the liquidity monitoring system is structured as follows.

- relative to funding liquidity risk, contingency liquidity risk and market liquidity risk, risk exposure is monitored together through the maturity ladder, positioning expected cash flow and counterbalancing capacity on a monthly schedule and calculating the total balance for each maturity group. Scenario analysis calls for the introduction of stress hypotheses with non-renewal of short-term funding and haircuts on liquidity reserves. Risk exposure is expressed in terms of days of survival and, in particular, using the Liquidity Coverage Ratio;
- exposure to funding liquidity risk is also measured in terms of concentration by technical form, counter-party and renewal date;
- exposure to mismatch liquidity risk is expressed as the portion of illiquid assets financed by stable funding and, in particular, using the Net Stable Funding Ratio;
- for asset encumbrance risk, risk exposure is expressed as the ratio between restricted assets and total assets;
- in terms of risk factors (monitoring of unfavourable events that could impact expected cash flow), an Early Warning Indicator system is used, with the aim of identifying events that could create liquidity tensions or crises beforehand.

The complex liquidity risk monitoring system includes daily controls carried out by:

- the Finance, Own Account and Treasury OU, carrying out the first level controls assigned to the operating function that takes on the risk;
- the CRO, carrying out second level controls through a structure which is separate and independent from the first.

In relation to the areas of monitoring illustrated above, risk objectives, operating limits and attention thresholds are defined which, consistent with prudential regulations, represent the reference measures used to implement the Risk Appetite Framework, Contingency Funding Plan and Restoration Plan. In particular, for the purposes of escalation and options available in crisis situations, specific rules of intervention apply, depending on the amount of "front line" liquidity reserves (counterbalancing capacity) and the ratio between the level of these liquid reserves and the net outflows expected in stress conditions (Liquidity Coverage Ratio).

These indicators are also subject to forward looking analysis when preparing the funding plan, in order to verify before the fact that balance will be maintained consistent with the Risk Appetite Framework approved by the Board of Directors.

Impacts from the COVID-19 pandemic

In relation to the potential effects of the COVID-19 pandemic, the Bank has taken measures to determine potential impacts deriving from unexpected requests for cash made by customers, and from the volatility in the value of assets which can be liquidated if there is any deterioration of market conditions. These measures have included strengthening the monitoring of the usage of revolving credit lines and the volumes of factoring transactions. Further, additional risk factors generated by the health crisis were incorporated into stress analysis and scenarios for the purposes of the Internal Liquidity Adequacy Assessment Process (ILAAP). However, during the year there were no signs of stress on operational or structural liquidity; the risk indicators have remained stable, above the minimum thresholds, consistent with the *ex-ante* risk appetite.

The tables below show the distribution of assets and liabilities at 31 December 2021 by time stage and currency.

Quantitative information

1. Distribution by residual contract duration, financial assets and liabilities

Types/Residual Maturity	On demand	From 1 to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Unspecified term
A. On Balance Assets	15,757	8,108	17,854	83,943	142,662	257,927	223,784	2,072,758	613,019	15,997
A.1 Government securities	1,164		1,106		4,441	1,309	6,914	874,310		
A.2 Other debt securities	3,013			40	496	870	1,039	5,100	160,696	
A.3 UCITS units										
A.4 Loans	11,580	8,108	16,748	83,903	137,725	255,748	215,831	1,193,348	452,323	15,997
- banks	41					162				15,997
- clients	11,539	8,108	16,748	83,903	137,725	255,586	215,831	1,193,348	452,323	
B. On Balance Liabilities	1,027,291	30,138	5	156,873	65,745	127,564	290,072	1,333,734	181,074	-
B.1 Deposits and current accounts	937,756	30,136	-	156,866	63,599	119,098	226,598	198,000	-	-
- banks	-									
- costumers	937,756	30,136		156,866	63,599	119,098	226,598	198,000		
B.2 Debt securities							4,500	300,000	170,063	
B.3 Other liabilities	89,535	2	5	7	2,146	8,466	58,974	835,734	11,011	
C. Off-balance sheet transactions	166,298	-	-	-	1,474	534	-	30,400	41,298	-
C.1 Financial derivatives with exchange of principal										
- long positions										
- short positions										
C.2 Financial derivatives without exchange of principal										
- long positions										
- short positions										
C.3 Deposits and loans to be collected										
- long positions										
- short positions										
C.4 Irrevocable commitments to disburse funds										
- long positions	46,296				1,474	534		30,400	41,298	
- short positions	120,002									
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of principal										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of principal										
- long positions										
- short positions										

The table only shows the figures for MCC, as this risk is not relevant to Invitalia nor for the other group companies.

3.5 Derivatives and hedging policies

Trading derivatives

The Group does not carry out any operations involving trading derivatives.

Accounting hedges

Qualitative criteria

A. Fair value hedging

In order to immunise the economic value of the subsidiary Mediocredito Centrale from the impact of changes in interest rates on fixed rate/zero coupon bonds, each bond issue is covered through an Interest Rate Swap derivative, stipulated with a primary market counter-part. Therefore, these positions are classified as Fair Value Hedges.

B. Cash flow hedges

There are no operations involving cash flow hedges.

C. Foreign investment hedges

There are no operations involving foreign investment hedges.

D. Hedging instruments

Each hedging instrument involves a portion that exactly replicates the interest accruing on the bond issues and an opposite portion indexed to the Euribor plus a spread, so as to perfectly offset any changes in cash flows coming from the hedged element due to variations in interest rates.

E. Elements hedged

Given that the purpose of hedging is to immunise the economic value of the bank portfolio from interest rate risk, the element hedged is not precisely the bond, but rather a portion of it, represented by the component that refers to the impact of changes in interest rates.

Verification of hedge efficacy is done using methods accepted under the reference accounting standards and general practice. It consists in verifying that the change in value of the hedged element, in the face of a conventional shock to interest rates, is equal to the change in the value of the hedging instrument. Any difference (ineffectiveness) must be solely attributable to the difference between the fair market spread and that effectively negotiated with the counter-party.

Quantitative information

3.5.2. Financial derivative hedges: notional values at end of period

Type of derivative		31.12.2021				31.12.2020			
		Over the counter - Central counterpart		Over the counter - Without central counterpart - Without netting agreements		Over the counter - Central counterpart		Over the counter - Without central counterpart - Without netting agreements	
1.	Debt Securities and Interest Rates Indexes		470,063				460,471		
	a) Options								
	b) Swaps		470,063				460,471		
	c) Forward								
	d) Futures								
	e) Other								
2.	Equity securities and stock indexes								
	a) Options								
	b) Swaps								
	c) Forward								
	d) Futures								
	e) Other								
3.	Currencies and gold								
	a) Options								
	b) Swaps								
	c) Forward								
	d) Futures								
	e) Other								
4.	Commodities								
5.	Other								
	Total		470,063				460,471		

3.5.3 Residual life of hedging derivatives: notional values

Underlying/Residual life		Up to 1 year	Over 1 year to 5 years	Over 5 years	Total
A.1	Financial derivatives, debt securities and interest rates		300,000	170,063	470,063
A.2	Financial derivatives, equity securities and stock indexes				
A.3	Financial derivatives, currencies and gold				
A.4	Financial derivatives, commodities				
A.5	Other financial derivatives				
	Total 31.12.2021		300,000	170,063	470,063
	Total 31.12.2020		300,000	160,471	460,471

3.5.4 Hedging derivatives: positive and negative gross fair value, change in value used to identify ineffective hedging

Type of derivative		Positive and negative fair value - Total 31.12.2021				Positive and negative fair value - Total 31.12.2020				Change in value used to identify ineffective hedging	
		Over the counter - Central counterpart	Over the counter - Without central counterpart - With central counterpart	Over the counter - Without central counterpart	Organised markets	Over the counter - Central counterpart	Over the counter - Without central counterpart - With central counterpart	Over the counter - Without central counterpart	Organised markets	Total 31.12.2021	Total 31.12.2020
1.	Positive fair value		72,272			90,202				90,202	
	a) Options										
	b) Interest rate swaps		72,272			90,202				90,202	
	c) Cross-currency swaps										
	d) Equity swaps										
	e) Forwards										
	f) Futures										
	g) Other										
	Total		72,272			90,202				90,202	
	Negative fair value										
	a) Options										
	b) Interest rate swaps		1,265								
	c) Cross-currency swaps										
	d) Equity swaps										
	e) Forwards										
	f) Futures										
	g) Other										
	Total		71,007			90,202				90,202	

Section 4. Information on equity

4. 1 Equity

4.1.2 Quantitative information

4.1.2.1 Equity: breakdown

Items/Values	2021	2020
1. Capital	836,384	836,384
3. Reserves	(44,478)	(68,453)
- profit reserves	(25,004)	(50,678)
<i>a) legal</i>	873	873
<i>d) other</i>	(25,877)	(51,551)
- Other reserves	(19,474)	(17,775)
<i>of which Reserve, article 47 Decree Law 19/5/2020</i>	(22,197)	(20,456)
5. Valuation reserves	(2,662)	720
- Actuarial gains on severance indemnities	(2,658)	(2,730)
- Part of valuation reserves from investments valued at equity method	(4)	3,450
7. Profit (Loss) for the year	84,452	36,897
Total	873,696	805,548

4.1.2.2 Valuation reserves for financial assets measured at fair value through comprehensive income: breakdown

None.

4.1.2.3 Valuation reserves for financial assets measured at fair value through other comprehensive income: annual change

None.

INFORMATION ON REGULATORY CAPITAL

The disclosure for regulatory capital is not applicable.

Section 5 – Analytical statement of other comprehensive income

STATEMENT OF COMPREHENSIVE INCOME		2021	2020
10.	Profit (Loss) for the year	84,452	36,897
	Other income, net of taxes not reclassified to profit or loss account		
70.	Defined benefit pension schemes	(72)	(236)
90.	Portion of valuation reserves for equity investments measured at equity	(5,092)	3,811
	c) other changes	(5,092)	3,811
	Reserve Article 47	(9,375)	(20,456)
	Other income components, net of taxes, reclassified to profit or loss account		
190.	Total of other comprehensive income, net of taxes	(14,539)	(16,881)
200.	Consolidated comprehensive income (Items 10 + 190)	69,913	20,016
210.	Consolidated comprehensive income attributed to non-controlling interests		
220.	Comprehensive income attributable to the parent company	69,913	20,016

Section 6 – Related-party transactions

The scope of natural and legal persons having the characteristics compliant with the definition of related parties in relation to the consolidated financial statements has been defined on the basis of information provided in IAS 24, appropriately applied with reference to the specific organisational structure and governance of the Agency.

In particular, the following are considered to be related parties:

Entities exercising significant influence on the Company

The company has a sole shareholder, the Italian Ministry of Economy and Finance. In this regard, in accordance with local regulations, shareholder's rights with reference to the Agency shall be exercised by the Minister of Economy and Finance, in agreement with the Minister of Economic Development.

It follows that, for operational purposes, the following are to be considered as related parties: the Italian Ministry of the Economy, the Italian Ministry of Economic Development, all subsidiaries controlled by the Ministry of the Economy, any other in house companies of the Ministry of Economic Development.

Subsidiaries

These are companies over which the Agency directly or indirectly exercises control as defined by IFRS 10.

Associate companies

These are companies over which the Agency directly or indirectly exercises substantial influence as defined by IAS 28.

The Management team vested with strategic responsibilities and supervisory bodies

Key management personnel vested with strategic responsibilities are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Within the Agency, in addition to the Board of Directors, "**strategic responsibility**" is attributed to the organisation's top-level managers, their close family members and the companies under their control.

6.1 Information on the remuneration of managers vested with strategic responsibility

The following provides information on the remuneration paid in the year 2021 to managers vested with strategic responsibilities, as required by IAS 24, which requires inclusion of the remuneration paid to members of the Board of Auditors.

information on the remuneration of managers vested with strategic responsibility	31/12/2021	31/12/2020
a) short-term benefits	3,806	3,617
b) post-employment benefits	783	966
<i>of which related to defined benefit plans</i>	-	-
<i>of which related defined contribution plans</i>	783	966
c) other long-term benefits	-	-
d) employment severance indemnity	-	-
e) payments in shares	-	-
Total	4,589	4,583

6.2 Loans and Guarantees Issued in Favour of Directors and Statutory Auditors

There are no loans and guarantees in favour of directors or statutory auditors.

Intra-group relationships

As discussed elsewhere in these Notes to the Financial Statements and the Directors' Report on Operations, the reorganisation plan is still under way, nevertheless, intra-group transactions continued without interruption for the entire year. In this regard, it should be noted that, within the Group, the relations between various its financial players are based on criteria of centrality with regard to fundamental tasks of governance and control, supplemented by those of guidance and assistance, in the form of advice on legal, economic, organisational and resource management. The responsibility for managing the various products and services is entrusted to the individual companies.

Transactions with related parties, including intragroup transactions, are not qualified as atypical or as unusual, they are part of the ordinary daily business activities of the Group's companies. Unless indicated otherwise, the financial effects associated with these relations are regulated, as a rule, on the basis of the usual market conditions. In the case of services supplied by the parent company as part of the normal group synergies, the prices are determined with the goal of recovering at least the general and specific costs. Such transactions, when not settled at standard conditions or

dictated by specific regulations, are in any case governed by market conditions. Any funding granted by the parent company to subsidiaries and associates on more favourable or interest-free terms are recognised in accordance with IFRS 9, as explained in the section "Accounting policies".

6.3 Information on transactions with related parties

Transactions with related parties are duly reported, even if they are concluded under normal market conditions and also in cases where the amounts are not significant, since the relevance of the transactions is linked to the reasons which led to the decision to approve and conclude each related party the transaction.

The following information on related party transactions are broken down by type and counterparty:

Equity-related transactions

Company name	Financing	Loans [Receivables]	Financial assets	Other active transactions	Financial liabilities	Other passive transactions	Guarantees issued	Commitments to disburse
Companies subject to significant influence							-	
IP PORTO ROMANO SRL	-	-	-	853		81	-	-
LAMEZIA EUROPA SCPA	-	-	-	18	-	-	-	-
Other related parties								
ANAS						9		
CDP - Cassa Depositi e Prestiti SpA		6,961	1,421	647	57,632	84		
ENEL SpA- ENEL Distribuzione SpA					50,074	344	5	
Enibioch4in San Benedetto Po S.r.l. Società Agricola		1,095			654			
FINCANTIERI CANTIERI NAVALI ITALIANI SpA		229						10,000
Gruppo Poste Italiane SpA		5,415			285,665	36		
GSE - Gestore dei Servizi Energetici SpA				3,351		17		
Leonardo SpA						13,000		37
Monte dei Paschi di Siena SpA		122,023						
OPEN FIBER SPA						172,446		
RAFFINERIA DI MILAZZO SCpA		6,681						
RAY WAY SPA		49						
RETE FERROVIARIA ITALIANA						16		
Sport e Salute		-		4	-			

Financial transactions

	Net interest	Net commissions	Administrative expenses	Other revenues
Companies subject to significant influence				
IP PORTO ROMANO SRL			10	
LAMEZIA EUROPA SCPA				
TEKLA SRL EX MEXALL SISTEMI				
VIVENDA SPA				
Other related parties				
ANAS			18	
CDP - Cassa Depositi e Prestiti SpA	(4,699)	12		
FINCANTIERI CANTIERI NAVALI ITALIANI SpA	34			
ENAV				
ENEL DISTRIBUZIONE SPA			430	
Enibioch4in San Benedetto Po S.r.l. Società Agricola	30			
EQUITALIA				
Gruppo Poste Italiane SpA	(257)	(12)	1,594	
OPEN FIBER SPA			150,517	
Poste Italiane SpA				
RAFFINERIA DI MILAZZO SCpA	63			
RAY WAY SPA				
RETE FERROVIARIA ITALIANA			28	
STUDIARE SVILUPPO				

Section 7 - Leasing

Qualitative information

The Group, as tenant, has entered into the following property lease agreements:

- a property at Viale America 351, Rome, which houses the head office of Banca del Mezzogiorno;
- a property at Via Silvestro Gherardi 3, Rome, for short-term use;
- the properties that accommodate the Banca del Mezzogiorno branches in Bari, Milan, Naples and Pescara;
- a commercial tenancy agreement for the property at Via Calabria 46, Rome, which is the head office of the parent company Invitalia SpA and of the subsidiaries: Infratel SpA, Italia Turismo SpA and Invitalia Partecipazioni SpA;
- a commercial tenancy agreement for the property at Via Pietro Boccanelli 12/30, which houses some of the offices of the above companies;
- a residential tenancy agreement for the property at Via Tevere 19, Rome;
- a state property concession for the Roma Eur building in Rome, which houses the offices of Infratel SpA;
- a commercial tenancy agreement for the property at Via Aldo Moro 44, Bologna, which is the head office of the Reconstruction Area (Emilia Romagna earthquake);
- a short-term tenancy agreement for the property at Via Lazio 20/c, Rome.

There are also 34 medium-long-term rental contracts (24 or 36 months) for company cars.

Leasing contracts with a term of less than 12 months or of a low value are recognised without a right of use, but the costs of the leasing payments are charged to administration costs, according to the accruals principle.

Quantitative information

For this item, please refer to:

- information on rights of use acquired through leasing in Part B, Assets;
- information on leasing payables contained in Part B, Liabilities;
- information on interest expense for leasing payables and other charges linked to rights of use acquired through leasing, as well as gains and profits deriving from sale transactions and leasebacks in Part C.

Additionally, quantitative information has been provided, as required under IFRS 16, paragraphs 53 a) and 59, plus details of the commitments associated with short-term leases, if the conditions established under paragraph 55 of IFRS 16 are met.

Section 8 - Other information details

INDEPENDENT AUDITORS' FEES

Below is the schedule of fees pursuant to Article 149-*duodecies* of the issuers' regulations.

Description of services	Invitalia	Subsidiaries	Total
Audit services	163	327	490
Other Services		81	81
Total	163	408	571

These fees relate to the fees payable for the auditing of the 2021 financial statements. The companies in the auditing firm's network did not provide any non-audit services during the year. These fees are net of expense reimbursements, non-deductible VAT and the CONSOB contribution.

SECTOR DISCLOSURE

The Group's sector disclosure is based on the information used by the Parent Company Management in its management approach and is thus consistent with the disclosure requirements of IFRS 8.

The following sectors have been identified: Lending, Management of subsidy funds and services to the PA, and Disposals

The allocation of profit and loss and equity to these sectors of activity is based on the accounting standards used in the preparation of these financial statements.

Below are the key financial and profit indicators, for which the sector contributions have been highlighted.

	lending activities	activities to manage public funds and PA services	divestment activities	other	
TOTAL ASSETS	4,193,756	2,792,007	209,952	25,518	
of which FINANCIAL ASSETS MEASURED AT AMORTISED COST	2,359,644	1,228,489	2,884	20,003	
TOTAL LIABILITIES	3,141,244	3,177,352	14,580	8,539	
SHAREHOLDERS' EQUITY					879,518

PROFIT AND LOSS ACCOUNT	lending activities	activities to manage public funds and PA services	divestment activities	other	total
120. NET BANKING INCOME	35,875	315,759	11,839	69	363,542
130. NET VALUE ADJUSTMENTS/WRITE-BACKS FOR CREDIT RISK RELATIVE TO:	(17,921)	(20,191)	(306)	-	(38,418)
140. Profit/loss from contractual changes without cancellations	(897)	-	-	-	(897)
150. NET RESULT OF FINANCIAL MANAGEMENT	17,057	295,568	11,533	69	324,227
160. ADMINISTRATIVE EXPENSES:	(18,352)	(201,485)	(7,314)	(1,515)	(228,666)
170. NET PROVISIONS FOR RISKS AND CHARGES	752	(4,849)	(2,687)	(887)	(7,671)
180. NET ADJUSTMENTS/WRITE-BACKS ON PROPERTY, PLANT AND EQUIPMENT	(1,549)	(19,160)	-	(3)	(20,712)
190. NET ADJUSTMENTS/WRITE-BACKS ON INTANGIBLE ASSETS	(1,187)	(6,831)	-	(6)	(8,024)
200. OTHER OPERATING EXPENSE/INCOME	(651)	40,054	833	(4)	40,232
210. OPERATING EXPENSE	(20,987)	(192,271)	(9,168)	(2,415)	(224,841)
220. PROFIT (LOSS) ON EQUITY INVESTMENTS	(11,000)	15,372	-	(5)	4,367
260. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(14,930)	118,669	2,365	(2,351)	103,753
270. INCOME TAXES FOR THE YEAR FROM CONTINUING OPERATIONS	-	-	-	(18,995)	(18,995)
280. PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	(14,930)	118,669	2,365	(21,346)	84,758
290. PROFIT (LOSS) ON DISCONTINUED OPERATIONS AFTER TAX	-	(306)	-	-	(306)
300. PROFIT (LOSS) FOR THE YEAR	(14,930)	118,363	2,365	(21,346)	84,452
310. PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	-	-	-	-

ANNEXES

1. Activities related to managed projects

- *Support for business development*
- *Support to Public Administrations for Public Investments*
- *Support to Public Administrations for Operating Programmes*

2. Changes in the regulatory framework

1. ACTIVITIES RELATED TO MANAGED PROJECTS

Support for business development

Large Investments and Business Development Area

Development Contracts

In implementation of Article 43 of Italian Decree Law 112 of 25 June 2008, converted and amended by Italian Law 133 of 6 August 2008, the Italian Interministerial Decree of 24 September 2010 established "Development Contracts" which is a new type of scheme designed to support large investments.

The subsequent Italian Ministerial Decree (MD) of February 2014 reformed the regulations governing development contracts in compliance with the relevant EU legislation for the 2014-2020 period. Subsequently, the MD was integrated and amended by the Ministerial Decree of 9 June 2015. On 8 November 2016, a further amendment decree was issued in order to reduce the time required for granting subsidies and to establish a new procedure for large-scale strategic projects. The MD of 2 August 2017 set up the established the agro-industrial Development Contract aid rules, in implementation of the decision of the European Commission C (2017) 3867 final of 9 June 2017. The MD of 2 November 2021 introduced further amendments to the regulation of the development contracts, simplifying the administrative process and revising the criteria for starting the fast track procedure.

As at 31 December 2021, 1,000 applications for development contracts had been submitted, for a total investment of almost € 44.2 billion and requested subsidies of more than € 21.2 billion.

352 programmes (35%) related to investments in the industrial sector, followed by the tourism sector which, with 329 projects, represents 33% of the total proposals submitted. 278 programmes (28%) related to investments in the Transformation and Retail of Agricultural Produce, while 41 programmes (4%) related to investments in Environmental Protection and Commerce.

The geographical distribution of the applications is concentrated in the less-developed regions (700 applications): only Campania (270 applications) has expressed a potential greater than that of all the less developed regions, with € 10.8 billion of investments. As at 31 December 2021, 203 Development Contracts had been accepted for subsidies, involving investments of over € 7.3 billion, compared to over € 3.1 billion in subsidies and the protection or creation of more than 100,000 jobs.

The results for the 2021 financial year are as follows:

26 applications accepted;

996 billion of investments;

326 million of subsidies granted.

The details of the individual financial sources active in the Development Contracts are shown below.

Resources released from the 2000-2006 [Local Entrepreneurship Development National Operational Plan [LED NOP]

Overall, on this financial source, 6 Development Contracts had been accepted and disbursements of over € 93 million had been paid as at 31 December 2021.

L'Aquila Earthquake Area - Development and Cohesion Fund

4 Development Contract have been accepted for subsidies, all with a stipulated contract. Total disbursements paid amounted to € 32.2 million.

Italian Law 228/2012 (Basilicata 2013 Budget Law)

One development contract was accepted, which has taken up the entire financial endowment. Total disbursements amounted to € 9.5 million.

Decree Law 69/2013 (The 'Doing' Decree - Centre North)

13 development contracts have been accepted for subsidy. After settlements were agreed, the MED authorised Invitalia to restart the application procedure for 4 projects which were subsequently admitted for subsidy. At 31 December 2021, disbursements had been made for a total of € 115 million.

Following the Public Notice on the Frosinone Anagni Programme Agreement, to which € 30 million were allocated under the 'Doing' decree, 2 applications were found to be eligible for subsidies, and contracts were agreed.

Action and Cohesion Plan

8 development contracts have been accepted for subsidies. Disbursements totalling € 89.7 million were made.

ACP for Campania

Following the Public Notice (MED-GDEI Circular 5067 of 13 February 2014 effective from 03 March 2014–16 April 2014), 15 applications for Development Contracts were received. 5 applications were found to be ineligible for the subsidies. Due to the lack of financial resources, the first 4 applications in the ranking were accepted for funding, and this took up all of the available funds. During the year, the total disbursements were in excess of € 32.8 million.

Law 147/2013 - 2014 Stability Law

As at 31 December 2021, one development contract was accepted, in relation to a programme for industrial investments of approximately € 14 million, with subsidies of over € 6 million. The financial endowment was also used to cover subsidised loans for a further 7 Development Contracts (3 in the tourism sector), which were accepted on other financial sources. Disbursements totalling € 39.8 million were made.

Murgia PA

The second addendum to the Natuzzi Programme Agreement was signed on 9 July 2019, to allow the launch of the "Natuzzi" development programme authorised in 2016. At 31 December 2021, disbursements had been made for around € 7.2 million.

2014-2020 Development and Cohesion Fund (DCF)

The CIPE resolution of 20 February 2015 allocated € 250 million (1st endowment) for the financing of the Development Contracts based on the national resources of the 2014-2020 Development and Cohesion Fund in compliance with the current regional allocation constraint (80% for the South and 20% for the regions of Central and Northern Italy).

By 31 December 2021, 12 development contracts had been approved for a total investment of € 500 million, with subsidies for over € 217 million and disbursements of € 119 million.

CIPE Resolutions 25 and 52/2016 allocated an additional € 916.5 million (2nd endowment) to the Development Contracts facilitation scheme (2014-2020 Development and Cohesion Fund).

In a subsequent resolution, no. 14/2018 the CIPE approved the new version of the Businesses and Competitiveness Operating Plan 2014-2020 with a supplementary endowment of € 829.1 million.

By 31 December 2021, 33 development contracts had been approved, covering incentives involving total investments of over € 700 million and total incentives of over € 370 million. € 72 million of subsidies have been paid.

Development Contracts - Programme Agreements

The MED Decree of 8 November 2016 introduced the "Development Contract" procedure for large strategic projects, for which the Italian Ministerial Decree (MD) of 5 May 2017 allocated a specific reserve equal to 25% of second DCF endowment. The reserve established in the MD of 9 May 2017 was increased following a decree by the Ministry for Economic Development dated 12 December 2018. € 414.5 million of additional resources have been allocated to that reserve.

By 31 December 2021, 45 Development Contracts had been accepted for subsidies, with total investments of over € 2.4 billion and grants of over € 887 million, plus 41 Programme Agreements for which the total investment is € 1.6 billion with subsidies of € 611 million.

FPA for Campania

On 21 June 2017, a Framework Programme Agreement was signed between the MED, the Campania Region and Invitalia, which regulated the financing of initiatives located in the Campania region aimed at strengthening certain production chains, including tourism. This was achieved via the MED allocation of € 175 million from resources of the Development and Cohesion Fund (2nd endowment) and via the allocation of € 150 million of Campania Region resources. An addendum to the Framework Programme Agreement was signed on 6 December 2019, allocating additional resources to fund projects in Campania.

By 31 December 2021, 16 development contracts had been approved (of which 7 ADS/ADP) under which subsidies of over € 253 million have been granted. Disbursements of € 78.1 million have been paid.

The Calabria Framework Programme Agreement (FPA)

On 1 August 2017, a Framework Programme Agreement was signed between the MED, the Region of Calabria and Invitalia, which allocated € 145 million to finance initiatives located in the region, or multiregional initiatives (as to the part of the investments located in Calabria). Of this amount, € 80 million were allocated by the MED (DCF 2014-2020, 2nd endowment) and € 65 million by the Calabria regional government.

By 31 December 2021, 7 development contracts had been approved (of which 2 are multiregional) under which subsidies of over € 46 million have been granted. The related disbursements amount to € 6.2 million.

FPA for Sicily

On 20 March 2020, a programme agreement was signed by MED, Invitalia and the regional government of Sicily in order to stimulate innovative production, competitiveness and to attract foreign investment to Sicily.

The sums allocated to the implementation of this agreement amount to € 173.1 million. Of this, € 108.5 million were allocated by the MED (of which 58.5 will be taken from the DCF 2014-2020)

and € 64.6 million were allocated by the regional government of Sicily. As of 31 December 2021, no operation had been approved under the FPA.

The 2014-2020 Enterprise and Competitiveness National Operational Plan (NOP)

Under Ministerial Decree of 29 July 2015, the MED awarded the Agency € 300 million from the resources of the 2014-2020 ERDF National Enterprise and Competitiveness Operational Programme (Axes I, III and IV). During 2018, the endowment was increased by a further € 36.3 million.

By 31 December 2021, 8 Development Contracts had been accepted in Axis 1, with total investments of approximately € 273 million and subsidies of over € 103 million. The related disbursements amount to € 88.3 million.

With regard to Axis III, which is used in combination with the SOP endowment (60%) for SMEs, 13 development contracts had been accepted for total investments of over € 309 million and subsidies of more than € 182.8 million. The related disbursements amount to € 118.6 million.

With regard to Axis IV, by 31 December 2021, 1 development contract had been approved, for a total investment of € 54 million and subsidies of over € 28 million. The related disbursements amount to € 12.8 million.

Supplementary Operational Programmes (SOPs) - The 2014-2020 Enterprise and Competitiveness Action and Cohesion Programme

With a notice dated 5 August 2016, the MED General Directorate for Enterprise Incentives allocated a total of € 355 million to the Agency for the financing of two lines of intervention in the most disadvantaged areas of the country: one to attract investments capable of ensuring an impact on SMEs at regional level (60% of the endowment), used in combination with the IC NOP Axis III, and the other (40% of the endowment) for financially significant investments.

At 31 December 2021, 9 development contracts had been approved, covering total investments of over € 276 million and total subsidies of over € 113 million; disbursements of € 60 million have been made.

SMEs in SICILY

With a notice dated 4 April 2017, the MED General Directorate for Enterprise Incentives allocated € 45 million to the Agency in order to finance development contracts submitted by small and medium enterprises in Sicily. The sum of € 22.4 million was set aside to support investments in SMEs, following DD No. 5152 of 19 December 2017. As at 31 December 2021, 3 development contracts had been accepted for subsidies, with total investments of over € 91 million and total subsidies of over € 36 million. The related disbursements amount to € 5.6 million.

The Sustainable Growth Fund

With the Ministerial Decree of 2 August 2017, the MED allocated € 50 million to the Agency in order to fund industrial investment and environmental protection programmes in the Central-Northern regions, by means of Development Contracts and Programme Agreements. With the MD of 18 December 2017, the endowment was increased by € 40 million. At 31 December 2021, € 82 million of subsidies had been granted. Total disbursements amounted to € 31.5 million.

Ministerial Directive of 15 April 2020 (2020 Budget Law) and Italian Ministerial Decree of 5 March 2021

Article 1 paragraph 231, later amended by Article 80 of Italian Decree Law 18 of 17 March 2020 and Italian Law 160 of 27 December 2019, provided for an additional endowment of € 600 million, for the development contracts measure. With the MED Directive of 15 April 2020, the funding was allocated to applications for development contracts and programme agreements across the country.

The Ministerial Decree of 5 March 2021 (published in the *Official Gazette* 126 of 28 May 2021) defined the terms of use of the funds allocated to the Development Contracts under Italian Decree Law 104 of 14 August 2020, and the economies resulting from the implementation of Italian Ministerial Directive 15 April 2020. The allocated resources amount to € 500 million, of which 250 million will be allocated to applications for development contracts and programme agreements in the context of the biomedical industry and for the green transition. By April 2021, the MED had collected € 30 million out of the total allocated funding of € 1.1 billion.

At 31 December 2021, € 192.3 million of subsidies had been granted, and € 5 million had been disbursed.

Sustainable Mobility Directive

In implementation of paragraph 613 of Italian Law 232 of 11 December 2016 and of the subsequent MED decree issued jointly with the MEF and the MIT on 17 January 2020, funds of € 100 million were allocated to programmes aimed at increasing the competitiveness of companies producing goods and services in the public road transport industry, and the sector of intelligent transport systems. As of 31 December 2021 no subsidies had been granted.

Italian Ministerial Directive of 19 March 2021

Article 1, paragraphs 84, 85 and 86 of Italian Law 178 of 30 December 2020 introduced specific provisions to support the tourism industry, by offering facilitated access to the development contracts and sector integration scheme, for certain categories of investment. In this context, € 130 million have been allocated in order to fund the programmes for tourism development in inland areas, or in areas that require the recovery and redevelopment of disused buildings, and to fund programmes for the transformation and retail of agricultural produce accompanied by investment in the provision of hospitality services connected to these businesses. As of 31 December 2021 no subsidies had been granted.

Acquisition of equity investment in risk capital by the managing body

With a MED Decree of 23 March 2018, € 20 million was allocated to Development Contracts, for the purpose of acquiring temporary and minority shareholdings in the proponents of Development Contracts, with the aim of reopening large industrial sites. These resources have been used to acquire equity investments in the following companies:

- Sider Alloys Italia SpA:** on 13 December 2018, in accordance with Article 8-*bis* of the Italian Ministerial Decree (MD) of 9 December 2014 as amended by the MD of 23 March 2018, the Agency acquired 20.33% of Sider Alloys Italia using the Development Contract funds. The total price was € 6 million, of which 5.7 million was capital and 0.3 million the share premium, with a simultaneous payment of the legal 25% and of the full share premium for a total of € 1.8 million. In January 2022, the Agency made further payments, reaching 33.73% of the total investment, with the total amount of capital paid by Invitalia amounting to € 1.9 million. The aim of this investment is to reopen and relaunch the former Alcoa industrial complex located in the Portovesme

industrial area of the Municipality of Portoscuso (province of Southern Sardinia), to produce primary aluminium. In October 2021 the company obtained an extraordinary extension, until 31 December 2023, of the deadline for completion of the programme of investments which is now subject to attaining the valid environmental authorisations required by the Regional Authorisation Provision (PAUR), deliberated by the Regional Council of the Autonomous Region of Sardinia. On 8 November 2021, Sider Alloys submitted the expense documentation relating to the development contract investment project, with coverage for approximately 42% of the programme. The 2021 financial year closed with total sales of € 55 thousand and a loss for the year of € 5,439 thousand against a net equity of € 44.7 million;

- Industria Italiana Autobus SpA:** Industria Italiana Autobus operates on a going-concern basis according to the 2021-2025 Business Plan, the main thrust of which is to insource all the Italian production operations at the plants in Bologna (ex: Breda Menarini Bus) and Avellino (ex: Irisbus), in order to produce front and rear wheel drive vehicles for the mini-midibus segment, while also developing new eco-sustainable vehicles using the subsidy funds provided under the Development Contracts, totalling € 23.7 million. On 7 July 2021 the company's ordinary and extraordinary shareholders' meeting was held. It authorised, among other things, the reduction of the share capital to € 4,671,779.00 in order to cover losses, and its restoration to the previous amount of € 21,050,000.00 through the payment on a pro-quota basis of a total of € 16,378,221.00 (Invitalia, which holds a stake of 42.76%, subscribed to € 7,002,565.00). On 9 February 2022 the company requested the third interim payment of € 5.6 million, and the supporting documents are currently being checked. On 30 March 2022 the company's BoD authorised the extension of the deadline for the approval of the 2021 2021 financial statements, to 180 days.

Measures for the redevelopment and upgrading of industrial crisis areas (Italian Law 181/89, Article 27 of Italian Legislative Decree 83 of 22 June 2012 converted by Italian Law 134 of 7 August 2012)

Italian Ministry of Economic Development Circular 61 of 12 January 2021: Notice relating to Circular 61 of 12 January 2021: "Extension of the deadline set in Circular no. 3085 of 31 August 2020 containing a public notice for the selection of business ventures in the territory of the complex industrial crisis area of "Fermano-Maceratese footwear/leather industry" through the use of the aid scheme pursuant to Italian Law no. 181/1989".

(A notice about this Circular was published in the Official Gazette No. 30 of 05.02.2021)

The Circular extended the final deadline for the submission of applications to select business initiatives in the complex industrial crisis area of "Fermano-Maceratese footwear/leather industry" through the use of the aid scheme pursuant to Italian Law no. 181/1989, to noon on 13 March 2021.

Ministry of Economic Development Circular No. 288 of 25 January 2021: Notice relating to Circular 288 of 25 January 2021: "Public Notice for the selection of business ventures in the territory of the complex industrial crisis area of Portovesme through the use of the aid scheme pursuant to Italian Law no. 181/1989".

(A notice about this Circular was published in the Official Gazette No. 27 of 02.02.2021)

The Circular set the period of 25 February–26 April 2021 for the submission of applications to the subsidies.

Ministry of Economic Development Circular 586 of 25 February 2021: Notice relating to Circular 586 of 25 February 2021: "Amendment to Directorial Circular No. 4139 of 14 December 2020 containing the public notice for the selection of business ventures in the complex industrial crisis area of Venice through the use of the aid scheme pursuant to Law 181/1989".

(A notice about this Circular was published in the Official Gazette No. 56 of 06 March 2021)

The Circular amended the Circular No. 4139 of 14 December 2020 with reference to the total amount of funding available for the subsidies.

Ministry for Economic Development Decree 23 April 2021 - Distribution of funds for areas affected by situations of industrial crisis pursuant to Italian Law 181/89.

(OG 147 of 22 June 2021)

The decree concerns the distribution, among the complex and non-complex areas, of financial resources to be used in the redevelopment and conversion of areas affected by situations of industrial crisis pursuant to Italian Law 181 of 15 May 1989.

Italian Ministry of Economic Development Circular 1704 of 7 June 2021: Notice relating to Circular 1704 of 7 June 2021: "Public notice for the selection of business initiatives, through recourse to the aid rules under Law 181/1989 in the areas of the Region of Campania included in the industrial crisis area of Marcianise pursuant to Law 311, paragraph 265 of 30 December 2004, included in the list of areas of non-complex industrial crisis identified in the Directorial Decree of 19 December 2016".

(A notice about this Circular was published in the Official Gazette No. 143 of 17.06.2021)

The Decree set the period of 5 July until 5 October 2021 for the submission of applications to the subsidies.

In 2021 the Agency signed Programme Agreements to promote business initiatives through recourse to the rules under Law Italian 181 of 15 May 1989 as amended, in the following areas/Regions: Campania (Addendum), Puglia "forfeiture" (extension), Turin (pending registration with the Court of Auditors).

Support for business development

Interventions in Crisis Areas (Italian Law 181/89 and Italian Ministerial Decree of 9 June 2015)

The Parent Company manages the financial incentives governed by Laws 181/89 and 513/93, which provide for non-controlling interests in share capital, outright grants and subsidised loans.

No disbursements were paid in 2021.

As at 31 December 2021, the investee portfolio included 2 companies (in addition to those already in bankruptcy): Tekla (ex: Mexall Sistemi) and Peritas: a legal dispute is ongoing with each of these companies, linked among other things to the non-repurchase of the equity investment within the terms of the contract.

The beneficiary Gustavo De Negri & ZA.MA., which on 31 December 2020 was in the same situation, was declared insolvent in 2021.

The Italian Ministry of Economic Development, with the entry into force of the decree of 9 June 2015 (as amended) and of Circular no. 59282 of 6 August 2015 (as amended) has regulated the conditions and procedures for the implementation of the interventions to be carried out under the new aid scheme.

In implementation of the provision issued under Italian Law 181/89, as of 31 December 2021 a total of 46 notices of call for business initiatives have been published, with a financial endowment of € 735.4 million. 558 applications for the legal subsidies have been received and 134 have been accepted, with a total value of € 679 million of investments, € 430 million of subsidies granted, and 2,094 new jobs.

The results for the 2021 financial year show that 27 applications have been assessed, of which 5 have been accepted for subsidies, with:

- € 12.8 million of investments made;
- € 8 million of subsidies granted;
- 67 new jobs.

Below are the details of the areas receiving subsidies under Law 181/89 during 2021.

Complex industrial crisis areas

The implementation of each Crisis Area is governed by an MED Special Notice, with an assessment that includes:

- Admission, at the end of which a ranking is prepared (published by the MED) that takes into account the scores obtained;
- An appraisal phase, to which only the accepted projects will be admitted.

Where the allocated financial resources exceed the requirement, and if provided for in the individual programme agreements, either a new Call with ranking will be published, or an "over-the-counter" procedure will be started and the projects will be admitted to the appraisal phase in chronological order of acceptance until the available resources have been utilised.

During 2021, the new aid scheme was adopted in 3 new areas of complex industrial crisis:

- the Antonio Merloni Group Crisis Area (Second OTC Notice published in MED Circular 3811 of 26 November 2020): in 2021, 15 applications were submitted, requesting a total of € 40.7 million against an endowment of € 35 million (also considering the € 15.4 million committed to 6 projects accepted for subsidies during the first Notice). Of the 15 applications presented, 3 were not granted access to the subsidies, 4 are under assessment, 1 was accepted for subsidies and 7 were suspended due to lack of available funds;
- Portovesme (Notice published in MED Circular 288 of 25 January 2021): in 2021, 7 applications were submitted, requesting a total of € 20.2 million against an allocation of € 11 million. Of the 7 applications presented, 1 was not accepted, 4 are under assessment, 1 has been accepted for subsidies and 1 has been suspended due to lack of available funds;
- Venice (Notice published in MED Circular 4139 of 14 December 2020): in 2021, 8 applications were submitted, requesting a total of € 31.5 million against an endowment of € 20 million (also considering the € 1.6 million committed to a project accepted for subsidies during the first Notice). Of the 8 applications presented, 4 were not granted access to the subsidies, 3 are under assessment and 1 has been suspended due to lack of available funds.

The new aid scheme has also remained in force in the following areas of complex industrial crisis:

- Fermano-Maceratese footwear/leather industry area (the Notice was published in MED Circular 3085 of 31.08.2020 with an extension of the deadline for submission of applications until 13 March 2021, as provided for in MED Circular 61 of 02 January 2021): in 2021, 11 applications were submitted for a total of € 22.6 million, against an endowment of € 15 million. Of the 11 applications presented, 2 were not granted access to the subsidies and 9 are still under assessment;
- Porto Torres (Notice published in MED Circular 295074 of 13 November 2020) with the deadline for submission of applications expiring on 15 March 2021): in 2021, 6 applications were submitted, requesting a total of € 26.9 million against an endowment of € 22 million. Of the 6 applications presented, 1 was not granted access to the subsidies and 5 are still under assessment;
- Livorno, Collesalveti and Rosignano Marittimo (Second OTC Notice published in MED Circular 222539 of 05.06.2018, closed on 14.11.2019 to comply with the new law and reopened on 01.06.2020 with the MED Decree of 26.05.2020). In 2021, 3 applications were presented and are still under assessment.

Non-complex industrial crisis areas

During 2021, the new aid scheme was applied in a new area of non-complex industrial crisis:

- Marcanise (Notice published in MED Circular 1704 of 07 June 2021): in 2021, 6 applications were submitted requesting subsidies totalling € 6.6 million against an endowment of € 17.68 million. Of the 6 applications presented, 1 was not granted access to the subsidies and 5 are still under assessment.

The new aid scheme has also remained in force in the following areas of complex industrial crisis:

- Friuli-Venezia Giulia (OTC Notice published in MED Circular 355104 of 22 November 2018, closed on 14 November 2019 to comply with the new law and reopened on 01 June 2020 with the MED Decree of 26 May 2020): no applications for subsidies were submitted in 2021;
- Toscana Massa Carrara bis (OTC Notice published in MED Circular 6680 of 09 January 2019, closed on 14 November 2019 to comply with the new law and reopened on 01 June 2020 with the MED Decree of 26. May 2020): no applications for subsidies were submitted in 2021.

In 2022, a new Decree will be issued, implementing the projects pursuant to Law 181/89 which among other things will introduce simplifications to the reference law. In the same year, a new map of non-complex industrial crisis areas will be published, updating the list of municipalities from which the projects eligible for subsidies under Law 181/1989 will come.

Following these updates, subsidy procedures will gradually be opened for the new areas of industrial crisis, and procedures for areas with unused funds will be reopened.

With regard to the allocations of funding to this subsidy scheme, note that the MED Decree of 23 April 2021 contained a distribution of the financial resources allocated to the Sustainable Growth Fund (SGF) earmarked for the conversion and redevelopment of areas in industrial crisis (Law 181/1989), by reserving € 210 million to complex areas of industrial crisis and € 451.6 million to the non-complex industrial crisis areas. Decrees will be issued in 2022 for the allocation of this funding to individual crisis areas.

Cure Italy Incentives (Art. 5 of Italian Decree Law no. 18 of 17 March 2020)

The incentives under the Cure Italy Decree (Art. 5 of Italian Decree Law no. 18 of 17 March 2020) are governed by Ordinance 4/2020 of the Extraordinary Commissioner for the implementation and coordination of measures to limit and combat the spread of COVID-19.

The incentives consist of a subsidised loan for companies incorporated in any legal form and located anywhere in Italy, which undertake investments to increase the availability of medical devices and PPE in Italy. All part of the subsidised loan can be converted into an outright grant depending on the speed at which the investment is converted into production.

€ 50 million have been set aside for this incentive.

No additional initiatives were accepted in 2021.

Total disbursements during the year amounted to € 5,108,071.19.

The final disbursements to companies are expected to be completed in 2022 (they essentially relate to working capital requirements) and the controls on the beneficiaries' continued conformity with the acceptance criteria will continue.

SME Asset Fund (Decree Law 34 of 19.5.2020, Art. 26 paragraphs 12 et seq)

The SME Assets Fund was set up under Article 26, paragraph 12 of Italian Decree Law 34 of 19 May 2020 (the Relaunch Decree) and its operation is governed by the decree of 10 August 2020 issued by the MEF jointly with the MED.

The purpose of the Funds is the subscription to new bonds or debt instruments issued by medium-sized joint-stock companies or cooperatives that:

- due to the COVID-19 emergency, saw a reduction of at least 33% in revenues in March and April 2020, compared to the same period in the previous year;
- have authorised and fully paid a paid capital increase of at least € 250,000.

The Fund's initial endowment was € 4 billion (Article 26 paragraph 19 of the Relaunch Decree) and this was subsequently reduced to € 1 billion in Italian Law 178 of 30 December 2020 (2021 Budget Law).

By 31 December 2021 (the date by which the acceptance for this aid should have been completed), debt instruments issued by 151 companies had been subscribed, with a total of € 251.16 million.

From 2022 onwards, most of the work will relate to the quarterly documentary checks on the beneficiaries' continued conformity with the acceptance criteria, their proper use of the finance, and the management of any legal disputes.

Fund for Large Companies in difficulty (Decree Law No. 41 of 22.03.2021, Art. 37)

The Large Companies Fund for businesses in temporary financial difficulty was set up under Italian Decree Law 41 of 22 March 2021 (the Support Decree, converted with Italian Law 69 of 21 May 2021) and its operation is governed by the decree of 5 July 2021 issued by the MEF jointly with the MED.

This Fund is reserved for large companies in temporary financial difficulty (excluding publicly-controlled entities). It operates by granting (by 30 June 2022) special-rate loans with a maximum term of 5 years in order to support the recovery or continuation of the business, based on a plan to relaunch the business or one of its assets.

To access the Fund, companies must:

- be in temporary financial difficulty due to the economic crisis resulting from the COVID-19 epidemic;
- have concrete prospects for the economic and financial recovery of the business.

The Large Companies Fund has an endowment of € 400 million. The applications are assessed in chronological order according to date of submission, in an over-the-counter procedure. Applications were accepted from 20 September 2021 (the date on which the procedure opened).

As at 31 December 2021, 27 applications had been received, requesting a total of € 383.8 million in loans. By that date, one project has been accepted, and has been granted a loan of € 6.5 million.

Support for businesses in crisis

During the past year, Invitalia has continued in its role taken on over the past three years as a national agency supporting the Government in fighting the crisis in employment and industry (also in view of multinational groups' decisions to delocalise their production operations). This allowed the company to continue with the activities it had already undertaken to support the MED in managing crisis talks and with the acquisition of equity investments to provide support for distressed companies. With regard to the first point, there have been three support initiatives:

- **Italia Wanbao-ACC Srl:** the owners of this domestic appliance component manufacturer had declared the intention to close the factory in Mel (Belluno), which employs approximately 250 staff, due to the squeeze on margins for Italian-made products in recent years. Following the declaration of insolvency, the company was admitted to extraordinary administration in 2020. The administrator started an international tender procedure for the sale of the business in 2021;
- **Ideal Standard Industriale Srl:** the owners of this ceramics and sanitary fittings manufacturer had declared the intention to close the factory in Trichiana (Belluno), which employs approximately 450 staff, due to the slump in orders caused by the public health emergency. Following talks between the MED, the regional government and the company's owners, an

agreement was reached in 2021 to find a possible way forward to reindustrialise the production site and save as many jobs as possible;

- GKN Driveline Florence: this company operates in the automotive industry, its owners took the sudden and unilateral decision in 2021 to close the factory at Campi Bisenzio (Florence) which employs around 400 staff. The advisor commissioned by the company's owners to find potential investors to re-industrialise the production site, took independent action by buying the shares in GKN before transferring them to a new investor who was interested in the business plan.

Actions to support the revitalisation of complex industrial crisis areas

The Agency operates as prescribed by Article 27 of LD 83/2012 and the related Implementing Decree of 31 January 2013, concerning the definition and implementation of "Reconversion and Industrial Restructuring Projects" (hereinafter RIRPs), implementing the General Agreement signed with the MED/GDEI on 18 May 2015 and extended until 31 December 2023 with an addendum dated 30 December 2021 (currently being registered with the Court of Auditors).

In 2021, work began on extending the Programme Agreements for the crisis areas of Termini Imerese, Venafro-Campochiaro-Bojano, Val Vibrata-Valle of Tronto Piceno, Terni-Narni, Gela and Frosinone.

For the Turin crisis area, the RIRP has now been completed along with the formal recognition of the Programme Agreement (currently being registered with the Court of Auditors); the regulatory structure of the Notice under Law 181/1989 has been defined, and the activities for communication and promotion of the project have been planned.

For the areas of Venice, Merloni, Savona, Portovesme, Porto Torres and Fermo Macerata, the planning support actions have continued, also through the online channel.

For the other complex areas of industrial crisis (Rieti, Piombino, Livorno, Taranto and Trieste), work has continued on monitoring the results of the programme agreements.

In 2022 there are plans to: continue with the promotion and planning support for companies participating in the Law 181/1989 tenders through the open OTC procedure; complete the RIRP actions for the Turin crisis area and start the business promotion process ahead of the publication of a Notice under Law 181/1989; proceed with the six-monthly monitoring of the programme agreements.

Attraction of Foreign Investments

Invitalia has been tasked with providing assistance to foreign investors in Italy and with producing an offer portfolio for traditional and innovative industries.

The implementation of the operational plan to attract foreign investment is the subject of an agreement with the MED GDEI.

In 2021 around 210 companies received accompaniment assistance and 40 received after care.

Operational Plan to attract foreign investment

During 2021, from an operational perspective, work continued on defining the local offer and putting together a portfolio of projects and investment opportunities, primarily based on certain strategic sectors: logistics, life sciences, aerospace, real estate and technology. To complement the sector-specific offer, an offer of business support schemes has also been prepared together with a map of the main financial and fiscal measures in place nationally and to some extent locally, to support the formation and development of businesses by foreign operators.

With regard to the central system of investor support, the foreign companies have been assisted with support and aftercare (210 receiving active support with another 40 in "aftercare" at year-

end). The interested companies were provided with information and services mainly relating to legal obligations, the taxation system, the incentive system, the issuance of residence permits, help in sourcing foreign partners (joint ventures/partnerships) location scouting and site visits, recruitment and the job market.

In view of the COVID-19 emergency the Agency has also provided additional services for foreign businesses already operating in Italy, and has prepared and circulated newsletters for all business communities across the country.

A B2B event was organised in 2021, for the largest Japanese multinationals present in Italy, to present innovative start-ups funded through the Smart and Start scheme.

The system of national and international relations was also extended during the course of 2021. 2 major collaboration agreements have been signed: FICEI and MIND-Arexp.

Programmes for entrepreneurial support

POR Sardinia (formerly Sulcis)

The Sulcis Plan was launched in 2015 to revitalise the economy of the Sulcis Iglesiente area. The planned initiatives range from protection of the local production system through to environmental restoration, tax incentives and research and development programmes.

The plan has a financial allocation of € 55.7 million available for businesses, research activities, site redevelopment, support and assistance, scouting, financial feasibility studies and exploration of potential projects. That plan is managed by the regional government of Sardinia supported by Invitalia and a task force set up in July 2015, which also manages an enquiry desk for anyone looking to start a business in the area. The Invitalia technical assistance unit for the development of business projects in Sulcis Iglesiente is based at the offices of the Regional Planning Centre at the Autonomous Region of Sardinia in Cagliari. The regional government has entrusted Invitalia with supporting the management of the Competitiveness Fund to launch the Sulcis Plan (now the POR for Sardinia) through the following activities:

- coordination and control;
- management of the applications;
- implementation of the applications accepted for the funding stage.

The work completed in 2021 essentially related to the implementation of and reporting on the projects submitted for receipt of repayable subsidised loans and outright grants. There was also intensive activity in terms of supporting the beneficiaries with reporting the costs incurred. The administrative procedure for applications submitted in previous years has now been completed for all the implementing activities of the completed plans.

The three-year agreement with the MED has enabled the continued provision of technical assistance to the regional government of Sardinia, including the provision of support with the implementation of the regional and/or local calls for tender in order to optimise and create synergies by replicating the administrative process for businesses in Sulcis. Grants have also been paid on the projects submitted in the local calls for tender and this required checks on the criteria stipulated in the various Calls, as well as requests for additional documentation.

Programme for the Promotion and Development of Cooperative Movements

In 2021, the Agency managed the Promotion and Development Programme for cooperative movements, under a contract between the DGPICPMI [Direzione generale per la politica industriale, la competitività e le piccole e medie businesses - General Directorate for industrial policy, competitiveness and SMEs] of the MED and Invitalia, which was stipulated on 14 June 2017 and amended the previous agreement of 20 December 2016. The total endowment amounted to € 2,136,885.80 plus VAT.

A digital event was held on 30 March 2021 “*Productivity and sustainability: the challenges facing cooperatives*” in order to illustrate the main activities completed under the convention support cooperatives, and to discuss potential scenarios with the key institutional players. Through videos and live interviews, the results of the feasibility studies conducted in connection with the calls for tender were presented. The progress made in terms of the formation of new cooperatives and new business networks was also discussed. An OECD study (“Productivity in Italy’s cooperatives: the local dimension” <https://oe.cd/il/3AU>) was also presented. It explored the spatial aspect of productivity among Italian cooperatives, highlighting the crucial role played by cooperatives in addressing social issues such as exclusion from the job market, particularly during times of crisis.

In the second half of the year, a collaboration was started with the OECD Study Centre in Trento. In December 2021 this led to a series of webinars: one was a capacity building session presenting a series of national and international success stories, whereas the other webinar gave an outline of the tools available to cooperatives to support their growth, productivity and competitiveness.

The agreement expired on 31 December 2021. Discussions are ongoing with the DGPIIPMI [General Directorate for Industrial Policy, Competitiveness and SMEs] of the MED, with regard to a new agreement.

National Contact Point for the OECD Guidelines (NCP-OECD)

In 2021, the Agency managed the National Contact Point (NCP) according to the OECD Guidelines for Multinational Enterprises and the related activities in the context of the OECD and G20, pertaining to technical and specialist support to promote corporate social responsibility. This was done under a General Agreement between the MED DGPICPMI and Invitalia, stipulated on 30 April 2020 (amended with an Addendum on 08 February 2021) expiring on 31 December 2021.

The work completed in 2021 related to technical and specialist support with the following activities:

- Support for the promotion of corporate social responsibility and the activities of the National Contact Point for the implementation of OECD guidelines;
- Technical support for the OECD activities of the Investment, Industry, Innovation and Entrepreneurship Committee, the SME discussion group and all the other activities connected to the G20 talks, with particular reference to the issue of the digital economy. One of the focus areas of the G20 was artificial intelligence and specifically the digital economy, as the MED (by virtue of its role in Italy’s presidency of the G20 in 2021) has stepped up its work with the OECD as it has been asked to address the issue of the digital economy which is one of the priorities of its Presidency (people, planet, prosperity).

A new General Agreement was signed on 3 December 2021, leading on from the General Agreement expiring on 31 December 2021. The new General Agreement started on 1 January 2022 and expired on 30 June 2022.

Entrepreneurship Area

Brevetti+ (Directorial Decree of 26.11.2019)

With a Directorial Decree of 26 November 2019, a procedure was opened for the submission of applications for the new Brevetti+ (patents) measure.

This measure is intended to support the best patent projects, and the maximum permitted grant is € 140,000. Another aim of the new measure is to support the exploitation of the results of public and private research, by expanding the range of eligible specialist services.

The procedure opened on 30 January 2020 with an endowment of € 21.8 million, to which a further € 5 million were added from the IC NOP funds. 419 applications were submitted, of which 305 were accepted (73% of the total). 304 contracts have been signed, with an allocated funding of € 26,843,331.29. At 31 December 2021, 167 disbursements had been made, with a value of € 7,419,376.18.

In view of these results the MED, in its directorial decree of 29 July 2020, provided a further € 25 million for the Brevetti+ measure. The procedure was reopened on 21 October 2020. 438 applications were submitted, of which 332 were accepted (76% of the total). 332 contracts have been signed, with an allocated funding of € 25,372,671.67. At 31 December 2021, 82 disbursements had been made, with a value of € 3,320,908.

The Directorial Decree of 13 July 2021 published in the OG 175 on 23 July 2021, set out the 2021 financial plan for the measures Brevetti+, Disegni+ and Marchi+; the total financial allocation for the Brevetti+ measure was a financial endowment of € 23 million.

With the Directorial Decree of 29 July 2021, a procedure was opened for the submission of applications under the new Brevetti+ measure.

The procedure opened on 28 September 2021 and received 432 applications. As of 31 December 2021, the applications have been checked and examined, with the following results:

- 12 applications were unverifiable;
- 24 applications were ineligible;
- 395 applications have now reached the assessment stage;
- 1 application has been accepted.

Voucher3i (Directorial Decree of 14 May 2020)

In the Directorial Decree of 14 May 2020, the MED implemented the subsidy measure "Voucher 3I Invest in Innovation", for innovative start-ups. The measure provides for a subsidy, for the acquisition of advisory services needed to obtain patents for industrial inventions both in Italy and abroad, in accordance with the MED Decree of 18 November 2019. These services can only be provided by industrial consultants and lawyers enrolled on the registers kept by the respective national professional bodies. The objective of this measure is to support innovative start-ups throughout the patenting process. The subsidy procedure has three phases: the first phase requires a verification of the patentability of the invention and a priority search, to evaluate whether or not it is worth starting the patenting process (Service A); the second phase involves depositing the patent application with the Italian Patents and Trademarks Office (Service B); the third phase involves extending the application for a national patent to the foreign countries in which priority is to be claimed (Service C).

The resources available for this measure amounted to € 19.5 million for the 2019-2021 period.

The acceptance procedure was opened on 15 June 2020 and closed on 9 June 2021. By 31 December 2021, 5,012 voucher applications had been received from 1,464 innovative start-ups, for a total investment of over € 21,389,040.00. Through the application procedure, 4,287 vouchers have already been granted (85.53% of all applications received) with a total value of public grants equal to € 18,351,240.00 for the purchase of specialist services offered by industrial consultants (89.22%) and lawyers (10.77%). 21.50% of the total applications originated from Lombardy, with 10% coming from Veneto, Emilia Romagna, Lazio and Campania. 35.14% of the applications relate to professional, scientific and technical activities (with a large number coming from scientific research and development, software production and IT consulting). A further 30.32% related to manufacturing activities. 26.53% related to information and communication services. The remaining 8% includes the other ATECO sectors. Overall, most of the requested services related to categories A and B, with a slight preference for the depositing of patent applications with the Italian Patents and Trademarks Office. The results can be summarised as follows:

Voucher3i - 2021 Activity	Number of vouchers granted	Service grant (euro)	Number of vouchers paid
Service A	1,624	3,962,560	1,505
Service B	2,092	10,208,960	1,891

Service C	571	4,179,720	527
Total	4,287	18,351,240	3,923

Of the 4,287 vouchers issued as of 31 December 2021, 3,923 vouchers have been paid, with a total value of € 16,760,360.00.

Smart&Start (Italian Ministerial Decree of 6 March 2013) and Smart&Start Italia (Italian Ministerial Decree of 24 September 2014)

The MD of 6 March 2013 provided new business incentives to strengthen the competitiveness of production systems, develop the digital economy and promote technology transfer in the regions of Southern Italy. To this end, two types of incentives have been identified:

- aid for newly created small businesses (SMART);
- support for investment programmes carried out by new digital and/or technological content companies (START).

The Agency has been identified as the Managing Body of the incentive measure. It will perform all the technical and administrative requirements concerning the application preparatory phases, the grant procedures, the payment of grants to the beneficiaries, the related services and the monitoring, inspection and control of the eligible programmes.

With the Ministerial Decree of 30 October 2013, Smart&Start incentives were extended to the L'Aquila Earthquake Area, comprising 57 municipalities in the provinces of L'Aquila, Teramo and Pescara.

The Italian Ministerial Decree (MD) of 6 March 2013 and subsequent measures assigned the instrument a total of € 163 million.

The MD of 6 March 2013 and Articles 14 and 17 of the Circular of 20 June 2013, allocated new digital and/or tech companies not only an operating grant but also incentives in the form of technical-managerial and mentoring services to support the company start-up phase. These services are provided directly by Invitalia, up to a maximum of € 5,000 per company for a period of 18 months from the grant date. The technical and mentoring services are mainly provided online, with the beneficiaries attending themed webinars delivered by high-profile experts. The companies are also matched with a tutor.

Under Article 13, paragraph 2 of Ministerial Decree of 24 September 2014, the online desk for the first edition of the Smart&Start initiative was closed on 14 November 2014.

This procedure has been closed, because in the 2019 financial year the disbursement of the granted subsidies was completed. The overall results can be summarised as follows:

- 1,252 incentive applications were received, with a total of over € 237 million in requested funding;
- 442 companies were accepted for subsidy;
- € 75 million of funds were committed;

disbursements of over € 29 million were made.

At the beginning of 2015, the design activities for the new edition of Smart&Start, entitled "Smart&Start Italia" (MD 24.09.2014 and explanatory circular no. 68032 of 10.12.2014) were completed. The new online acceptance procedure was opened on 16 February 2015.

The MD of 24 September 2014 together with Article 6 paragraph 1 b) and Articles 9.4 and 9.6 a) of the Circular of 10 December 2014, provides technical-managerial and mentoring services to companies set up not more than 12 months before the application date. These services are intended to support the start-up phase of the company and are provided directly by Invitalia, for an amount equal to:

- € 15,000.00 for companies located in the regions of Basilicata, Calabria, Campania, Puglia, Sardinia, Sicily and in the L'Aquila earthquake area;
- € 7,500.00 for companies located in the rest of the country.

A mentoring service was launched for 30 companies in 2021. 12 webinars were also held, with 164 participants.

The Italian Ministerial Decree of 24 September 2014 allocated a total of € 198.5 million to the scheme. This was increased to € 218.5 million as a result of the MED Decree of 17 December 2015, which increased the share of the Sustainable Growth Fund from € 70 million to € 90 million.

The MED Decree of 9 August 2016 awarded € 45.5 million, under the 2014-2020 Enterprises and Competitiveness NOP, to the SMART&START ITALIA initiative. The resources were allocated as follows: These resources are divided as follows: € 33.4 million were allocated to innovative start-ups in less developed regions (Basilicata, Calabria, Campania, Puglia and Sicily) and € 12.1 million to those operating in Abruzzo, Molise and Sardinia ("transition regions"). The same decree also establishes that the resources released from the SIL 2000-2006 NOP already assigned to Smart&Start Italia, have been allocated to the NITO incentive scheme for a total of € 77,120,360.63.

Italian Law 232 of 11 December 2016, "State budget for the 2017 financial year and the multi-year budget for the 2017-2019 three-year period" allocated € 47,500,000 to the Sustainable Growth Fund for the year 2017 and € 47,500,000 for the year 2018, to be allocated to the provision of subsidised loans for projects intended to support the creation and development of innovative start-ups.

The MED Decree of 9 August 2017, published in the *Official Gazette* 244 dated 18 October 2017, introduced a number of new rules for incentives aimed at innovative start-ups.

In particular:

- companies that have been established for not more than 60 months can also access the facilities;
- investments for marketing and web marketing are eligible for financing;
- trademarks can also be financed, as well as patents and licenses;
- an additional method of disbursement is introduced on the presentation of non-receipted invoices, in addition to what is already envisaged.

The decree of the MED issued on 21 May 2018 reduced by € 6,000,000.00 the financial allocation referred to in Article 13 paragraph 4(a) and paragraph 5(b) of the MED Decree of 24 September 2014, amended by the MED Decree of 9 August 2016, and the measures were recalculated by € 39,005,000 and € 6,100,000 respectively.

With a decree of the MED of 30 August 2019, the Growth of Government Decree Law was implemented (Decree Law 34 of 30 March 2019 containing "Urgent economic crisis measures to resolve specific crisis situations" converted into law with amendments by Law 58 of 28 June 2019), with the revision of the incentive rules for Smart & Start Italia and with the publication on 16 December 2019 of the circular mentioned in the Decree, which ordered the closure of the procedure and opening of a new one on 20 January 2020, governing the entry into force of the new rules.

The main new developments are listed below:

- simplification, grouping and restructuring of the criteria used to assess the subsidies and introduce new bonus schemes for collaborations with research bodies and incubators, and for the organisation of business plans in the South, by start-ups already operational in the centre-north regions;
- a redefinition of the eligible business plans, including a redefinition and restructuring of the permitted expenditure categories, which is based more on their functionality than the reaching of objectives or accounting classification; this includes the recognition of a share of funding granted to cover working capital requirements during the implementation of the plan;

- an increase in the available subsidies, with the subsidised finance limit raised to 80% of the eligible costs (compared to 70% before the Decree) and 90% (compared to 80% before the Decree) if the company's members are all women or are all under the age of 36 or if one of the shareholders has a postgraduate research qualification; an increase in the share of the outright grants for companies located in the south of Italy, up to 30% of the amount granted for investments (compared to 20% before the Decree);
- simplified disbursement procedures with the possibility of making progress reports with non-receipted invoices (payments must be proven within six months, on the next progress report), and simultaneous disbursement of the share of the loan pertaining to working capital;
- extension of the repayment term for the loan, from 8 to 10 years.
- With Relaunch Decree 34 of 19 May 2020, published in the OG 128 of the same date, € 100 million was allocated for 2020, to be used for the refinancing of subsidies granted in the form of subsidised loans.
- The results achieved as at 31 December 2021 can be summarised as follows:
- 3,692 applications were received, with a total of over € 2,323 million in requested subsidies;
- 844 companies were accepted for subsidy;
- almost € 407.8 million of funds were committed;
- disbursements of € 101.9 million were made.

Smart Money

With the aim of stabilising the support available for SMEs to promote a culture of innovation, the General Directorate for Business Incentives of the Ministry for Economic Development, in implementing Art. 38(2) of Italian Decree Law 34 of 19 May 2020, converted with Italian Law 77 of 17 July 2020, will allocate € 10 million to provide subsidies in the form of grants to purchase the services offered by business incubators, accelerators, innovation hubs, business angels and other public or private entities that help innovative start-ups.

The MD of 18 September 2020 governs the incentives available to support innovative start-ups with development projects during the pre-seed and seed phases, by introducing them to business incubators, accelerators, innovation hubs, research bodies and other qualified parties.

The Smart Money measure includes two lines of action:

- LINE II relates to an outright grant of up to € 10,000 for the costs of implementing a plan of activities in collaboration with a player from the national innovation ecosystem;
- LINE III concerns another incentive in the form of an outright grant, granted only to the accepted innovative start-ups which have completed the reporting on the development project is entered in Line II up to the limit of € 30,000, in return for the taking of a share by the innovation players in the risk capital of innovative start-ups already receiving aid in connection with the activity plans in the previous action line.

For LINE II, on 24 June 2021 the procedure was opened. On 3 August 2021 it was closed due to exhaustion of funds; 758 applications were received. As at 31 December 2021, 504 projects had been accepted, for a total commitment of € 6,897,643.00, of which € 3,819,123.00 had been granted. During the same period, the first requests for interim payments were received. Since November 11 such requests have been submitted, and are still being processed.

The procedure for Line III will be opened during 2022.

Textiles, fashion and accessories

Article 38-*bis* of Italian Legislative Decree 34 (Relaunch Decree) of 19 May 2020 provided for a scheme that will pay outright grants of up to 50% to support companies in the textile, fashion and accessories industry, with an allocation of € 5 million.

With the MED Decree of 18 December 2020, the procedures for implementing these measures were defined. The Ministry, under a specific agreement, can use the services of Invitalia to complete the

administrative and operational processes related to the acceptance and management of the applications for subsidies, the granting and disbursement of the payments, and all the technical requirements concerning project assessment.

73 applications have been submitted. As at 31 December 2021, 5 applications had been accepted, with authorised investments totalling € 934,900.00, of which € 467,450.00 have been granted.

New interest-free companies

In accordance with Article 43 of Decree Law 145 of 23 December 2013, converted into law with Italian Law 9 of 21 February 2014 (OG 300 of 23 December 2013) the following publications were made:

- MED Decree No. 140 of 8 July 2015 (OG No. 206 of 05 September 2015), setting out the new criteria and new procedures for granting the subsidies referenced in Chapter 1 of Title I, LD 185/2000, aimed at supporting new entrepreneurship across Italy by creating competitive new micro and small enterprises run mainly by young people and women, and to support their growth by offering finance at special rates (interest-free companies);
- Circular No. 75445 of 9 October 2015 as amended presenting operational indications regarding the procedures for granting and disbursing the subsidies;
- the MED Circular 81080 of 28 October 2015 concerning the changes to the period of maintenance of the tangible and intangible assets for which the subsidies are granted;
- the MED Circular No. 100585 of 23 December 2015 relates to clarifications/interpretations on the following aspects: the opening and closing of the procedure, the time taken to accept or reject the projects, the deadline for submitting the necessary documentation for the technical checks and stipulation of the finance agreement;
- the MED Circular No. 0090954 of 25 July 2017 concerning the amendments or supplements to the guarantees needed to support the subsidised loan granted under Legislative Decree 185/2000.

The "New interest-free companies" scheme has been allocated an initial financial allocation of € 58 million, from the revolving fund envisaged under Art. 4 of the MEF Decree of 30 November 2004 (OG 14 of 19 January 2005).

In a notice dated 13 October 2016, the MED announced the allocation of resources from the Action and Cohesion Plan - 3rd rescheduling "Counter-cyclical measures - Intervention for the relaunch of the industrial crisis areas of the Campania Region" for the sum of € 11.6 million, as decided by the Executive Committee for the implementation of the Relaunch Plan at the meeting of 23 May 2016, to be allocated to the financial coverage of applications for access to incentives within the municipalities included in the Campania industrial crisis areas.

Law 232 of 11 December 2016, "State Budget for the 2017 financial year and the multi-year budget for the 2017-2019 three-year period" authorised expenditure of € 46,152,250 for the year 2017 and € 47,500.00 for the year 2018 to fund the initiatives referenced in Title 1, Chapter I of LD 185 of 21 April 2000.

The MED Decree of 9 August 2016 allocated a total of € 100,936,152.15 to the new interest free companies scheme, using the funds released from the National Operational Programme "Sviluppo" (funds already allocated to Smart & Start Italia but not used or committed). The funds are to be used to provide subsidies for new businesses in the regions of Basilicata, Calabria, Campania, Puglia, Sardinia and Sicily.

The acceptance procedure was opened on 13 January 2016 and closed on 9 April 2021 to conform to the new rules.

The results of the procedure as at 31 December 2021 can be summarised as follows:

- 3,553 applications were processed;
- 528 applications were approved for incentives amounting to € 178 million of investments;
- € 123 million of subsidies were deliberated;

- € 42.9 million of subsidies were granted, of which more than € 14.1 million have been disbursed.

Art. 29 of LD 34 of 30.04.2019, converted and amended into Law 58 of 28 June 2019 (the "Growth Decree"), partially redefined the implementing rules of the above Decree; in particular:

- it extended the pool of potential beneficiaries to include companies formed up to 60 months previously and whose members are mainly young people, and the ceiling of eligible costs;
- redefined the duration of the extended loan to 10 years;
- it introduced the possibility of claiming initial operating costs of up to 20% of the investment expenses accepted for the subsidies and mentoring services, for companies up to 36 months old;
- restructured the procedures regarding the obligatory guarantees.

The Interministerial Decree of 4 December 2020, published in the OG on 4 January 2021, implementing the provisions of Article 29 of LD 34 of 30 April 2019 and of Article 1, paragraph 90, d) of Law 160 of 27 December 2019, defined the new implementing rules for the measure, making provision for outright grants of up to 20% of the eligible costs and maintaining the limits of the total subsidy at 90% of the eligible costs.

Circular 117378 of 8 April 2021 defined the terms, conditions and procedures for the submission of applications and gave specific indications of the assessment procedure, the conditions and limitations on the eligibility of costs, the thresholds and scores used for the purposes of accessing the subsidies. It also indicated the characteristics of the subsidy contract, and the terms, conditions and timing of the subsidy disbursements.

The new acceptance procedure was opened on 19 May 2021.

By 31 December 2021, 2,160 incentive applications had been submitted, for investments of more than € 550 million, with a one request for subsidies of € 460 million. The results as at 31 December 2021 are as follows:

- 2,160 applications have been admitted to the procedure, of which 713 have been processed;
- 19 applications have been approved for subsidy amounting to € 2.5 million of investments;
- € 2.2 million of subsidies approved.
- The procedure closed on 15 November 2021 and an additional new subsidy procedure is expected to be reopened during the first quarter of 2022.

'Cultura Crea' [Culture Creates] Programme (MIBACT Decree 11.05.2016)

'Cultura Crea' is a programme of incentives to create and develop entrepreneurial initiatives in the cultural-tourist industry and to support non-profit enterprises that aim to enhance the cultural heritage in the regions of Basilicata, Calabria, Campania, Puglia and Sicily.

It is promoted by the Ministry of Cultural Heritage, Cultural Activities and Tourism (MiBACT) under the 2014-2020 ERDF Culture and Development NOP (2nd Priority Axis).

The programme includes three lines of action to:

- support the launch of new businesses in the "core" sectors of the so-called cultural industries, promoting productive innovation processes, technological development and creativity;
- consolidate and support the activity of the economic subjects in existing chains related to the cultural, tourist, creative, entertainment and traditional and typical products sectors, promoting the creation of products and services aimed at enriching, diversifying and qualifying the tourist-cultural offer of the territorial areas of reference of the attractors;
- foster the foundation and qualification of services and activities related to the management of attractors and to the fruition and value enhancement of cultural assets as implemented by third-sector subjects.

On 3 December 2016, a General Agreement was stipulated with the MiBACT (now the Ministry of Culture, MOC), for the management of these measures, with a total budget of € 114 million. During 2020, the NOP "Culture & Development" and the implementing Decree were amended, by a Decree

issued on 10 December 2020 and published in the Official Gazette of the Republic of Italy No. 40, on 17 February 2021. On 29 March 2021, Operational Directives 237 and 238 were issued:

- Decree 237 changed some of the points regarding qualification for the aid, by introducing a grant for working capital, extending the eligible costs to include building works and introducing a grant in the form of a mentoring service; it also revised the relationship with physical and functional "attractors" by recognising tourism businesses linked to tour operating as also being eligible for the subsidy and allowing business networks to submit applications as well;
- Decree 238 introduced the "Cultura Crea" measure, which pays an outright grant of up to € 25,000 for companies in the cultural, creative and tourism chain.

The Cultura Crea subsidy procedure was closed on 29 March 2021 and reopened on 26 April 2021 with the introduction of new opportunities. The "Cultura Crea Plus" procedure was opened on 19 April and closed on 5 May 2021.

Taking into account the closing date of the procedure and the reopening with new rules, Cultura Crea has obtained 1,310 applications as at 31 December 2021:

- 785 in Section II – new businesses;
- 170 in Section III - consolidation of existing businesses;
- 355 in Section VI - third sector.

During 2021, despite the procedure being closed for more than a month, 200 funding applications were received, and this is a further increase on the previous year. This was due to the regulatory changes that were introduced and the continuity of the partnership agreements made with cultural attractors and key locations for the culture and creativity industry. Specifically, events were organised with: Mann (Naples), the Archaeological Park of Ercolano, webinars with Puglia Creativa and seminars at the Zisa cultural centres.

By 31 December 2021, 364 applications worth over € 60 million had been accepted for subsidies, with grants of over € 23 million paid out.

The Cultura Crea Plus procedure opened on 19 April and closed on 5 May 2021. 1,799 applications were received, of which 1,243 were accepted, for subsidies with an expenditure commitment of € 29.2 million. At 31 December 2021, approximately € 8.5 million had already been disbursed.

The L'Aquila Earthquake Area

The Agency was specifically appointed for projects aimed at favouring the economic and employment recovery of the Abruzzo area hit by the April 2009 earthquake.

Based on the results of the engagement and feedback activities conducted between 2014 and 2015, the Agency designed two new incentive measures, one as an "over-the-counter" initiative (Measure 1) and another based on "ranking" (Measure 2) introduced in the MED Decree of 14 October 2015 and launched with the MED GDEI Circular of 21 April 2016.

Measure I supports the tourism enhancement of natural, historical and cultural heritage through the financing of investment programmes (up to € 500,000). These are aimed at creating new businesses or expanding and/or redeveloping existing companies.

Measure II finances projects which enhance territorial excellences, including typical agri-food products and products/services related to the tourism-cultural offer, with initiatives aimed at increasing their visibility and recognition.

On 13 May 2016, a General Agreement was stipulated with the MED - GDEI for the management of these measures, with a total budget of € 12 million.

In 2017, the assessment procedure was completed for all the applications submitted for Measures I and II of the L'Aquila Earthquake Area and the relevant outcome report was submitted. Consequently, the disbursement phase was also started, with the preparation of the related

materials; two informative seminars were held, respectively addressed to the beneficiaries of Measures I and II, at the Reconstruction Headquarters in Fossa (AQ).

Under the terms of the Omnibus Extension Decree issued by the MED on 6 February 2020, amending the MED Decree of 14 October 2015 with reference to Article 6 paragraph 1, Article 7 paragraph 2 and Articles 12 paragraphs 4 and 5, projects which had submitted a request for a final payment after the deadline set in the above-mentioned MD were accepted, and are still being checked.

Below are details of the applications received from June onwards, and the subsidies requested:

Measure	Number of applications submitted	Subsidies requested (€/millions)
Measure I	322	42.5
Measure II	103	4.2

As of 31 December 2021, the accepted applications and subsidies granted for investment programmes were the same as the results for previous years:

Measure	Number of applications submitted	Subsidies granted (€/millions)
Measure I	80	8.90
Measure II	48	2.05

The grants disbursed to 31 December 2021 amounted to € 4,983,934 for Measure 1 and € 1,511,607 for Measure 2.

Funding of € 2,960,772 was also decommitted from Measure I, and € 502,881 from Measure II, due to withdrawals from the subsidies, and smaller disbursements.

During 2019 the subsidy procedure for investment programmes was reopened, with a total financial endowment of € 10 million divided as follows: 37% for the communities of the L'Aquila Earthquake Area and 63% to the City of L'Aquila.

The acceptance procedure was opened on 5 February 2019, with the following results:

Measure	Number of applications submitted	Subsidies requested (€/millions)
L'Aquila	114	42.5
Other municipalities	81	4.2

At 31 December 2021 the applications accepted for funding were the same as the results for the 2019 subsidy year, as the procedure for the city of L'Aquila closed on 7 February 2019, with the one for the Earthquake Area closing on 23 July 2019.

75 applications had been accepted as of 31 December 2021, with the subsidies granted for investment programmes totalling € 9 million and grants paid out in excess of € 2 million:

Measure	Number of applications submitted	Subsidies granted (€/millions)	Grants issued as at 31/12/2021 (€/millions)
L'Aquila	49	5.88	1.02
Other municipalities	26	3.4	0.87

Under the terms of the MED Decree of 25 June 2021, which extended the deadline for completion of the investment programmes by 18 months, projects which had submitted a request for a final

payment after the deadline set in the above-mentioned MD of 5 April 2018 were accepted, and are still being checked.

Funding of € 766,201 was also decommitted due to withdrawals from the subsidies.

2020 also saw the approval of the CIPE Deliberation which allocated more than € 6 million to support measures for businesses in the Earthquake Area following the pandemic. The Decree introducing this new scheme providing subsidies for businesses' working capital was published in the OG. The subsidy procedure is expected to open in 2022.

Employment Area

Self-entrepreneurship (Title 1 - Italian Legislative Decree 185/2000)

The Agency manages the incentives provided for by Title 1 of LD 185/2000 (in the previous version, the reforms under Decree Law 145/2013 converted by Law 9/2014), aimed at encouraging the diffusion of companies with prevalent youth participation as well as the development of new entrepreneurship in the economically disadvantaged areas of the country.

This measure is now in the final phase of its life-cycle and the implementing activities completed in 2021 led to the disbursement of around € 30,000 in financial subsidies, pertaining to the regularisation of audits carried out in previous years.

There is a small group of companies, save for any withdrawals and/or sanctions, which are still waiting to receive financial disbursements for a total amount of approximately € 150 million.

Finally, in 2021, work continued on monitoring the conformity with the funding criteria and the economic and financial performance of the recipients in the post-disbursement phase, alongside the routine management of credit, late, overdue and disputed payments, according to the guidelines and laws on debt recovery.

Self-employment (Title 2 - Italian Legislative Decree 185/2000)

The Agency manages the financial incentives (non-repayable grants and subsidised loans) and material incentives (technical-management assistance in the start-up phase) governed by Title 2 of Italian Legislative Decree (LD) 185/2000 and aimed at promoting self-employment through measures to promote freelance work, micro-enterprise and franchising.

A notice published in the Official Gazette 183 of 8 August 2015 announced the exhaustion of available resources concerning the incentives for self-employment envisaged by Title 2 of LD 185/2000, with the subsequent suspension of pending applications from 9 August 2015.

On 1 May 2016, the CIPE allocated € 40 million to refinance Title 2 of LD 185/2000. The Agency used this allocation to complete the assessment procedure for 3,360 suspended applications.

In particular, the activities completed in 2021 related to the disbursement of subsidies granted on the above applications, with particular reference to payments of the final investment balances, and particularly the operating grants, for a total of € 0.6 million.

In 2021, work continued on monitoring the conformity with the ordinary and extraordinary funding criteria along with activities related to the routine management of credit, overdue and disputed payments, pre-litigation and litigation cases, according to the guidelines and laws on debt recovery.

The "Youth for social engagement" and "Youth for the promotion of public goods" public notices

With the Contract of 12 February 2014 followed by the Addendum of 29 December 2016, subsequent to the support provided to the Department of Youth and National Civil Service at the Prime Minister's Office in the context of technical support provided to the assessment committees, the Agency was mandated to assist the committees with implementing the notices following the publication of the rankings of the financed projects.

Technical support for the public notices was completed on 31 March 2017, with the delivery of digital and paper archives to the Department. Discussions are now underway with regard to finalising the payment of this invoice, following the issuing of the 2020 invoice.

Social Economy Italy

"Social Economy Italy" is a programme of subsidies developed by the Ministry of Economic Development aimed at creating and supporting the growth of enterprises which work to pursue social utility and general interest objectives. The Programme operates throughout Italy. Invitalia deals with the operational management of this incentive, on a mandate from the MED GDEI. The financial allocation came from the CIPE Deliberation 74 of 6 August 2015, as to € 200 million, with € 23 million from the Sustainable Growth Fund, for a total of € 223 million.

The grants are aimed at:

- social enterprises established as companies;
- social cooperatives and consortia;
- non-profits and charities.

The subsidies are granted on the basis of an assessment conducted through an OTC procedure, which opened on 7 November 2017.

By 31 December 2021, 26 incentive applications had been received, for a total investment of over € 53.7 million. The application procedure has been concluded for 24 project proposals, 21 of which have been accepted for subsidies, with expense programmes amounting to € 35.1 million having been launched. This corresponds to total funding of € 24.8 million, granted in the form of subsidised loans (€ 24.0 million) and non-repayable grants (€ 0.8 million), which are linked to bank finance of € 10.3 million and own funds of € 21.3 million.

The commitments for projects accepted in 2021 amounted to € 5.2 million.

The disbursement of subsidies that began in 2019 continued in 2021. Against the 16 finance contracts which have been signed to date by the lending banks, partly on behalf of the CDP, 21 requests for disbursement have been fulfilled (2 payments in 2019, 12 in 2020 and 7 in 2021); this corresponds to 100% of the total requests received between July 2019 and December 2021. On 31 December 2021, the banks were formally informed of 21 instalments of subsidised loans, equal to 56% of the investment accepted for each project, with a total value of € 9.6 million (of which € 2.3 million related to the year in question), which was credited by the banks on behalf of the CDP, with the release of the amount payable in the form of a bank loan as to the remaining 24% (€ 4.6 million), giving a total of € 14.2 million in activated loans. On completion of the payment procedure for 3 projects in 2021, the disbursement of the first non-repayable instalments of the grant was authorised where applicable, for a total of € 0.1 million.

The legislative process amending the subsidy scheme was also continued during the year. On 19 July 2021 a decree was signed, containing "amendments to the Decree of 14 February 2017, containing the terms and conditions for the access by companies operating in the social economy to subsidised loans granted from the Revolving fund for business support and investment in research". The next steps involve the signing of the decree containing "Amendments to the decree of 8 March 2017 containing the terms and conditions for the granting and disbursement of subsidies in the form of a non-repayable grant", which took place on 28 January 2022, and the issue of the Decree of the Director-General for business subsidies, implementing the previous Ministerial decrees.

Invitalia signed 3 memoranda of understanding in 2021:

- MoU 28 May 2021 with the Third Sector Forum;
- MoU 30 September 2021 with Coopfond;
- MoU 21 October 2021 with the CGM cooperative and CGM Finance.

The purpose of these procedures is to develop and realise a joint programme of actions for consultancy-related promotion, information and support aimed at removing the barriers to accessing the subsidy and making it easier to obtain, also through the identification and concrete implementation of the potential synergies between the subsidy measure Social Economy Italy and the financial instruments managed by the signatories to the memoranda of understanding.

SME Relaunch: Earthquake area

SME Relaunch: Earthquake Area is an incentive introduced by the Commissioner for the rebuilding programme after the 2016-2017 earthquake, aimed at supporting the recovery and relaunch of businesses hit by the earthquake affecting Abruzzo, Lazio, Marche and Umbria from 24 August 2016. The business initiatives eligible for the subsidy come from all sectors: industry, artisanal manufacturing, processing of agricultural produce, services, commerce, tourism, agricultural production, fishing and fish farming.

The available funding, totalling € 10 million (including the cost operational costs of the incentive) together with any new allocations made, have been distributed regionally as follows: Abruzzo 10% - Lazio 14% - Marche 62% - Umbria: 14%.

The incentive is managed by the Agency under the terms of the General Agreement made on 11 January 2021 between the Commissioner for the post-2016-2017 earthquake rebuilding programme, the MED GDEI and Invitalia.

The results achieved since the procedure was opened, through to 31 December 2021 can be summarised as follows:

- A total of 32 applications were received, with a total of € 905,138.00 of subsidies requested;
- 12 assessments had been completed;
- 12 applications were accepted for subsidies totalling € 317,526.72;
- 9 disbursements had been made, with a total of € 227,526.72 paid out in subsidies.

National Youth Guarantee Plan - SelfiEmployment Revolving Fund

The SelfiEmployment scheme — part of the National Youth Guarantee Plan implementing the European Council recommendation of 22 April 2013 — is aimed at encouraging nationwide self-employment for young people aged 18-29. It is managed by the Agency following the stipulation on 11 December 2015 of a funding agreement between Invitalia and the Italian Ministry for Employment and Social Policy (now the National Agency for Active Employment Policies, ANPAL), to set up a National Revolving Fund drawing on funding from the NOP "Youth Employment Initiative 2014-2015" and the NOP "Active Employment Policies 2014-2020". Following changes to the programmatic framework of these two Operating Programmes, the above Agreement was revised in July 2020. This has expanded the target of the Fund beneficiaries (unemployed women and the long-term unemployed), and has increased the financial allocation from € 103.2 million to € 132.1 million, with the introduction of new procedures for recognition of operating costs to the Managing Entity. Following these changes, February 2021 saw the publication of a new Public Notice which expanded the target and also introduced various improvements to the procedure for evaluating applications and accessing the subsidised finance.

The incentives are granted on an assessment basis with an over-the-counter access procedure, as established by Regulation (EU) 1304/2013, in line with Regulation (EU) 1303/2013 and the EU legislation on Financial Instruments.

The procedure was opened on 1 March 2016 and all the applications were submitted online, through Invitalia's IT platform. After the publication of the new Public Notice and the new financial endowment, the regional procedures previously closed due to exhaustion of funding (Tuscany, Molise, Umbria and Marche) have now been reopened.

The results achieved since the procedure was opened, through to 31 December 2021 can be summarised as follows:

- 5,637 (of which 1,158 in 2021) applications for funding were received, with total requested funding amounting to € 187.9 million (of which € 38.3 million in 2021);
- 5,522 (of which 1,161 in 2021) assessments had been completed;
- 1,799 (of which 285 in 2021) applications for funding were accepted, with total authorised investment amounting to € 59.3 million (of which € 8.3 million in 2021);
- € 34.7 million of subsidies were granted, (of which € 5.6 million in 2021).

The scheme, which is drawn from the SelfiEmployment National Revolving Fund also includes the provision of mentoring services for the beneficiaries. These services, delivered directly by the Agency, are intended to support the business during the start-up phase. The plan of mentoring activities was reformulated in November 2020. The financial allocation of € 16 million already authorised for the previous plan has been confirmed, and the mentoring services have been strengthened for the pre-start-up phase. At 31 December 2021, more than 1,400 businesses had used these services.

Remain in the South

The Remain in the South scheme, introduced by Italian Decree Law 91 of 20 June 2017, coordinated with the converting Italian Law 123 of 3 August 2017, was brought into operation on 15 January 2018 with the opening of the online application procedure. The resources from the Development and Cohesion Fund – 2014-2020 Programming (Article 1 paragraph 6 of Italian Law 147 of 27 December 2013 as amended) have been allocated to this measure, for a total of € 1.250 million.

Under the instituting law, Invitalia is named as the entity which will manage the measure. Invitalia operates on the basis of the General Agreement between the Department for Cohesion Policies of the Presidency of the Council of Ministers, which governs the interparty relations and the payments recognised to the Agency in respect of the services delivered.

The measure was originally intended for young people under 36 and was open to all sectors of production apart from commerce, agriculture and the independent professions. It was aimed at the start-up of new businesses in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily.

With the 2019 Budget Law, the scope of beneficiaries was extended, raising the age limit to 45 and opening up the measure to include the independent professions.

Following the publication in the *OG* of Italian Decree Law 123 of 24 October 2019, containing "Urgent provisions to accelerate and complete reconstruction in progress in areas affected by earthquakes", the Measure was also extended to municipalities within the seismic crater in the regions of Lazio, Marche and Umbria. The conversion of that Decree into law (Italian Law 156 of 12 December 2019) changed the age limits indicated in the measure, for 24 of the 116 earthquake communities (municipalities in which more than 50 percent of buildings were declared unfit for use).

The Relaunch Decree 34 of 19 May 2020 published in the Official Gazette of the Republic on the same date introduced a further outright grant to cover the working capital requirements of the beneficiaries of the measure. It would be paid on completion of the programme of subsidised expenditure, the amount of which was determined at € 15,000 for freelance and independent professional activities exercised on a sole-trader basis, and € 10,000 for each member of the company receiving the subsidies pursuant to Italian Legislative Decree 91 of 20 June 2017, up to a maximum of € 40,000.

The conversion and amendment of the Relaunch Decree (Italian Law 77 of 17 July 2020), led to a restructuring of the scheme with specific reference to the mix of incentives and the maximum subsidy amount, which was raised from € 50,000 up to € 60,000, but only for sole-trader businesses (single-member firms, single-member limited liability companies (SRL) and individual independent professional businesses). For all the new business initiatives, whether sole-trader or corporate, the outright grant has been increased from 35% to 50% of the programme of expenses admitted for subsidies, with the corresponding reduction of the bank finance from 65% to 50%.

The 2021 Budget Law (Italian Law 178 of 31 December 2020) further increased the age limit for potential beneficiaries of the measure, bringing it to 55 years.

Finally, the Infrastructure Decree (Italian Legislative Decree 121 of 10 September 2021) converted and amended on 9 November 2021 (Italian Law 156) ordered that commercial projects should be considered eligible for the subsidy and that the measure should be extended to the municipalities of Campo nell'Elba, Capoliveri, Capraia, Giglio, Marciana, Marciana Marina, Ponza, Porto Azzurro, Portoferraio, Portovenere, Rio and Ventotene, located in the smaller islands of the Centre-North, and to the smaller lake islands.

Thanks to these legislative changes, the measure also provided support for business projects in the regions of southern Italy, the municipalities in the earthquake area of central Italy, and the island communities mentioned above, for new businesses started by people aged 18-55 (with the sole exclusion of residents in the 24 earthquake area for whom a variation was imposed on the age limit as the percentage of buildings declared unfit for use in these areas was higher than 50%).

83 of the principal national and local banks were party to the ABI-Invitalia General Agreement, and this guarantees widespread local presence for this measure in the target regions, with more than 5,000 bank branches where the project proponents and beneficiaries can request and obtain the bank loan available under the Remain in the South subsidy scheme.

The Agency received 2,987 bank loan authorisations in 2021, with a total of € 108 million of finance granted. 80% of this is backed by the SME Guarantee Fund, with an average interest rate of less than 3%. The amount of bank finance granted under particularly favourable conditions is an important indicator of the success of this measure, considering the economic difficulties encountered by businesses in southern Italy in accessing credit, particularly during the start-up phase.

The law also made possible for the potential beneficiaries to access free advice and support during the various phases of their business project. The advice service can be provided by Public Administrations, universities and third-sector bodies, who must submit an application for accreditation by the Agency. This not only represents a valid service for the recipients, who can develop their business projects without necessarily having to engage an independent professional, but it has also created a network (237 accredited bodies as of 31 December 2021), distributed across the entire target area of this measure.

Below are the main results of the management of the "Remain in the South" measure for 2021:

- 11,688 applications were received for total investments of € 860.89 million;
- 3,733 applications were accepted, with a total approved investment of € 276.22 million;
- 3,029 funding applications were completed, with the total investments started amounting to € 219 million;
- 1,601 disbursement mandate for the first interim payment;
- 1,092 disbursement mandates for the final payment;
- € 5.37 million of grants paid to cover bank interest;
- € 38.19 million of operating grants paid;
- 1,092 "liquidity" grants paid (under Art. 245 of the Relaunch Decree) for a total of € 19.54 million.

During 2022, also in view of the changed legislative framework, there is expected to be a further increase in the number of incoming applications, and the data relating to the disbursement phase.

Innovation Area

Management and control activities related to grants to the Italian Chambers of Commerce Abroad (ICCA)

Article 9 of Law 518 of 1 July 1970 provides for the granting by the MED of grants to the ICCA in order to support promotional activities of national relevance for the internationalisation of SMEs. These activities are to be promoted by the ICCA through promotional projects and events to benefit Italian businesses; the organisation of buyer missions to Italy; missions by Italian operators to countries in which the Italian Chambers of Commerce operate; bilateral meetings between Italian and foreign operators; roadshows, country presentations and networking events; the promotion of Italy's leading trade fairs in the ICCA countries; direct participation and Chamber of Commerce stands at trade shows; support for Italian businesses in getting established in their target markets; business scouting; training initiatives, workshops, conventions on economic and commercial topics and investments; communication and information campaigns.

Under Article 48 paragraph 3 a of LD 34 of 19 May 2020 containing Urgent Measures on health, support for the economy and employment and social policies related to the COVID-19 emergency, converted and amended by Italian Law 77 of 19 July 2020, the annual resources available for the ICCA were further increased by €5 million for the year 2020, in order to develop services for information, export management and the promotion of trade contacts for SMEs, also through digital platforms and the Italian Chambers of Commerce Abroad.

The General Agreement signed on 4 February 2021 governs the relations between the MED GDEI and Invitalia, concerning the supervision of cooperatives, companies and the Chambers of Commerce network, with regard to the management and control activities required to deliver the subsidy measure.

In 2021, the GDEI was given specialist operational support in preparing and updating the administrative documents and in designing the forms needed to implement the measure. *Ex-post* controls were also carried out on the grants provided to 72 of the ICCA on the 2020 promotional programmes, relating to the following areas of intervention:

- checks on the accuracy and completeness of documentation;
- checks on scores and the related opinions issued by Italian embassies abroad;
- checks on the extraordinary activity report, for eligibility of the costs;
- checks on the expenditure documentation given in support of the reported promotional activities;
- the preparation of requests for additional information, and replying when the information was received;
- preparation of the application file, with details of the eligible costs and spreadsheet to check compliance with the percentages set for the flat-rate costs and the maximum percentage of costs incurred for personnel and general operational expenses;
- the proposal to MED, regarding the total amount of the eligible grants.

National Energy Efficiency Fund (NEEF)

The Fund, which was set up by Article 15 of LD 102/2014 implementing Directive 2012/27/EU on energy efficiency, is governed by the MED Decree of 22 December 2017. It is one of the energy efficiency measures adopted by Italy in order to achieve the energy-saving targets indicated in the National Energy Strategy (NES).

The Fund was set up in order to encourage the funding of projects needed to meet the national energy efficiency targets, through:

- the reduction of electricity consumption in industrial processes;
- the construction and upgrading of remote heating and cooling systems and networks;
- the improving of efficiency of public services and infrastructure;
- building energy upgrades.

The Interdirectorial Decree 92922 of 7 December 2018 approved the General Agreement governing the relations between the MED, the Ministry for the Environment (now the MET - Ministry for the Ecological Transition) and Invitalia, in relation to the management of the National Energy Efficiency Fund pursuant to Article 4 paragraph 1 of the MD of 22 December 2017.

NEEF is a revolving fund. Its financial endowment is € 310 million.

NEEF is aimed at companies and public administrations and provides aid in the form of subsidised loans. For companies only, it also offers guarantees for individual lending operations. On 20 May 2019, the procedure for the submission of applications under this measure was opened. As at 31 December 2020, a total of 38 applications had been received with the total funding requested amounting to € 26.5 million.

By 31.12.2020, 17 projects had been approved by the "Control Room", requiring funding of over € 12 million. 3 contracts were also agreed with 3 different PA, with total funding granted amounting to over € 3 million.

As at 31 December 2021, a total of 50 applications had been received with the total funding requested amounting to € 36.5 million. Of the 50 applications submitted, 26 projects were approved by the "Control Room", requiring funding of over € 18.8 million and with expected savings of 10,100 TEP per annum. By 31 December 2021, 15 finance agreements had been signed, more than half of which were made with various Public Administrations, in relation to energy development projects for lighting systems, with the total funding granted amounting to more than € 10.2 million.

During 2021, 7 interim payment requests were submitted, with a claimed value of more than € 2 million. € 138,000.00 was paid out by way of advance payments.

In 2022 there are plans to continue the application process for the new project submitted, also as a result of the fresh impulse from the IFIT call for tenders (Financial incentives for tourism businesses), which offers special rate loans from the NEEF, to cover eligible costs provided that at least 50% of the costs are dedicated to energy upgrades.

Following the revision of the "Operating Instructions for Guarantees", there is expected to be fresh impulse for the submission of proposals thanks to the involvement of banks following the granting of loans for investment by businesses in energy upgrades.

Innovative Investments (MD 09.03.2018)

The Directorial Decree 3830 of 27 November 2018 approved the General Agreement governing the relations between the MED and Invitalia, in relation to the management of the MD of 9 March 2018, limited to the post-Decree acceptance of proposals for funding. In line with the national Business 4.0 plan and the National Intelligent Specialisation Strategy, this measure serves to support investment programmes in the less-developed regions, with the aim of improving the efficiency and/or flexibility of economic activity in order to support the manufacturing sector in transitioning to the "Intelligent Factory" model.

Initially, € 341 million was set aside; that sum was then restructured and redistributed following the MD of 21 May 2018, and partially with the Directorial Decree of 18 May 2020, for a total of € 295 million:

- € 119,205,333.33 to be taken from the Supplementary Action and Cohesion Programme, Enterprise and Competitiveness 2014-2020, approved by the CIPE with Deliberation 10/2016 of 1 May 2016;
- € 169,194,666.67 from Axis III, Action 3.1.1 of the Enterprise and Competitiveness 2014-2020 ERDF NOP;

€ 6,760,386.90 from Axis IV, Action 4.2.1 of the Enterprise and Competitiveness 2014-2020 ERDF NOP, reserved for innovative investment programmes based on technologies for sustainable manufacturing to guarantee a more efficient use of energy.

From April 2019 onwards the MED issued orders granting the subsidies, after which the Agency began implementing the measure by signing finance contracts as per the General Agreement.

As at 31 December 2021, 224 programmes had been started, with a total investment of almost € 326 million, with granted subsidies of more than € 245 million. Of these investment programmes, 6 are based on energy-efficiency technologies.

The geographical distribution is concentrated in Campania with 148 beneficiaries and € 224 million of investment accepted. By 2021, 6 Development Contracts had been signed and around € 51 million had been disbursed.

During 2021, 17 companies withdrew from the subsidy, and 8 received a notice of revocation.

For the year 2021 alone, 178 interim payment requests were submitted by the beneficiaries, corresponding to a total of € 74.1 million. The total claimed by the recipients up to 31 December 2021 amounted to € 211, corresponding to approximately 62% of the total investments accepted in relation to the total projects transmitted by the MED as of 31 December 2021.

During 2021, disbursements of € 51 million were paid; cumulatively, from 2019 until 31 December 2021, subsidies of € 134.1 million had been paid.

Industrial Innovation Projects (IIP)

With a Decree dated 13 August 2010, the MED ordered the Agency to provide support for the technical and administrative management of incentive programmes as part of the Industrial Innovation Projects (IIP) "Energy Efficiency", "Sustainable Mobility" and "New Technologies for Made in Italy", including the obligations related to the provision of subsidies to the beneficiaries. Relations between the Ministry and the Agency for the performance of these activities, which are the subject of EU co-financing, are governed by the General Agreement signed on 9 December 2010 and registered by the Court of Auditors on 7 March 2012.

The programmes definitively accepted for the subsidies amount to 232, with the total subsidised investments now standing at approximately € 2,179 million with grants of over € 853 million.

During 2021, the activities focused on the payments to a partner of a programme that did not receive payment in the previous year due to issues concerning the lack of valid documentation. Technical and administrative checks on another programme were also reopened, and this required a contract with a new Technical Officer in order to complete the checks previously started.

During 2022, work will continue in relation to the disbursements to partners in the programmes that did not receive payment in the previous year due to issues concerning the lack of valid documentation. The residual work will also be completed in relation to the three calls for tender, and on preparing the final Decrees with the decommitment of the amounts initially allocated.

The Biomass Initiative

The Agency is the Managing Body of the Biomass Initiative, promoted pursuant to the Ministerial Decree of 13 December 2011, whose purpose is to finance investment programmes for activating, strengthening and supporting biomass supply chains in the regions of Campania, Puglia, Calabria and Sicily.

For the management of this Initiative, the Agency signed a General Agreement with the MED on 15 December 2011, (the Contract was supplemented by an addendum dated 26 November 2015).

The financial allocation assigned to this initiative was originally € 100 million. The Call for tenders was closed on 13 July 2012. Overall, 66 applications were received, for which the preliminary phase was completed regarding compliance with the procedures, completeness and regularity. Applicants who passed this phase were admitted to the subsequent one which examined the eligibility conditions and the fulfilment of financial and technical prerequisites.

Of the 26 companies admitted to the rankings, 7 were decreed for admission to incentives for a total commitment of € 30.5 million.

Of the 7 companies authorised, 5 have stipulated the financing agreement and 2 have forfeited the incentives for not having reported any expenses related to the subsidised investment within the set deadlines. With regard to the 5 companies accepted with contracts, 3 have completed the incentive disbursement process, while the revocation process has started for the other 2. One of them has now regularised the position after resolving the issues raised.

Total disbursements amounted to € 9.6 million.

During 2021, there was no disbursement of grants, and the work concentrated on managing the repayments by the companies. The activity planned for 2022 will address the disbursement of the remaining grants, the management of loans and the provision of assistance to the MED with regard to the issues involved in managing one programme for which a revocation process is ongoing, and the activities related to the monitoring and final assessment of the project's completion. Finally, planning includes activities related to the issuing of the definitive Decrees with the relative release of the amounts initially allocated.

The Energy Efficiency Ministerial Decree

The Ministry of Economic Development, with the Decree of 5 December 2013 (Energy Efficiency MD), promoted the implementation of investment programmes aimed at reducing and rationalising the use of primary energy in the processing and/or supply cycles of services carried out within an already existing production unit, benefiting companies located in the Convergence Goal regions (Calabria, Campania, Puglia and Sicily).

The allowable incentives are provided in the form of interest-free loans and without collateral requirement.

The financial allocation to this instrument is € 100 million from the Renewable Energy and Energy Saving IOP resources for the 2007-2013 programming period.

The management of the intervention was assured by the MED General Directorate for the Promotion of Entrepreneurial Activities, which identified the Agency as the Managing Body for the implementation and disbursement of incentives in favour of the individual initiatives approved.

Following the conclusion of the decree phase by the MED, Invitalia has taken on 251 initiatives. Total disbursements amounted to € 35.8 million.

The activity planned for 2021 will address the management of loans and assistance to the MED concerning the management of programmes for which there is a revocation process underway, and activities related to monitoring and final assessment of the progress made on the project. In 2022, this action will continue along with the preparatory work required for the issue by the MED of the definitive Decrees and the decommitment of the amounts initially allocated.

Grants for Campania (MD 13.02.2014)

The Agency is the Managing Body of the MD Campania Call for Tenders, promoted pursuant to the Ministerial Decree of 13 February 2014, whose purpose is the industrial relaunch and/or the redevelopment of the production system of the Municipalities in areas affected by industrial crisis in Campania.

The incentives referenced in the Decree are granted on the basis of a "ranking" assessment procedure.

The resources available to facilitate the programmes, initially set at € 53.4 million, were reduced to € 47.19 million in 2015.

Overall, 75 applications were considered eligible, out of the 139 submitted. 11 applications have been accepted. The total accepted investment amounts to € 39 million, in respect of which subsidies of € 23.8 million have been granted. It is expected that 263 new jobs will be created.

During 2021 subsidies of € 444 thousand were disbursed for the final balance of investments requested by one company. In general, the pandemic has slowed down the process of reporting on investments and it is expected that the activities related to this measure will be concluded during 2022.

Revolving Tourism Fund

The Revolving Fund was established on 28 May 1991 pursuant to Article 6 of Law 64 of 1 March 1986 and was subsequently reconfirmed by the various legislative provisions resulting from the abolition of the Extraordinary Intervention and the transfer of powers to the Treasury Ministry (Law 488/92 - Article 3 - conversion of LD 415/92 and LD 96/93 - Articles 11 and 15). The Agency has taken over all the rights and obligations deriving from the agreement between Insud Spa and the Treasury Ministry of 23 March 1995, supplemented by the agreement of 13 January 1999. The Fund is intended to finance Agency investee companies for investments and actions to support the development of the tourism and health spas. A subsidised rate corresponding to 35% of the reference rate for 18-month operations is envisaged for tourism sector operations in force at the time of signing of the contract. The maximum loan duration is set at 15 years including the pre-amortisation period.

In 2017, the proposals presented by Italia Turismo Spa were approved; they pertain to the enhancement and upgrading of two tourist complexes: one in Marina di San Basilio in the Municipality of Pisticci (Matera) and the tourist village, Le Tonnare, in Stintino (Sassari), for a total requested amount of € 24.18 million. The signing of the finance agreement has been postponed until 2022.

Tourism Promotion Fund

The Tourism Promotion Fund was established pursuant to Article 7 of Italian Presidential Decree 58/87 and the CIPE resolution no. 94 of 29 March 1990. It assigned to INSUD Spa, now merged by incorporation into Invitalia Spa, a capital grant for tourism promotional activities in the South for an amount of 14.8 billion lire (€ 7.6 million).

The tourism promotion programme is aimed at increasing tourist flows in Southern Italy by conceding capital grants (up to a maximum of 60% of the approved expenses) to institutional bodies, business associations and the main tourism organisations.

In September 2017 a project presented by Marina di Portisco SpA (a 100% subsidiary of Invitalia) was approved. The total costs to be incurred, net of VAT, are € 1.1 million. The maximum grants paid against these expenses amount to € 648 thousand.

During 2021 the subsidies for the 3rd interim payment presented by this company were paid out, amounting to € 162.1 thousand.

Fund for Digital Entertainment (Italian Ministerial Decree of 18 December 2020)

This measure supports the design and pre-production of video games. With an endowment of € 4 million it is addressed to companies based in the EEA and resident for tax purposes in Italy, as of the date submission of the application. The Fund was set up pursuant to Article 38 (12) of the Growth Decree. It was launched by the MED in a Decree of 18 December 2020 and is managed by Invitalia.

The agreement signed on 28 June 2021 regulates the relations between the MED GDEI and Invitalia, concerning assistance and support in completing the technical and initiative requirements and subsidy administration procedures.

These subsidies consist of an outright grant which covers 50% of the eligible costs and expenses. Under the *de minimis* rules, there is a cap on the amount of subsidy which can be granted to each individual company if it does not exceed € 200,000 over three financial years.

A total of 95 applications were received, requesting total funding of more than € 8.8 million which is higher than the available endowment.

On the basis of the available funds, in 2021 Invitalia began the application procedure for the first 43 applications. For 22 of them, a subsidy was granted, for a total value of € 1.4 million.

The application procedure is still ongoing. Following a series of rejections and withdrawals, the list of applications received will be scanned, to allow the inclusion of additional applications.

The Sustainable Growth Fund project for research and development projects in the context of the Circular Economy Notice was started by the MED with the Decree of 9 June 2020 and is managed by Invitalia.

The agreement signed on 15 December 2020, registered by the Court of Auditors at no. 87 on 10 February 2021, governs the relations between the MED GDEI and Invitalia in relation to assistance and support in completing the technical and initiative requirements and subsidy administration procedures.

The purpose of this measure is to support the digital transformation of micro, small and medium enterprises in the manufacturing, business services and tourism industries, for companies involved in the digitisation of cultural heritage and commercial services, by implementing projects aimed at using the enabling technologies identified in the national plan Business 4.0, and other digital technologies.

The allocated financial resources net of the fees payable under the Agreement, amount to € 96 million. The procedure for the submission of applications was opened on 15 December 2020. As of 31 December 2021, 463 applications had been received, with total requested funding of € 56.05 million, of which € 11.2 million was requested in the form of a grant, and € 44.8 million as a subsidised loan, against expected costs of € 112.1 million.

During 2021, the Agency had assessed all the projects presented. On 31 December 2021, 150 proposals were sent to the MED, which issued 150 acceptance orders with a total of € 18.1 million in subsidies, of which € 3.6 million was in the form of expense grants and € 14.5 million in the form of subsidised loans. The accepted investments at 31 December 2021 amounted to € 36.17 million.

The post-acceptance phase started in 2021 and as a result 26 contracts were agreed, with a total of € 2.4 million in funding.

2022 will see the end of the preliminary activities and the project implementation phase will start.

Circular Economy (Decree 11.06.2020)

The Sustainable Growth Fund project for research and development projects in the context of the "Circular Economy" notice was started by the MED with Decree of 11 June 2020 and is managed by Invitalia.

The agreement signed on 2 December 2020, registered by the Court of Auditors at no. 27 on 14 January 2021, governs the relations between the MED GDEI and Invitalia in relation to assistance and support in completing the technical and initiative requirements and subsidy administration procedures.

The measure supports research, development and experimentation with innovative solutions to efficiently and sustainably make use of resources, with the goal of promoting the conversion of

production assets towards a circular economy model in which the value of products, materials and resources is maintained as long as possible, and the production of waste is reduced to a minimum.

This measure supports industrial research and experimental development projects which are closely connected in terms of the objective of the project, and of which the aim is to produce new products, processes or services or to achieve a significant improvement in existing products, processes or services using Key Enabling Technologies (KETs) as referred to in Annex 1 to the Decree of 11 June 2020.

€ 157 million were made available for the granting of the subsidised loans, to be taken from the Revolving Fund for Business Support and Investment in Research (FRI), with € 62.8 million to be granted as contributions to expenditure, of which:

- € 40 million would be taken from the Development and Cohesion Fund, of which 80% would be allocated to projects in regions in the south of Italy, with 20% for projects in the Centre and North;
- € 20 million for the Sustainable Growth Fund, intended for projects launched across the country;
- € 2 million would be taken from the funds of the region of Basilicata, with € 800 thousand to be taken from the resources of the region of Piedmont, provided to facilitate projects implemented in each of those regions.

Between 1 January and 31 December 2021, 34 applications had been submitted, of which 30 pertained to projects presented by individual companies and 4 related to projects presented jointly by two or more originators, with a total of 42 proponents.

The total funding requested in 2021 amounted to € 30.6 million, of which € 7.5 million was in the form of expenditure grants and € 23.1 million in the form of subsidised loans.

By 31 December 2021, 110 applications had been submitted, of which 88 pertained to projects presented by individual companies and 22 related to projects presented jointly by two or more originators, with a total of 146 proponents.

The total funding requested as of 31 December 2021 amounted to € 110.2 million, of which € 25.8 million was in the form of grants and € 84.4 million in the form of subsidised loans.

The work done during the year related to the study of applications, after meetings with the proponents of the projects submitted, together with ENEA which deals with the scientific assessment of the project.

Apart from 5 withdrawals and 24 invalidated applications (due to lack of bank certification), 4 projects were considered ineligible, while 77 were put forward for the procedure, with a total of 103 proponents; of the 77 projects accepted for the procedure, the total requested funding amounted to € 75.7 million, of which € 58.5 million pertains to subsidised finance and € 17.2 million to expense contributions. Projects from the most developed regions represented 90% of the requested funding.

By 31 December 2021, the MED had received proposals for 10 projects, with a total of 10.5 million in subsidies, of which € 2.3 million was in the form of expense grants and € 8.2 million in the form of subsidised loans.

"Design and management of a Proof of Concept programme"

Invitalia supports the General Directorate for the Protection of Industrial Property (formerly the Anticounterfeiting DG) of the Italian Patents and Trademarks Office (MED), as the managing entity for the planning and management of a funding measure to develop the technological maturity of industrial property rights owned by research bodies.

In 2021 the Innovation Area dealt with the application activities, procedures and checks on the related programmes, examining the accuracy and regularity of the documents, obtaining details of the outcome of the selection procedures, handling requests for clarification, observations or

additional documentation, by arranging meetings with the beneficiaries and with the Customer. The Innovation Area also dealt with the requirements pertaining to the final ranking and arranged for the granting of the finance by preparing and signing the award notices, authorising the payment of more than € 2.3 million in funding.

One of the noteworthy results was the publication by the European Commission – DG Research and Innovation (February 2021), presenting the results of the “Towards a Policy Dialogue and Exchange of Best Practices on Knowledge Valorisation” survey, which recognises the “experimental” nature of the call for tender at international level, as one of Italy’s four best practices in this sector.

MUR - Support for the implementation of the projects covered by the Innovation Excerpt Plan for 2015-2017 funded by the Development and Cohesion Fund (DCF)

Invitalia supports the Italian Ministry for Universities and Research - General Directorate for Research into Management Support (MUR), in implementing the “Public-private cooperation and industrial research” line, which is intended to create new “High technology districts and/or new public-private clusters”. More specifically, the support provided to the MUR offices are intended to implement the research projects covered by the DD Notice 713/Request of 29 October 2010 – Districts Title III, and in particular they related to the level I controls on the research projects covered by the Notice.

In 2021, Invitalia performed the following activities:

- on-desk checks and analysis of the technical-scientific and technical-financial reports;
- on-desk audits of the reports, the eligible costs and certifiable expenditure for each project;
- assistance with the transmission of requests for additional documents to the beneficiaries and support with checking and studying the documents produced by individual beneficiaries during the counterclaim process;
- final (in loco) checks on the eligible costs and certifiable expenditure on each project, and assistance with the preparation of the Final Expenditure Declaration - for the 2019 year - of the NOP “Research and Competitiveness 2014-2020” in relation to the projects included in the 2007-2013 programming cycle.

MUR - Specialist support in completing the technical and administrative requirements in relation to the granting and payment of subsidies for industrial research and experimental development

Invitalia assists the MUR in completing the technical and administrative requirements in relation to the granting and payment of subsidies for industrial research projects.

In 2021, Invitalia performed the following activities:

- the preparation of applications and the checking of legal documentation concerning the audited projects at the *ex-ante* stage;
- support with the preparatory work and stipulation of the finance contracts for the various incentive measures managed by the MUR;
- verification of conformity with the requirements for a permanent establishment and organisation;
- support with the management of legal aspects connected to the MUR’s requests for additional information (mergers, company disposals, revocations, the release of guarantees etc.);
- *ex-ante*, *in itinere* and *ex-post* checks;

- documentary checks on the reports submitted by individual project beneficiaries and support as necessary with the requests made to individual beneficiaries, to provide further documentation;
- verification of the expenditure on the eligible costs, which may also take form of in loco visits to the premises of the beneficiaries;
- assistance with checking and analysing the documents produced by individual beneficiaries during any counterclaim process, and preparation of the definitive interim and final progress reports to be sent to the MUR.

MUR - Level I verification and control of operations and projects covered by Notice 1735 of 13 July 2017 for the submission of industrial research and experimental development of the 12 specialisation areas defined in the 2015-2020 NRP

Invitalia assists the MUR with the Level 1 verification and control of operations and projects funded by Notice 1735 of 1735/2017 for the submission of industrial research and experimental development projects in the 12 specialisation areas identified in the NRP for 2015-2020.

During 2021 Invitalia assisted the MUR UNICO 1 office with:

- the *ex-ante* checks and analysis of the technical-scientific and technical-financial reports for each project;
- the preparation of supplementary administrative-legal and/or economic-financial procedures requested by the MUR on individual projects;
- support with the preliminary activity/approval of the obligatory documents related to the Regulations for the granting of subsidies;
- support with implementing the programme and checking the documents and procedures necessary before the subsidies can be granted;
- checking the requests for advance payments made by individual beneficiaries, and providing assistance in determining the eligible cost and certifiable expenditure, preliminary to the preparation of the Final Declaration of Expenditure for the NOP "Research and Competitiveness, 2014-2020";
- setting up the SIRI platform on CINECA, which is used to manage the programme and the Level 1 checks.

MUR - Specialist support in completing the technical-administrative requirements and assessments of the "ARS01" projects covered by Notice 1735 of 13 July 2017 (Funds from IR NOP 2014-2020 and DCF)

Invitalia assists the MUR with the preliminary activities and implementation of the projects funded by Notice 1735/2017 for the submission of industrial research and experimental development projects in the 12 specialisation areas identified in the NRP for 2015-2020.

In 2021 Invitalia was engaged in the following 2 action lines:

- Line A: specialist support in finalising the award orders and in disbursing the subsidies for the industrial research and experimental development projects, in accordance with MD 593/2016, which split the process into three separate phases (*ex-ante* assessment; *in itinere* assessment and *ex-post* assessment) and their sub-phases;
- Line B: support for the management and implementation of projects by giving assistance in relation to the overall administration of the procedure, to ensure the successful outcome of the financing process; support with the periodic checks on the progress of the project activities, deliverables and costs incurred, or the checking and assessment of the quality of the deliverables and results achieved by the individual research projects promoted under the Notice.

Innovative Machinery

In the context of the National Operating Programme (NOP) for Businesses and Competitiveness 2014-2020 - Axis III SME Competitiveness, € 265 million has been allocated to support innovative investments by SMEs in the less-developed regions of Italy. These investments are designed to enable the technological and digital transformation of SMEs in line with the Business 4.0 plan and to favour their transition to the circular economy model.

The endowment is divided between two procedures, the first of which opened on 30 July 2020 and second on 27 April 2021.

The total financial endowment assigned to the initiative was € 558,485,676.43, divided as follows:

- € 265 million (Art. 3.1 of MD 30 October 2019) from IC NOP 2014-2020 AXIS III in two separate procedures;
- € 200 million (Art. 1 of MD 02 November 2021) from AXIS VI IC NOP 2014-2020;
- € 93,485,676.43 (Art. 2.1 of MD 02 November 2021 replacing Art. 1 of MD 26.02.2021) from AXIS VI IC NOP 2014-2020.

386 applications were submitted when the first procedure was opened, with a total investment of almost € 479,717,238.01 and total requested subsidies of € 359,787,928.52.

435 applications were received when the second procedure was opened, with a total investment of € 560,242,164.90 and total requested subsidies of € 420,181,623.68.

The projects authorised by the MED up to 31 December 2021 amount to 233, with investments totalling € 305.6 million and total subsidies of € 229.7 million.

During 2021, interim payment requests were submitted, with a claimed value of € 45 million. € 18 million was paid out by way of advance payments.

In relation to the first procedure, the preliminary work related to the investment programmes and the preparation of the subsidy award orders has been completed on all the applications for subsidies that were accepted in the preliminary phase, based on the total financial coverage allocated in this procedure. However, approximately 30 projects remain suspended, despite qualifying for funding, due to irregularities found in relation to the requesting entity, changes in corporate structure and requests for more information about the eligibility of the goods.

In relation to the second procedure, the preliminary work has now been completed on all the applications for subsidies that were admitted to the preliminary phase based on the initial allocation.

Pending the registration of the MED Decree of 2 November 2021 in relation to the increased financial endowment for the second subsidy procedure contained in the MED Decree of 30 October 2019, which took place on 20 January 2022, Invitalia as the managing entity, has started the preliminary work on the additional eligible applications, based on their position in the ranking defined in the Italian Directorial Decree of 26 May 2021.

Accordingly, 202 letters were prepared, giving notice of the allocation of additional funds to support the request for subsidies presented during the second procedure, as provided for in the MD of 30 October 2019. The letters have been to the applicants based on their position in the ranking, as contained in the DD of 26 May 2021.

The preliminary work on the granting of subsidies has been completed for approximately 60% of the sample.

Technical support with the funding award procedures contained in Article 7, paragraph 1 a) (operating grants) and b) (subsidised loans) of the MD of 30 October 2019

During the reporting period (2020-2022) and in the context of the technical assistance provided to the Ministry, Invitalia is committed to the following activities:

- implementing the technical and operational tools required to manage the preliminary work on the applications for subsidies in the form of operating grants and subsidised loans;
- assessing the applicant's capacity to repay the subsidised loan, checking the completeness of the documentation and the criteria concerning the eligibility and assessments of the investment programme based on the criteria set out in Article 8, paragraph 6 of the MD of 30 October 2019;
- managing the requests for variation of the programmes accepted for funding, in terms of the completion time, or the location of the assets or goods forming the subject of the investment. This activity also includes the changes made to the corporate structure or other information previously produced by the beneficiaries in relation to the addressees of the anti-Mafia checks (Article 85 of LD 159 of 06.09.2011);
- the management of requirements connected to checking the companies' social insurance positions and, for applications for subsidies in excess of € 150,000.00, the beneficiaries' compliance with anti-Mafia regulations, using the SI.CE.ANT program (National Database of Anti-Mafia Documentation, BDNA);
- requests for criminal records certificates and/or certificates of pending charges;
- preparing and sending to the beneficiaries requests for additional documents needed to complete the preliminary activities;
- the transfer to the competent offices of Invitalia, the managing entity, of the files on the granted subsidies and information needed to verify the requests for payments;
- the preparation and transmission to the GDEI of the financial monitoring records, relating to the operating grants and subsidised loans;
- monitoring of the progress made on the granting of subsidies and preparation of the related reports;
- the provision of information, administrative and technical or computer support to businesses, via the telephone helpdesk or by email;
- requirements pertaining to transparency obligations in relation to the granting of aid.

Coordination and supervision

- planning/organisation of the management of the subsidy scheme;
- the allocation of applications for subsidies and the supervision/validation of the preliminary results;
- working with the Customer and the operational units of the GDEI, also with reference to the formulation or adoption of technical and operational procedures to optimise or improve the efficiency of project management and to assure the attainment of the desired result.

Sabatini Capital Goods

On 3 March 2017, Invitalia signed a General Agreement with the MED - GDEI (General Directorate for Enterprise Incentives) for the period January 2017 - December 2024, with regard to the organisation and provision of technical assistance services to Division VI of the GDEI for the implementation of the "Sabatini Capital Goods" measure. Said measure was established by Decree-Law 69/2013 (converted and amended by Law no. 98 of 9 August 2013), with the aim of facilitating enterprise access to credit and increased competitiveness of Italy's production system.

On the basis of the results achieved in the first years of operation of the measure, the 2018 Budget Law (Article 1, paragraphs 40-42) prescribed a new financial allocation of € 330 million.

Article 1 (200) of the 2019 Budget Law added to the allocation granted under the 2018 Budget Law, giving a total of € 480 million, of which € 48 million for 2019, € 96 million for each of the years from 2020 until 2023 and € 48 million for 2024.

Subsequently, Article 20 of Italian Legislative Decree no. 34 of 30 April 2019 (Growth Decree), converted and amended by Italian Law 58 of 28 June 2019, introduced various changes to the subsidy measure, in particular, by extending to all the financial intermediaries listed on the register set up under Art. 106.1 of the TUB, whose company object allows them to work with SMEs, the possibility of granting loans. The finance is to be paid on the basis of declarations presented by the companies, relative to the execution of the investment. The maximum sum which can be provided by banks and intermediaries has been increased from € 2 million to € 4 million, with the condition that if the finance does not exceed € 100,000 the grant will be paid in a single amount.

In the recent 2020 Budget Law (Article 1, paragraphs 226-228), the financial endowment for this scheme has been increased by a further € 540 million for 2020-2025, of which € 105 million for 2020, € 97 million for each of the years from 2021 until 2024 and € 47 million for 2025. The 2020 Budget Law also made important changes to the aid measure, by providing for: a reserve of € 60 million in favour of investments by micro and small businesses in the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily ("Sabatini South"). The recipients would be granted an increase on the subsidies due to them, equal to 100% of the basic subsidy which rises from 2.75% to 5.5%; a reserve of 25% of the financial allocation provided for in the 2020 Budget Law for the implementation of "Sabatini Green", through the award of a subsidy equal to 3.575% for the purchase of eco-friendly machinery, systems and new equipment for use in production, as part of programmes intended to improve the eco sustainability of products and production processes.

The Directorial Decree of 1 June 2021 ordered the closure of the procedure to submit applications for the funding available under Article 2 (4) of Decree Law 69/2013 (converted with amendments by Law 98 of 9 August 2013 as amended) from 2 June 2021.

The Directorial Decree of 2 July 2021 ordered, with effect from the same date, the reopening of the procedure for submission of applications for grants, thanks to the allocation of new funding of € 425 million (introduced by Article 5 (2) of Decree Law 99 of 30 June 2021), plus the endowment of € 370 made in the 2021 budget.

The 2022 Budget Law (Italian Law 234 of 30 December 2021 published in the General Series of the Official Gazette No. 310 of 31/10/2021 - Ordinary Supplement 49) allocated a further € 900 million to assure the operational continuity of the "New Sabatini" measure, the objective of which is to strengthen the production system and competitiveness of SMEs by allowing access to credit for the purchase or leasing of goods (machinery, plant, tools used in the business, brand-new equipment or hardware) and intangible assets (software and digital technologies) for use in production.

Art. 1, paragraph 48 of the Budget Law also provided for the reinstatement of split payments, for applications submitted to the banks from 1 January 2022, while retaining the option of a single payment, up to the limit of the available resources, in the case of loans not exceeding € 200,000.

Further details will be provided in a Ministerial provision, which is currently being prepared.

Contact is now ongoing with the Customer in regard to an Addendum to the General Agreement of 3 March 2017, aimed at implementing the subsidy measure drawn on the total financial endowment made in the 2017, 2018, 2019 and 2020 Budget Laws and in the LD "Growth", equal to € 1,990 million. The Addendum has extended the General Agreement until the year 2024.

The following information relates to the implementation of this measure for the years 2017-2021.

From April 2017 to December 2018 (closing date of the 2nd procedure), in relation to 42,002 requests for subsidies received by the MED, 38,399 award decrees were issued, equating to total subsidies granted of € 691,377,030.

With regards to the disbursement stage, during the same period, SMEs sent a total of 71,747 requests for disbursement to the Ministry (including initial quotas and subsequent quotas). Of these, 57,306 were examined, with total subsidies of € 203,892,260.

In 2019, relative to around 21,000 applications for access to subsidies received by the MED, 19,657 award decrees were issued, equating to total subsidies granted during the same period of € 325,242,323.96.

With regards to the disbursement stage, during 2019 SMEs sent a total of 64,259 requests for disbursement to the Ministry (including initial quotas and subsequent quotas). 62,261 cases were examined, with total subsidies distributed of € 162,686,369.40.

In 2020, relative to 26,923 requests for access to subsidies received by the MED, 25,953 award decrees were issued for total subsidies of € 389,658,078.62 granted during the same period.

With regards to the disbursement stage, SMEs sent a total of 81,420 requests for disbursement to the Ministry (including initial quotas and subsequent quotas). Of these, 81,349 were examined, with total subsidies distributed of € 239,946,631.57.

In 2021, relative to around 61,639 applications for access to subsidies received by the MED, 55,255 award decrees were issued, equating to total subsidies granted during the same period of € 831,598,790.81.

With regards to the disbursement stage, SMEs sent a total of 144,804 requests for disbursement to the MED (including initial quotas and subsequent quotas). 130,745 cases were examined, with total subsidies distributed of € 397,994,283.38.

Support for defrauded companies and victims of non-payers

On 20 June 2017, Invitalia signed a General Agreement with the MED - GDEI (from 22 December 2016 to 31 December 2022) to provide technical assistance to the Directorate for the implementation of the incentive measure "Enterprises victims of non-payments". The aim is to grant subsidised loans to SMEs suffering liquidity risk due to non-payment of invoices by debtors accused of extortion, fraud, fraudulent insolvency or false corporate communications.

The Interministerial Decree of 17 October 2016 governed the limits, criteria and procedures for the granting of loans from the € 30 million allocation to the Victims of non-payments fund (2016, 2017 and 2018), authorised in the 2016 Stability Law.

The activities included the following areas of intervention:

- communication/information and assistance to target users;
- support for the subsidised loan application preliminary phases;
- support in the granting and disbursement;
- information/planning and management control system;
- promotion of the facilitation measure with institutional and economic stakeholders.

Circular 0312471 of 7 August 2019, adopted following the amendments to Article 19-ter of Law 58 of 28 June 2019, converting LD 34 of 30 April 2019 extended access to the Fund also to professional persons, and extended the category of crimes to include crimes committed under Articles 216, 217, 218, 223, 224 and 225 of the Insolvency Act.

During 2021 the preparatory work continued in relation to the granting and payment of subsidies for the new applications received by the MED. A procedure was put in place to implement the COVID-19 emergency rules on moratoria for repayments of the subsidised loans already granted.

The details of the implementation of this measure are given below: 7 award decrees were made, for total granted subsidies of € 1,474,478.26 with a total amount disbursed of € 6,743,740.95. For one company whose subsidy has been authorised, a substitute procedure has been put in place for the social insurance payables due to INAIL and INPS.

As at 31 December 2021:

- 7 rejection notices had been issued;

- 1 application had been withdrawn;
- 2 revocation notices had been issued;
- notices of suspension of repayments had been issued (due to COVID-19);
- 7 operations are still under assessment or suspended pending the provision of additional documentation.

Support for companies seized and confiscated from organised crime

On 1 August 2017, Invitalia signed a contract with the MED -GDEI (from 30 December 2016 to 31 December 2022). The contract provides for the organisation and provision of technical assistance services to the Directorate for implementation of the "Businesses seized or confiscated from organised crime" measure, introduced by the MED/MEF Decree of 4 November 2016.

The objective of this measure is to support, through subsidised loans, business development programmes for companies of any size which have been seized or confiscated from organised crime associations. This includes social cooperatives who have been assigned real estate confiscated from Mafia gangs and the cooperatives of ex-employees of the confiscated companies who have taken on free leases of assets confiscated from organised crime associations.

The total financial endowment for this measure is € 48 million, of which € 20 million is intended to finance development programmes exclusively for SMEs operating in the Region of Sicily.

With Law 178 of 30 December 2020 (2021 Budget Law) a further allocation of € 20 million was made, which equates to € 10 million each for the years 2021 and 2022.

The Interministerial Decree of 5 November 2019 introduced an amendment to the Interministerial Decree of 4 November 2016, concerning the criteria and methods for the granting of subsidies to businesses confiscated or seized from organised crime, to companies acquiring or leasing businesses confiscated or seized, and to cooperatives who have been allocated or who are leasing seized assets. The main changes introduced by the Decree of 5 November 2019 are as follows:

- the maximum amount which can be requested by way of subsidy has been increased from 700,000.00 to € 2 million;
- the total duration of the loan has been increased from 10 to 15 years, including a pre-financing period which has also been increased from three to five years.

During 2021, work continued on the granting and disbursement of the subsidies. The details of the implementation of this measure are given below: 10 new projects were authorised, with total granted subsidies of € 12,090,000.00 with a total amount disbursed of € 6,649,743.74.

Contributions to Confidi [Collective Credit Guarantee Consortia] branches for the establishment of a special and distinct risk fund to be used in the provision of new guarantees to associated SMEs

On 20 June 2017, Invitalia signed a General Agreement with the MED GDEI (duration from 03 January 2017 until 31 December 2024), concerning the organisation and provision of technical assistance to the Directorate, in order to implement the subsidy project "Provisions for growth and capital strengthening of consortia", with the goal of favouring the participating SMEs' access to credit by setting up a risk fund to allow the granting of new subsidised guarantees. For these subsidies, the Interministerial Decree of 3 January 2017 authorised a financial endowment of € 225 million from the SME Guarantee Fund, as provided for in the 2014 Stability Law.

The following areas of intervention were covered:

- support during the application and granting phases;
- monitoring and control of the consortia which have obtained this grant;
- information/planning and management control system.

In 2021 the preliminary phase ended with the authorisation of 2 additional applications submitted by 2 consortia which have subsequently entered into a merger. The total amount granted was € 545,007.98. On the basis of the audit provisions in Directorial Decree 2131 of 7 February 2019,

there has been annual monitoring of a sample of managing consortia, which are audited at random based on a sample of guarantee operations drawn on the risks provision.

During 2021 audits were conducted on the 01.01.2020 -31.12.2020 management period for 10 consortia selected by the Sampling Committee; the sample consisted of all the recipients of the grant during the 2017-2019 period (if they had not been audited in the two years prior).

As 11 of the consortia did not send the monitoring report by the requested deadline, after sending the warning of revocation the Ministry decided to audit these consortia and an audit was thus conducted on a further 11 consortia, on the 140 guarantees they had issued.

In 2021 the checks on the 2019 management year were also completed.

III Notice of Call: Voucher for Internationalisation, Digital Temporary Export Manager

Decree 3623/1544 of the Ministry for Foreign Affairs and International Cooperation (MFAIC) of 18 August 2020 introduced the "Internationalisation – Digital Temporary Export Manager" voucher scheme, which pays a capital grant to micro and small manufacturing businesses undertaking internationalisation pathways by purchasing specialist consulting services for a period of 12 months, from providers listed on the MFAIC register.

Under the agreement of 2 December 2020 and the addendum of 21 January 2021, the Ministry appointed Invitalia with the management of this measure.

Between April and December 2021, with 8 cumulative decrees signed by the Director-General for promotion of the Italian system, vouchers were allocated to 2,143 companies.

MFAIC Decree 3623/1374 of 3 June 2021 authorised the payment of an advance of € 10,000 for each recipient of the grant, by the end of 2021.

The advances paid to 1,714 beneficiaries were dispersed via SICOGE (through an Appointed Official for Expenditure in the General Accounting System) for a total of € 17,417,434.30.

Vouchers for innovation consulting

On 23 October 2019 Invitalia signed a General Agreement with the MED GDEI to guarantee technical and specialist support in the following areas of activity/competence:

- the structuring of operational mechanisms for the management of the voucher scheme;
- the planning and commissioning of the online platform for the management of the measure in accordance with the implementing rules, as regards the two components of training the managers/consulting firms and managing the process for the issuing and payment of the voucher;
- the development and implementation of applications to automate the administrative control processes in order to start the flow of transfers to the beneficiaries;
- support for the promotion of the measure.

With the MED Decree of 7 May 2019, procedures were defined for direct intervention to facilitate the purchase of managerial consulting services to support the digital and technological transformation of SMEs and business networks, in implementation of Art. 1, paragraphs 228, 230 and 231 of Law 145/2018 (2019 Budget Law). Total resources amount to € 75 million for businesses, of which 0.8% pertains to the activities covered by this General Agreement.

The initiative consists of the provision of vouchers for amounts of up to € 40,000 per business, as a contribution of up to 50% of the cost of obtaining specialist innovation consulting services. The services must be provided by managers registered on the list kept by the MED in the context of this measure.

The Ministerial Decree provides that "for the formation of the list of qualified managers, for the submission of applications for the grant, for the assessment and management of the applications, the communication of the outcome and payment of the vouchers, the Ministry for Economic Development will use a specific computer system to be built and managed under a specific agreement, by the National Agency for Investment and Business Development".

The decree of the Director-General for business incentives dated 25 September 2019 sets out the terms and conditions for the submission of applications and for the granting and payment of subsidies in voucher form, to SMEs and business networks, to purchase consulting services in the specialised areas of technological transformation and digital processes, and for the modernising of the businesses' organisational and managerial structure including access to the financial and capital markets.

The original allocation for the measure was € 75 million for each of the years 2019, 2020 and 2021.

The MED Decree of 14 January 2020 allocated further resources of € 46,098,050.53 to benefit SMEs and networks in acquiring specialist consulting for technological and digital transformation processes.

By a decree published on 20.12.2019, € 50 million was allocated to 1,831 businesses, out of the 3,651 who had applied. The summary data as at 30 June 2021 are given below:

- Subsidies granted to 30 June 2021: 3,594 recipients for a total commitment of € 94,468,085.80;
- Disbursements from 01.01.2021 to 30.06.2021: 1528 disbursements totalling € 23,366,090.23.

Market Development and Services Area

Management of Invitalia contact centre

Invitalia's Contact Centre has continued to deliver the support and information about the Agency's activities, via its call centre and also online. Specifically, the Agency has dealt with requests for information and advice about incentives, as well as complaints and requests for technical support in using the online platforms.

In 2021, 230,757 contacts were received, 92% of which pertained to the "Incentives and Innovation" business unit schemes. Most of these contacts (32%) related to the Ecobonus, followed by the Remain in the South initiative (28%).

The direct channel is the preferred option for 64% of customers, with 147,114 inbound calls and 1,245 outbound. With regard to the off-line channel (the remaining 36%), 58,330 inbound email/contact forms have been received, with 24,068 outbound emails. Eight surveys have been conducted on the outbound activities for the off-line channel (a total of 18,699 dispatches), which supports the impact analysis of the Remain in the South measure.

Once again in 2021 there was an upwards trend in the overall volume of contacts managed, which was up by 24% on 2020.

Additionally, during 2021 the company maintained its certification for the management of the Contact Centre, according to UNI EN ISO 18295:2017-1 and UNI EN ISO 18295:2018-2.

Business support services and the Invitalia Startup System

Once again in 2021 Invitalia has provided potential beneficiaries, specifically start-ups and new businesses, with a series of services for the promotion, guidance and support in regard to use of the measures.

This guidance has seen a significant increase in activity, partly due to the entry of new incentives such as Smart Money and the return of ON-Nito: this is mostly due to the greater knowledge, among businesses, of the availability of this service following the promotional campaign. During 2021, 136 orientation webinars were held, compared to the 76 planned in 2020. Smart&Start proved to be the measure that attracted the highest number of requests: 68% of the total participation.

The support service has attracted particular interest and is growing steadily compared to previous years: in 2021, it was used by 630 entrepreneurial teams (460 in 2020 and 250 in 2019) at a total of 970 meetings (865 in 2020 and 459 in 2019). 51%, or 495 businesses, was the deal flow generated by the Invitalia Startup system (the network coordinated by Invitalia, which counted

more than 70 of the leading players in Italy's innovation ecosystem, including business incubators, accelerators and business angels, as of 31 December 2021). The remaining 49% was generated by call centres and the Agency's campaigns to promote its schemes across the country. The companies that submitted an application after using the support service numbered 180 (157 in 2020 and 93 in 2019) with a 71% conversion rate in terms of acceptance on the schemes, compared to 26% of the applications generated through the other channels.

In 2021, the Invitalia Startup system (SISU) again confirmed its key role in improving the quality of the deal flow for the subsidy application submitted to Invitalia and others. Thanks to SISU, discussion groups have been set up with partners, on key issues for Italy's future (social impact, open innovation, education, early stages/grass roots), together with opportunities for debate and the exchange of best practices, feedback and proposals from regions and businesses. This has enabled the attainment of another important objective, that of building networks and systems and reducing the gap between the Agency, the business community and aspiring beneficiaries. This thriving network is acting as a local antenna to pick up on the dynamics of innovation, the emerging topics of social and environmental impact, and the digital transformation.

On the networking front, in addition to the work of SISU, 2021 also saw an expansion of the network of contacts and collaborations with regions and local players such as universities, and this has amplified the feedback obtained from industry and future customers/beneficiaries.

Open Innovation

2021 saw the launch of an action plan to promote the knowledge and skills accrued by the Agency in relation to open innovation, in order to accelerate the innovative capacities of SMEs, the PA and the corporate world through contributions from start-ups, and to incorporate start-ups into production chains to assist them with scaling-up and growth. The objective for 2021 was to develop an extended process and model for the Agency, starting from an analysis of Italy's best practices, an analysis of the needs of businesses and the open innovation readiness of the corporate world/SMEs funded by the Agency. The model includes four types of initiative:

- business matching meetings, to find new partners;
- call4ideas, to explore new opportunities and technologies;
- call4solutions, to research ideas capable of providing innovative solutions to present and future needs;
- xthon, for the development of MVPs, PoCs and prototypes.

During 2021, a trial project was launched with 5 corporate/SMEs who had received development contracts (Amalfi Coast Business Network; Denso Thermal System; FIB; Alcantara and Hitachi Rail). The data model has been created and a data enrichment process has been launched, using the information available in the Special Section of the Companies Register. A collaboration has also been set up with Sogei, which has been committed to Open Innovation for the PA since 2019. Events, investor days and business matching initiatives have also been arranged, including the recurring appointment with the Italy-Japan Foundation, which was attended by 6 Japanese multinationals and 28 Italian start-ups.

Impact analysis

2021 saw the launch of a project designed to create an agile impact analysis model which can be easily replicated and used to systematically evaluate the socio-economic impact of the support measures managed by Invitalia.

Through impact assessments, the Agency aims to identify the change created for the community and local areas following the introduction of an incentive, and this will also reveal the intangible effects which are not always obvious in financial reports but which create a value for the local community and its stakeholders. Two of the first analyses were carried out on the Remain in the South measure and for Ecobonus.

Ecobonus (Law 145 of 30.12.2018, MED Decree of 20.03.2019)

The General Agreement between the Agency and the MED – General Directorate for Industrial Policy Innovation and SMEs – stipulated on 19 December 2019, governs the three-year period 2019-2021. During 2021, in addition to the refinancing of the automotive fund and the introduction of a new emissions band, incentives were also introduced for commercial and special vehicles, and used vehicles. This required the signing of a third Addendum (on 24.07.2021) and the renewal of the General Agreement, signed on 22 December 2021, for activities starting from 1 August 2021. Following the upgrading of the online platform, the following activities were also managed:

- 377,691 bookings made, distributed as follows: M1 328,813; L 11,025; N1 28,691; M1 special 50; M1 used 9,112;
- 539,577 bookings uploaded: M1 451,186; L 17,294; N1 55,507; M1 special 130; M1 used 15,460;
- 23,499 bookings were sampled (random checks).

The call centre has processed 40,000 calls.

Entrepreneurship for Tourism - Ministry for Cultural Heritage (MiBACT)

The General Agreement between MiBACT and Invitalia, made on 13 January 2017, and the subsequent agreements signed on 3 August 2017, 28 May 2018 and 8 July 2020 provided operational, technical and managerial support to the DG for Tourism (subsequently the Ministry for Tourism) in order to strengthen the tourism and cultural offer across the country and to lay the foundations for the consolidation and relaunch of the extended tourism chain through innovation and business clusters.

In 2021, the activities pertaining to the last agreement, known as "Entrepreneurship for Tourism 4", involved the launch of a national call for ideas following the outbreak of the COVID-19 pandemic. The call received responses from 461 innovation teams. The best 20 of them took part in the digital event Accelerathon. In total, 10 proposals received awards, of € 20,000 each.

The project also featured a content creation contest named "Viaggio in Italia", launched in 2020. The finished material has now been produced (25 videos, 59 image, photo and gif submissions, 1 radio commercial, 120 podcasts and 2 websites). The "Borghi Animati" project to promote small towns and villages, promoted by the Ministry for Culture, has also been launched.

Innovative entrepreneurship

The action plan for entrepreneurship and innovation approved by the MED on 12 December 2017 is a programme intended to strengthen innovative start-ups and new tech businesses in the south of Italy. In 2021, the following activities took place:

- completion of the training and mentorship programme "SPIN" organised in collaboration with Elite SpA and dedicated to innovative SMEs, start-ups and university spin-offs in the south of Italy;
- The design and implementation of two acceleration programmes (the "Bravo Innovation Hubs") for the tourism, culture and agri-food sectors. Both were realised in partnership with the municipality of Brindisi and Infratel. Each programme ran for approximately three months and involved 10 businesses, each of which received a grant of € 20,000. Overall, 267 hours of training were provided, plus 660 hours of mentorship.

Spa bonus

On 1 October 2021 a General Agreement was made between the Agency and the MED – GDEI, to provide support in the management of the measure provided for in Article 29-bis of LD 104 of 14 August 2020 "Urgent measures for the support and relaunch of the economy". In the context of this General Agreement the Agency has completed the following activities: design of the measure;

development of the online platform; management of the measure and related payments; contact centre; information and communication; coordination and monitoring.

The platform for accreditation of spa centres was opened on 24 October 2021; bookings were opened on 8 November, following publication of the list of 192 accredited centres. Due to the number of requests received, all of the funds, amounting to € 51,940,000.00 were used up in two days.

Transition 4.0

Under the General Agreement with the MED - Directorate for Industrial Policy, Competitiveness and SMEs, signed on 1 July 2020 (Transition 4.0), Invitalia provided technical support for the development, monitoring, evaluation of policies in favour of small and medium-sized enterprises, cooperatives, start-ups and innovative SMEs and for the promotion of the Transition 4.0 Plan. At the request of the MED, a study was also conducted on the certified business incubators.

The GO-SME programme

In 2021 Invitalia joined GO-SME, an international project funded by the Horizon 2020 programme, which aims to share the partners' experiences in the design and management of subsidy measures to support SMEs and start-ups, to allow them to progress towards more advanced stages of development of innovation.

The GO-SME project brings together national and regional agencies supporting research and innovation in 12 European countries who want to share best practices and common quality standards, in order to create models to support innovative start-ups. The partners will verify the proposals during a pilot scheme to be launched in 2022.

Educational activities for schools and universities

In 2021, Invitalia undertook many actions to raise awareness of entrepreneurship and develop a business mindset at school and university level. In particular, Invitalia has designed and launched the "Invitalia Prize for Entrepreneurship", a challenge to all Italy's university students, from any Faculty, aimed at bringing out the best business ideas related to the green economy (reducing the impact on environmental ecosystems, the green transition, maintaining the value of products, materials or resources over time, and reducing the production of waste). The award is managed by the Agency in collaboration with AIDEA, the Italian Academy for Business and Commerce.

Another campaign addressed to university students was the "Invitalia #oncampus" project, now in its second year. Organised in collaboration with Emblema, the objective is to promote self-employment and the incentives offered by the Agency for young or potential business owners. In 2021 this initiative, which was held in six legs across the country, involved more than 960 young people including students, graduates and postgraduate degree holders. The event included full immersion sessions, coaching on what it means to be a business person in today's world, workshops about the incentives offered by Invitalia, round tables featuring success stories from young business owners and a final "gym session", at which participants could try their hand at preparing a business model canvas and elevator pitch.

The most important initiative for secondary schools was the SapereConsumare project. The General Agreement between the Agency and the (consumer rights department of the MED) was agreed on 30 April 2021 with the aim of "organising training, education, information and support initiatives for the public and consumers in order to raise awareness and knowledge to ensure responsible, informed and sustainable consumption with particular regard to the use of digital, under Articles 4 and 6 of the MD of 10 August 2020". The activities included the provision of information and awareness-raising campaigns for adults, as well as information and guidance for teachers, and the design of a contest for the schools taking part in the programme. In relation to the first action, a discussion on coordination group has been formed with the consumers' associations, to provide digital education for adults. The group's participants include 20 consumers' associations with 36 representatives. With regard to the second action, training was provided in various ways. It included 10 webinars with leading experts from and 55 other elements including a series of content, video,

materials and exercises to be used in the classroom to transfer knowledge of the content to students (some of the content was produced in 2021 but was published in January 2022).

Finally, in 2021 Invitalia organised the 22nd edition of the Placement scholarship and the 12th edition of the Research scholarship. The Placement scholarship was designed to encourage collaborations between further education bodies and businesses, to form a direct link between the world of academia and the world of work. The Placement initiative involves a number of online and local activities and allows participants to meet their recruiting, placement and employer branding requirements, obtaining concrete and efficient results very quickly. The research initiative is designed to encourage contact between the world of university research (groups, departments and spin-offs), start-ups, businesses, incubators and investors both public and private, in order to achieve technology transfer and provide economic support for research. Using innovative online and off-line tools, meetings and projects based on original formats, as well as networking and content sharing, all participants are able to meet and share in the diffusion of best practices as well as transmit new ideas.

Educational activities to support subsidised businesses

As part of the Smart&Start Italia General Agreement, Invitalia provides a tutoring, training and mentorship service for beneficiaries. The service includes an analysis of requirements for specialist webinars (such as financial planning, access to the capital markets, marketing or innovation management) and 164 businesses have taken part. Individual mentorship support is also available.

In 2022 the service will also be extended to include other subsidy measures.

Fund Management Area

Fund to Protect Employment and Maintain Businesses

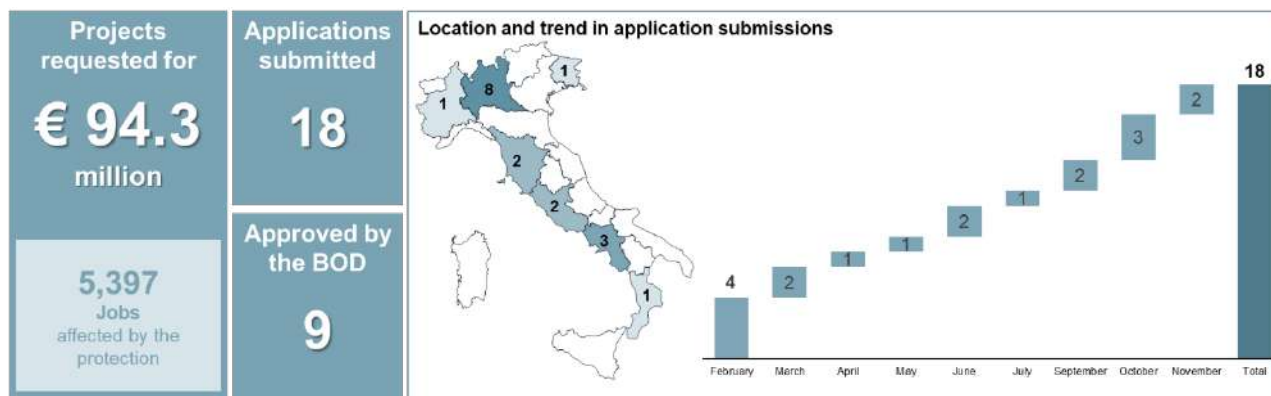
In order to supplement the range of measures, Article 43 paragraph 5 of LD 34 of 19 May 2020 set up a Fund to safeguard jobs and enable the continuation of business activity (the Fund). In a subsequent MED Decree of 29 October 2020 published in the OG 309 on 14 December 2020, the criteria and terms of management and operation of the Fund were determined, together with the procedures for accessing the subsidy measures. Invitalia is the entity which manages the measure.

The Fund, in operation since 2 February 2021, serves to protect employment by relaunching companies which own historic brands operating in strategic sectors and/or with more than 250 employees, currently suffering economic or financial difficulties. The tool can be applied in the context of businesses crises as a financial manoeuvre, also with regards to restoration plans, debt restructuring agreements and compositions with creditors. A meeting with the Ministry of Economic Development's structure for business crises is necessary to access the Fund.

In this context, Invitalia can acquire a minority shareholding with a maximum price of € 10 million in the context of a dual regulatory framework: (i) in accordance with the conditions of the "testing of the operator in a market economy", the contribution of financial resources by an independent investors up to at least 30% of the operation, if the crisis situation cannot be placed in the context of the EC guidelines; (ii) in accordance with the conditions laid down in the "guidelines on state aid for the rescue and restructuring of non-financial companies in difficulty", with a variable contribution based on the size of the company (25% small, 40% medium, 50% large), if the crisis situation can be seen in the context of the above-mentioned guidelines. In this last case, the scheme also allows the provision of outright grants based on the number of jobs to be saved. In addition to acquiring the equity investment, Invitalia may also make quasi-equity investments, including bond loans, and may issue guarantees in favour of the investee.

In the 2021 financial year, the first year of operation of the Company Protection Fund, 18 applications were received from the MED, as per the General Agreement. The businesses receiving support from the Fund include five which are listed on the Register of Brands of Historic National

Interest. The total requested funding amounts to € 94.3 million, which corresponds to the safeguarding of 5,397 jobs.



Of the 18 applications received, 2 were withdrawn and resubmitted, 1 was rejected and 1 did not provide the additional information required by the deadline, and therefore has lapsed.

Out of the 9 requests for intervention that were approved as of 31 December 2021, 3 were closed by the end of 2021, allowing:

- the investment of a total of 21,473,198.00 in the form of a capital increase, quasi-equity and guarantee;
- the protection of 860 jobs, also creating a further 57 jobs.

The remaining measures, already authorised, are expected to close in 2022. There is also a large number of potential operations in the pipeline for 2022.

Growth in the South

Art. 1 (321-326) of the Budget Law 160 of 27 December 2019 set up a fund named Growth in the South, with the aim of making equity investments to increase the competitiveness and growth of SMEs with less than 250 employees and turnover of less than 50 million, or total assets below 43 million, based in the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily (Southern Italy).

The same Law allocated management of the Fund to Invitalia, which operates in accordance with the rules defined in the management regulations. The Agency's management scope consists of off-budget operations which are subject to control by the Court of Auditors and requires that the Fund, which has a duration of 12 years, invests in the capital of the target SME together with independent private investors identified by Invitalia through an open and transparent procedure, with equal conditions applied to both the Fund and the independent investors.

The total value of the Fund is an initial endowment of € 150 million for 2020, drawn from the Development and Cohesion Fund - 2014-2020 Programming, as referred to in Article 1 (6) of Italian Law 147 of 27 December 2013 (Development and Cohesion Fund), plus a further endowment of € 100 million for 2021, to be drawn from the same resources of the DCF 2014-2020 and eventual contributions from private investors.

In relation to the management of the Fund, as of 31 December 2021 the investment team had examined 53 investment opportunities. 29 of them are still under analysis while 2 have now concluded with a total investment of € 10.5 million, with the possibility for one investee of a further investment of up to € 3.6 million. 1 is expected to close in 2022.

The regular scouting campaigns conducted in 2021 will increase the number of investment operations over the next year.

Support to Public Administrations for Public Investments

Support to the Managing Authority of the ERDF 2014-2020 "Culture and Development" NOP

Invitalia supports the NOP Management Authority "Culture and Development" EFRD 2014-2020 owned by the Ministry for Culture (formerly MIBACT), in respect of the projects related to Axis I and Axis III, under a General Agreement signed on 3 November 2016 and amended on 29 January 2021 with an Addendum.

The support pertains to the implementation, management, monitoring and control of the projects, also in order to accelerate and develop the projects funded in the context of the Programme.

Of the main objectives reached in 2021, total operations exceeded the expenditure target of € 39 million set for the Operating Programme for the year, with total certified expenditure reaching € 180 million in funds from the EFRD 2014-2020 and more than € 223 million in total investments for the development of cultural assets.

Support to the Managing Authority of the ERDF 2014-2020 "Culture and Tourism" NOP

Under the Agreement signed on 3 October 2019, Invitalia supports the Management Authority for the "Culture and Tourism DCF 2014-2020", which is supplemented by the Operating Programme "Culture and Tourism DCF 2014-2020" whose resources are channelled into the Cohesion and Development Plan (CDP) (CIPESS Deliberation 7/2021 and 2/2021), owned by the Italian Ministry of Culture.

The technical and specialist support activities performed in 2021 contributed to strengthening the managerial and administrative capacity of the customer administration in the following areas:

- supervision of project implementation, coordination of institutional relations and the communication and dissemination of information and results;
- management of the administrative, accounting and reporting processes related to implementation of the Excerpt Plan projects, as supplemented by the Operating Plan, reclassified in the CDP and also in the activities aimed at defining the subsequent versions of the CDP;
- establishment of the governance rules and definition of the Management and Control System adopted by the Authority responsible for the CDP.

With regard to the management of the processes connected to project implementation, during 2021 agreements and/or regulations were formally agreed for 50 projects (UPC), of which five pertained to IDC for historic town centres. Disbursements were also made by the Authority in favour of the project beneficiaries, of approximately € 60.1 million (+€ 29.2 million compared to 2020) and the beneficiaries' expenditure was € 57.3 million (+€ 27.3 million compared to 2020).

System-level Actions

Invitalia is the implementing body of the CIPE System-level Actions (Deliberation 77 of 2017).

During 2021, the activities performed by Invitalia related to the measures funded by the resources authorised in CIPE deliberations 62/2011 and 77/2017 and the Addendum of 5 April 2016, for the co-financing between the regional governments of Tuscany and Friuli-Venezia Giulia, plus the funding from the measure authorised in CIPE deliberation 32 of 2015.

Below is a summary of the activities completed in 2021.

Institutional development contracts

In the context of the action line "Implementation of strategic measures", the System-level Actions programme involves activities designed to implement the IDC including those of Matera and Taranto, and to set up new IDC.

Support for the preparation and launch of Institutional Development Contracts (IDCs)

In March 2019, Invitalia was authorised by the Presidency of the Council of Ministers to draw up and sign some of the assumptions for the new institutional development contracts. During 2021, activities continued in relation to the preparation of the IDC for the regions of Calabria and Cagliari-South Sardinia, and work started on defining the IDC for the "Land of Fires". Activities have also been planned for the new IDC Vesuvius-Pompeii-Naples, to be implemented in the early part of 2022.

Matera, European Capital of Culture 2019 IDC

Since September 2017, Invitalia has been the implementing body for the Matera, European Capital of Culture 2019 IDC.

The IDC covers 18 projects with a total value of over € 33 million.

In 2021, the following activities were carried out:

- coordination of measures by the Procedure Manager, site visits by the Project Managers during the execution phase, coordination and relations with the local counterparties, by the IDC Project Management team;
- project management, relating to the preparation of tender documentation, coordination and supervision of the planning and execution of the works; preparation of periodic and progress reports; administrative management and reporting on expenditure; management of institutional relations, the arrangement of meetings and the preparation of documents, letters, communications and agreements; monitoring of the activities for each project, and cyber monitoring (input of the single database using the "light" system);
- Central Procurement Authority, with responsibility for the organisation and awarding of 2 tenders.

IDC for the Taranto area

With the Prime Minister's Decree of 1 February and 2 April 2020, the Permanent Institutional Table for the Taranto IDC was re-formed.

During the reporting period, Invitalia continued its activity as the Central Procurement Authority for the Taranto area, in order to ensure the rapid launch of projects by means of 13 tender procedures as provided for in the activity plan.

On 31 December 2021, 11 tender procedures had been published:

- 9 procedures for the Municipality of Taranto;
- 2 procedures for the Ministry of Defence (Navy).

In relation to the 9 procedures for the Municipality of Taranto, 6 tenders have been concluded, 1 was found to have an invalid award and for 2 of them, an award committee has been appointed.

In addition, of the 2 measures published by the Italian Ministry of Defence, 1 tender was found to have an invalid award.

Invitalia has also provided assistance to the individual beneficiary Administrations at each stage of the planning cycle, and to the institutional bodies involved in implementing the IDC with regard to governance and implementation of the measures, by providing technical and specialist support:

- for the coordination and supervision of projects by identifying the best technical and administrative solutions and accelerating their implementation;
- for the management of institutional relations with the Central Administrations and by working regularly with the individual Administrations;
- for the organisation of meetings and the preparation of documents, agreements, letters, communications, periodic and progress reports in accordance with the IDC requirements;
- for the discussions concerning the "reclamation and reindustrialisation of the ex-Belleli Yard". In particular the Agency has supported the preparation of the Programme Agreement (under Article 252-bis of Italian Legislative Decree (LD) 152/2006), also supporting the

parties involved in sourcing and re-scheduling the resources for the Development Contract. When the Programme Agreement was defined, the interested party submitted a formal request for access to the Development Contract measure. In this regard, at its meeting on 22 December 2021 the Interministerial Committee for Economic Planning and Sustainable Development (CIPESS), approved the rescheduling of the resources allocated to the IDC for Taranto and funded the re-industrialisation projects provided for in the development contract;

- for the preliminary evaluation of 44 assessment documents sent by the local Public Administrations in relation to the inclusion of projects in the IDC, concerning Taranto's candidacy for the 20th Mediterranean Games, to be held in 2026.

Development Pacts

In the context of the action line "Implementation of strategic measures", the System-level Actions programme has involved the implementation of Development Pacts, in accordance with the provisions of CIPE Deliberations 26 and 56 of 2016.

Development Pact for the Metropolitan City of Reggio Calabria

The Metropolitan City of Reggio Calabria, in the context of the city's development agreement, has engaged Invitalia as the Central Procurement Authority, for the management of three measures.

In 2021, Invitalia:

- concluded the activities relating to a tender contract for services relating to the technical and economic feasibility studies (definitive and executive) and safety coordination at the planning stage, with reservation of the direction of works and safety coordination during the execution phase of the project "Polo sportivo Pentimele";
- assisted the Procedure Manager of the Metropolitan City of Reggio Calabria with the preparation and finalisation of the planning guidance documents and tender documentation for the redevelopment works at Lungomare Matteotti and Viale Calabria.

Development Pact for the Campania Region - Regional Reclamation Plan

The "Development Pact for the Campania Region" includes a strategic project named "Regional Reclamation Plan" which has received a planned allocation of € 110 million for the environmental restoration of particularly complex areas in the region.

The System-level Actions Programme has provided support to the regional government in implementing the initial phase of activity, which was completed in June 2021. The activities completed in 2021, continuing on from the previous actions, have enabled progress to be made and the completion of the procedures planned for this phase with the regional government, with a total of 11 awards agreed and deemed valid.

Invitalia has also worked alongside the regional offices and regional Procedure Manager, on the other technical and administrative activities necessary for the gradual implementation of the works covered by the Agreement.

The regional government of Campania, wishing to rely on the services of Invitalia for the implementation of the "Regional Reclamation Plan" in its entirety, ordered the co-financing of the System-level Actions to the value of € 1.5 million, in its Directorial Decree 212 of 5 November 2019. Discussions are still ongoing with the Department for Cohesion Policies, in order to draw up the documents needed to formalise the engagement of Invitalia.

Operational support to the PA and Central Procurement Authority

Support for the Department for Cohesion Policies

The Department for Cohesion Policies (DCP) has requested technical and operational support from Invitalia, in regard to its initiatives during the 2021-2027 programming cycle.

In 2021, work continued in line with the actions taken in 2020, in close coordination with the DCP. The activities related to:

- specialised support in completing the negotiations on the legislative package of cohesion policies for 2021-2027 and the other aspects connected to the negotiations on the Long-Term Financial Framework of the Union;
- technical and organisational support for the management of the partnership process in order to define the new national programming document (Partnership Agreement);
- assistance with the work needed to fulfil the enabling conditions for the use of the SIE Funds for 2021-2027;
- support for the DCP's coordination activity concerning Italy's fulfilment of the enabling conditions provided for in the sector regulations to access funds from the 2021-2027 programming cycle;
- support with the implementation of the new website architecture for the DCP and for the definition of its content, in order to strengthen the Department's institutional web communications.

2019-2021 Regional Plan For Tourism Development

On the basis of the results of a previous collaboration between Invitalia and the Regional Unit for the Assessment and Auditing of Public Investments (NRVVIP), which led to the elaboration of the 2019-2021 Regional Plan for Sustainable Tourism Development (PRSTS - Piano Regionale di Sviluppo Turistico Sostenibile), the regional government of Calabria has requested the DCP for authorisation to use the services of Invitalia through the System-level Actions measure, in order to elaborate an implementing programme for the PRSTS and to analyse the changes in the region's tourism demand and supply in view of the new conditions created by the pandemic.

In 2021, the following activities were carried out:

- a pre-analysis prior to the definition of the Implementing Programme, in order to provide useful information to understand the dynamics in the tourism market for the purposes of providing a complementary tourist offer to promote the part of the region that is still not reached by large numbers of tourists;
- a qualitative survey carried out in the summer of 2021 with the collaboration of the NRVVIP, involving a panel of 44 people, questionnaires and interviews;
- the elaboration of "Guidelines for new project proposals" as a tool to support the regional government in preparing informative documents for stakeholders interested in developing tourism projects, whether they are private entities or regional administrations;
- the elaboration of "Possible Instruments in the implementation of product lines", to assist the regional government in guiding the programming of tourism development policies during the 2021-2027 programming cycle.

Actions to combat hydrogeological instability

Following the work started by the MEF in order to reach the objectives set by the European Commission agreements on the flexibility clause, based on the commitment to spending 0.2% of GDP over the 2019-2021 period on projects covered by the National Programme to Combat Hydrogeological Instability and for certain specific sites, the Extraordinary Commissioners for hydrogeological instability in certain regions of Italy have requested support from the System-level Actions.

In particular, work has started on accelerating the implementation of projects to assist the regions of Liguria and Molise. Support activities are still ongoing for the region of Calabria.

Together with the Extraordinary Commissioner for the regional government of Liguria, 5 tender procedures were identified. 4 of them were awarded and concluded in 2021, relating to the verification, executive planning and works to reopen Via dell'Amore in the municipality of Riomaggiore and to restructure the "Canal Grande" system in the municipality of Ameglia. The procedure for the award of the final procedure, relating to the works on the River Vernazza, is now at the preliminary stage.

Together with the Extraordinary Commissioner for the Region of Molise, 5 tender procedures have been identified. The work completed in 2021 related to the award of 2 tenders (executive plan) relating to the work to mitigate the risk of landslides in the areas of Civitacampomariano and Petacciato.

Making-safe of infrastructure: Dams

The 2018 Budget Law provided for the adoption of a national plan of intervention for the water sector, in order to complete the existing or incomplete large dams and to recover and expand the reservoir capacities and seal and make-safe the large dams (Reservoir section).

Work is also planned for the "Aqueducts" section in order to reach achieve levels of technical quality, recovery and expansion of the capacity and transport of water resources.

The District Authority for the Southern Appenines has asked Invitalia to intervene as the Central Procurement Authority to organise four tender procedures for the dams at Camastra, Serra del Corvo, Acerenza and Petrusillo.

The work completed in 2021 allowed the completion of 3 tender procedures and the launch of the preliminary review of the documentation for the purposes of publication of the final tender provided for in the activity plan.

The Autonomous Region of Sardinia has requested assistance with the completion of infrastructure for two different contracting authorities: the Department of Public Works of the Region of Sardinia and the Sardinia Water Authority (ENAS).

Of the 14 procedures provided for in the activity plan, 10 tenders were finalised in 2021, in relation to the preliminary and final design, direction of works and safety coordination. Another tender was launched for the preliminary and final design, direction of works, safety coordination and checking of the following dams: Medau Zirimilis, Nuraghe Arrubiu, Diga Liscia, Diga Cantoniera, Alto Temo, Monte Lerno and Monti di Deu.

Support for the Government Commissioner for the implementation of Urgent measures for the slum housing of Messina

The Prefect of Messina, appointed as the Government's Extraordinary Commissioner for measures regarding slum housing in Messina, has declared to the DCP his intention to rely on the services of Invitalia in order to urgently implement the demolition and clearance of the slum areas, after finding alternative housing for the families resident there, and for the construction and maintenance and landscaping of the unbuilt areas.

In order to achieve the aims and purposes of this Plan, Invitalia:

- provides technical and operational support to the Commissioner, with specific regard to the analysis and classification of the works, the organisation and coding of information and the procedural, financial and physical monitoring in collaboration with the Municipality of Messina and the Agency for the Regeneration of Messina (Arismè);
- acts as the implementing body for the completion of four projects related to property maintenance, construction, demolition and reclamation and environmental regeneration, totalling € 55 million. This role is performed as part of the management of procedures in the role of Central Procurement Authority, whereby the works, services and supplies are commissioned in order to complete the projects, followed by supervision and coordination of the works to be completed by the contractors.

In 2021, the following activities were carried out:

- discussion with the Commission's team in order to define the time frame for the projects with particular attention to the Legally Binding Obligations; this was done at several meetings on-site between July and September;
- technical and legal assistance in preparing the plan of works and in drafting the 7 Commissioner's Ordinances which were published up until October 2021;

- preparation of the PPE and technical/financial annexes in order to define the specifications for the award of the Integrated Contract for the design and build of the works;
- management and preparation of the tender documentation for the award of the 9 Framework Agreements.

The Government's Extraordinary Commissioner for the works on the slum housing in the municipality of Messina has reported that Invitalia's support provided to his team is a best practice, to be repeated and maintained.

Activities for the Government's Extraordinary Commissioner for the regeneration of areas affected by the Central Italy earthquake of 24 August 2016

The 2021 Budget Law 178/2020, in order to allow the strategic coordination and integrated implementation of socio-economic development projects in the regions of Abruzzo, Lazio, Marche and Umbria affected by seismic activity from 24 August 2016, authorised, in a CIPE deliberation, € 100 million of expenditure from the 2021-2027 Development and Cohesion Fund to finance an Institutional Development Contract. Provision was also made for the allocation of an additional € 60 million from the available resources in the special account of the Government's Extraordinary Commissioner for Reconstruction, appointed in the OG 228 of 29 September 2016.

Invitalia's involvement has required the activation of the following lines of intervention:

- Central Procurement Authority and Support for the Commissioner (or auxiliary procurement authority) through the selection of projects, the definition of the terms of implementation, the contracting and acceleration procedures, in support of the sub-Commissioners' unit identified in Ordinance 110 of 2020;
- launch of Institutional Development Contracts (IDCs), with the provision of support to the Commissioner's team in respect of all the work needed to launch the IDC.

In 2021, the following activities were carried out:

- the processing of 138 proposals, with a required investment of more than € 280 million; this was done in collaboration with the Agency for Territorial Cohesion, after selecting a set of projects which could be funded immediately according to the criteria of strategic importance, complementarity, viability and importance;
- support for the Commissioner in preparing the institutional Contract which was discussed at the talks in Accumoli on 14 September 2021, together with annexes containing details of the 49 projects eligible for funding immediately in A1, whereas for A2 and A3 there are 89 projects to be funded using resources that may later become available;
- compilation of a single register containing lists of suppliers to be used for the award of public contracts for technical services, and a list of external tender commissioners who will hold the competitive procedures to be awarded according to the principle of the most cost-effective bid;
- preparation of the Ordinance to define the terms of implementation of the school buildings refurbishment works, published on 31 December 2021;
- preparation of the tender documents for the framework agreements sent to ANAC for approval.

Capitanata IDC

On 13 August 2019 the institutional development contract for Capitanata was signed; following the request made by the municipality of San Giovanni Rotondo to group 2 projects together, there will now be 39 projects instead of the original 40³.

Invitalia is the implementing body, acting as the Central Procurement Authority, and is also the manager of the business incentives provided for in the IDC, and supports the beneficiary Administrations.

³ Project CAP_A1_29 "Making-safe and extraordinary maintenance of the South Ring Road on the section between the roundabout at Via Foggia and the roundabout at Via San Marco" and CAP_A1_30 "Extension of the South Ring Road on the section between the junction at Via Foggia and the provincial road 272 towards Monte Sant'Angelo"

Invitalia has also provided Programme Management services, for each step of the process, in order to speed up the implementation of the IDC projects.

In 2021, 19% of the projects had been started. Invitalia has published 22 tenders with a total auction price of € 6.5 million: 1 integrated tender contract, 7 tenders for the award of planning services, 1 tender for the award of the Direction of Works, 12 tenders for testing services and 1 tender for other technical services. Of all the procedures published, 8 have received a final, valid award.

Molise IDC

The Molise IDC was signed on 11 October 2019 and provides for the completion of 47 infrastructure and cultural/natural heritage projects.

As part of the IDC, Invitalia acts as the implementing body and assists the Procedure Manager with regard to every aspect of the transfer of funding allocated to the beneficiaries of the IDC. In order to speed up the implementation of the project, Invitalia has supported the beneficiary Administrations through its own technical and specialist teams, in preparing and completing the technical documents needed to engage Invitalia as the Central Procurement Authority to publish the tenders.

In 2021, 29% of the projects had been started. Invitalia has published 28 tenders with a total auction price of € 13 million: 1 integrated tender contract, 11 tenders for the award of works, 6 tenders for the award of planning services, 4 tenders for the award of the Direction of Works, 2 tenders for testing services and 4 tenders for other technical services. Of all the procedures published, 17 have received a final, valid award.

IDC for the regeneration and recovery of the ex-Bourbon prison on the island of Santo Stefano – Ventotene

The Institutional Development Contract: Santo Stefano–Ventotene was signed on 3 August 2017 with the aim of “completing an integrated restoration and regeneration project in order to reuse the whole complex primarily for cultural and educational purposes”.

An Addendum was signed on 7 October 2021, to complete the remaining works under the IDC.

In 2021, the following activities were carried out, among others:

- preparation and organisation of the tender to award an integrated contract for the final design and completion of the works to make safe the buildings. The definitive valid award of the tender contract was made on 1 October 2021. The final design was prepared and delivered to Invitalia by the contractor and it is now being checked prior to validation;
- the preparation and organisation, based on a feasibility study prepared by Invitalia and approved by the TIP in May 2021, of a design contest for the acquisition of a technical feasibility study in relation to the recovery and regeneration of the ex-prison. The contract award procedure is being finalised;
- management of the environmental impact assessment procedure, with reference to the final design for the construction/adaptation of the access roads;
- implementation of the IDC Communication Plan.

National Strategy for Internal Areas

Invitalia supports the DCP and the Agency for Territorial Cohesion (ATC) in the implementation of the National Strategy for Internal Areas (SNAI - Strategia Nazionale per le Aree Interne), in order to combat the demographic decline and relaunch an important part of the country⁴.

⁴ Invitalia provides its support under the 2nd Addendum to the General Agreement for assistance and strengthening of administration (CIPE deliberation 9/2015 of 14 September 2015, signed on 28 June 2019). The 2nd Addendum was supposed to end on 31 August 2021, but on 15 March 2021 the parties signed an extension until 31 December 2021.

The support activities, provided under a specific General Agreement⁵, are organised into four lines of intervention:

- Line 1 – general planning and area strategies;
- Line 2 – planning, implementation and management of school, health and mobility projects;
- Line 3 – implementation and management of the Framework Programme Agreements;
- Line 4 - assessment.

As per the calendar, the activities in Lines 1, 2 and 3 were completed on 28 February 2021. Between March and December 2021, the activities focused on Line 4 – Assessment.

These activities, which are coordinated by the DCP, are intended for the assessment of individual area strategies and of the policy overall, also with reference to the main thematic areas (health, education, mobility and local development). The Assessment Report – which is the final output of the investigation by the group of external assessors, is focused on the analysis of the outcomes that the programme has helped to stimulate in the strategic behaviours of the mobilised stakeholders. Considering the specific nature of the SNAI and the inconsistency of progress in the different areas, the assessment reconstructed the trajectories of changes which have occurred:

- in the organisational and institutional architecture (assessment of the policy);
- in the general local development strategy (assessment of the strategy);
- in terms of the first signs of improvement in education, health, mobility and local development (thematic assessments), along the pathway leading from the initial mobilisation of local players through to the definition of a strategy for the area, then the signing of the FPA and finally the implementation of the first projects.

The assessment report, and all the materials connected to it, were delivered to the customer (DCP) by the required deadline.

Italian Ministry of the Interior - Department for Civil Liberties and Immigration

During 2021, Invitalia performed the engineering work and acted as Central Procurement Authority to support the police departments who rely on Invitalia for these services in order to proceed with the building and/or conversion of facilities to be used to accommodate migrants.

The main activities have been summarised below:

- Migrant Reception Centre at the hotspot in Lampedusa (Agrigento): the works were split into three phases following a request by the Prefecture of Agrigento. During 2021, Phase 2 was completed (Building A2 with 144 places plus an area with temporary structures, and Building A1 with 96 places). The Department has also requested an amendment to the contract in order to improve conditions at the centre by installing common rooms and recreational areas inside and outside the building, also for children. For phase 3, the work concentrated on Building U1 (70 places including space for vulnerable people), Building A2 which has now been fully completed (161 places which can be raised to 189 in emergency situations), the fire systems and the water storage tank. The centre currently has a capacity of 357 places, which can be raised to 403;
- Specialised Detention Facility at Palazzo San Gervasio (Potenza): the project has been split into two phases. Phase I relates to Urgent Works and has been closed. The main works related to the maintenance of 19 buildings, adaptation of the facilities, video surveillance, the roof, the building of recreational areas and space for the managing entity. The final planning has been completed for Phase 2 and the final design is now in progress. Many additional works are required to improve the safety and living conditions at the centre;
- Specialised Detention Facility at Pian Del Lago (Caltanissetta): Phase I was completed in August 2021 and included a number of projects, including installations and safety at the centre (fencing and video surveillance) as well as adaptations to comply with anti COVID-19 rules. The final planning has been completed for Phase 2 and the final design is now in progress. There are plans to build new offices, recreational areas, external fencing, an extension of the public

⁵ II Addendum to the General Agreement concerning assistance and strengthening of administration (CIPE deliberation 9/2015 of 14 September 2015, signed on 28 June 2019).

security building, a new building for supervision, a video surveillance system and a softener to serve the whole of the Pian Del Lago zone;

- Migrant Reception Centre at Pantelleria (Trapani): the project involves the redevelopment of the ex-barracks at Barone, with the expansion of the accommodation to include up to 40 beds and the creation of an adjacent area with new prefabricated blocks, by the Municipality. Invitalia was engaged in 2021: it has prepared the Planning Guidance Document and has published and awarded the contract for the design. September 2021 saw the publication of a tender for a Framework Agreement for extraordinary maintenance of the specialised detention facility. In 2022 the procedures will be closed;
- conversion of the prison building in Oppido Mamertina (Reggio Calabria) into a specialised detention facility with space for 78 beds split into 3 accommodation blocks. The start of works was approved in October 2021, the Procedure Manager was appointed and the Planning Guidance Document with financial framework was drawn up;
- work to restructure and reorganise the women's section of the specialised detention facility in Rome (Ponte Galeria): the restructuring will bring in another 40 beds, in addition to the 125 already in existence. The start of works was approved in November 2021 and the Procedure Manager has been appointed;
- tender for the ordinary and extraordinary maintenance of Isola Capo Rizzuto (Crotone): Invitalia has been engaged and the tender documents have been prepared;
- support to the Ministry: continuing on from the previous action period, Invitalia has assisted the Administration throughout the various phases of implementation, by supplementing and strengthening the operational, managerial and organisational capacity and the technical/professional expertise.

In June 2021, a new "Executive Action Plan" (EAP) was signed. It will include not only the usual support to the Ministry but also the following two interventions:

- work to restructure and reorganise the women's section of the specialised detention facility in Rome (Ponte Galeria);
- the tender for the ordinary and extraordinary maintenance at Isola Capo Rizzuto (Crotone).

Italian Ministry of the Interior - Department of Public Security - Central Department of Immigration and Border Police

The Ministry of the Interior has requested specialised support from Invitalia in order to strengthen the work of its units involved in managing and implementing various projects.

In 2021, the following tender procedures were held:

- a tender for the award of a supply contract for hardware, software and services for the upgrading of the SMSI-RA infrastructure (the monitoring system used for monitoring and statistical data on legal and illegal immigration), in the context of the PA's dynamic system of data acquisition for the supply of products and services for ICT;
- a tender for the award of a supply contract for hardware, software and services for the upgrading of the SMSI-SIF infrastructure (the monitoring system used for monitoring and statistical data on legal and illegal immigration), in the context of the PA's dynamic system of data acquisition for the supply of products and services for ICT;
- a tender for the award of a supply contract for the supply of technological equipment used to combat counterfeiting and to check documents and identities at border crossings, in the context of the PA's dynamic system of data acquisition for the supply of products and services for ICT.

Prefecture of Rome

On 31 July 2020 the Prefecture of Rome and Invitalia made a General Agreement in order to accelerate and improve the efficiency of work in relation to the project "Fund for Asylum, Migration and Integration 2014-2020" (FAMI). Invitalia completed the procedure for the award of these services in 2021.

Rome Academy of Fine Arts

On 31 July 2020 the Academy of Fine Arts of Rome and Invitalia made a General Agreement in order to accelerate and improve the efficiency of work in relation to the project "Redevelopment and refurbishment of the ex-abattoir at Testaccio, Campo Boario". Invitalia completed the procedure for the award of these works in 2021.

Implementing body for the National Fire Service

On 29 October 2018, the National Fire Service and Invitalia signed a Framework Agreement for which the approved plan of activities will involve the following three projects, with the role of Delegated Contracting Authority:

- the design and construction of the new National Emergency Management Centre of the Fire Service;
- the design and construction of the new offices of the Provincial Command of Cosenza;
- the design and construction of the new Regional Head Office of Molise.

For the project "Construction of the new National Emergency Management Centre for the Fire Service", following completion of the tender procedure and the evaluations by the award committee, the award of the contract was announced on 13 April 2021, followed by notification of the validity of the award on 25 May 2021.

Following the subsequent checks, the service contract was signed by the winning association on 2 November 2021, and the contracted services were started on 3 November 2021.

Invitalia has engaged the Central Procurement Authority for the project "Construction of the new Provincial Command of the Cosenza Fire Service" following the approval of the planning guidance document by the Member Entity. The tender for the design services was published on 25 May 2021. Following the outcome of the tender and the evaluations by the award committee, the contract was provisionally awarded on 5 August 2021. Notification of the efficacy of the provisional award was announced on 14 October 2021. Pending completion of the contract, Invitalia's procedure manager then ordered the work to be started urgently on 9 November 2021, also ordering that the 140 consecutive calendar days as provided for in the contract of works, would run from that date.

Digital Platform for the acceleration of public investment

During 2021, technical teams were set up with the supplier of the Platform that took over from the original contractor in order to provide a design and detailed analysis of a solution for the 4 modules required for the project management of public investments.

In order to bring forward the date by which the Platform would be available for testing by the pilot Administrations of the beneficiaries/contracting authorities, the approach to the supply contract was redefined. Functional tests were carried out and were provisionally released on the module to be used for the management of online tenders, and the data conservation criteria and set of indicators for procedural monitoring were also defined. Work has also started on training the personnel who will assist the Administrations involved in the test process. An operations manual has been produced, which identifies and describes all the activities that take place between the start of the process (appointment of the procedure manager) and the completion of the public works, as well as the tutoring tools and operational models available to users of the platform.

In 2022, the final testing of the activities was completed.

Piombino site of national interest

Invitalia operates as the implementing body on behalf of the regional government of Tuscany, in order to complete the public works for the Integrated Project for the Reclamation and Re-Industrialisation of the Ex-Lucchini Metalworking Site, funded by the CIPE deliberation 47/2014 with a value of € 50 million.

During 2021 the approval process for the Final Design was completed. In July 2021, the approval decree was obtained pursuant to Art. 252-bis of Italian Legislative Decree 152/2006 of the Italian Ministry for the Ecological Transition and the Italian Ministry for Economic Development.

The final design is awaiting completion, pending the regulatory changes regarding the management of excavated soil.

Trieste site of national interest

Invitalia is the implementing body for public works on behalf of the Extraordinary Commissioner for the implementation of the Programme Agreement for the Servola Ironworks Area (Trieste). The public works, funded by CIPE deliberation no. 44/2014, are aimed at the making-safe of the aquifer, as a necessary prerequisite for the development of the contaminated industrial site.

In August 2021 the Decree approving the Final Design of the public works on the aquifer was signed by the Minister for the Ecological Transition and the Minister for Economic Development, under Art. 252-bis of LD 152/2006. The Final Design was validated in December 2021 and the tender for the works contract, with a value of more € 30.7 million, is about to be announced.

Implementing Body for the Italian Ministry of Economy And Finance

In 2021, Invitalia, as the delegated contracting authority, continued work on the projects launched in 2020 for the following two areas of intervention:

- Intervention 1: installation and commissioning of the emergency sound systems (EVAC), safety lighting and smoke detection systems;
- Intervention 2: construction of the secondary distribution for the electrical cabin named "A".

Due to the pandemic, there have been postponements, and the completion of the work has been put back until the first half of 2022.

The total value of the contracts for both interventions is estimated at € 4 million.

Implementing body for CONI

2021 saw the completion of the investigation and the related management process relative to the ZEN sports centre in Palermo, and the results of this work have been accepted.

This was followed by an assessment of the seismic vulnerability of the sports centre, also considering the adoption of the IV resistance class, and the updating of the technical and financial feasibility project, with two planning alternatives which will be put to the beneficiaries so that they can consider the best option.

The General Agreement was expected to end in July 2021 and has not been renewed. Accordingly, the contract for the planning of the recovery and adaptation of the ZEN sports centre in Palermo is now being transferred to Sport e Salute SpA, as the new contracting authority.

Actions in support of the Government Commissioners

Centralisation of the procurement authority and execution of the public works awarded on behalf of the General Commissioner's Office of the Section for Italian participation in EXPO 2020 DUBAI

Invitalia assists the General Commissioner's Office of the section for Italian participation in EXPO 2020 DUBAI (Commissariat), at the Ministry for Foreign Affairs.

During 2021:

- the activities of the Delegated Contracting Authority for the building of the Italy Pavilion at the EXPO 2020 Dubai site, which began in 2019, have continued;
- following the postponement of the event due to the COVID-19 pandemic, the conditions of public interest have now been met, so that the Commissariat can redetermine the terms of the contract in terms of timing and costs, by signing Variation 03, confirming its role as RAQ and postponing the deadline for obtaining the BCC until 1 July 2021;

- the events management service has been assigned, for the period during which the event will be open;
- support was given to the Commissariat for the purposes of sourcing and contractualising the partnerships with sponsors and restaurant services;
- the Italian pavilion at the EXPO Dubai 2020 site was inaugurated on 1 October 2021 in the presence of the Italian authorities;
- the interdisciplinary intervention provided for in EAP 3 (technical-administrative support and technical secretarial services) aimed at speeding up the project implementation until expiry of the agreement has continued, after being extended due to the postponement of EXPO.

Support to Extraordinary Commissioner for water purification

Since October 2017, Invitalia has supported the Extraordinary Commissioner in coordinating and completing the drainage, sewerage and water purification works needed to comply with the judgments of the European Court of Justice made on 19 July 2012 (C-565/10), 10 April 2014 (C-85/13) and 31 May 2018 (C-251/17), and to resolve the infringement procedures 2014/2059 and 2017/2181.

To ensure the continuation of these activities and to avoid infringement procedures, also in view of the results achieved, on 29 January 2021 the Extraordinary Commissioner signed a new Framework Agreement, under which Invitalia will continue to provide services in relation to 53 projects, by starting 100 contracting procedures for works or services such as design, Direction of Works, BST and testing.

During 2021:

- 21 tenders were announced (8 of which for the contracting of works and 13 for services), with a total tender value of € 47 million;
- the Central Procurement Authority activities were completed for 22 tender procedures, with a total tender value of € 61 million;
- 3 inspections were completed pursuant to Art. 26 of LD 50/2016 and 6 have been started;
- with regard to the infringement procedures 2014/2059 and 2017/2181, the list of interventions in which the Commissioner will be involved has now been updated. We are awaiting the Italian Prime Minister's Decree that will incorporate and potentially extend this list, based on the indications received from the regional governments.

Invitalia has been proactive in supporting the Commissioner in identifying the organisational and operational planning actions needed to speed up the implementation of the projects.

Support to Extraordinary Commissioner for Illegal Landfill Sites

Since 2018, Invitalia has supported the Extraordinary Commissioner with regard to the reclamation of illegal landfill sites, after being appointed by the government to assist in resolving the judgment made by the European Court of Justice on 2 December 2014 (case C-196/13).

During 2021, Invitalia monitored the progress of activities made on 15 projects in Campania, Lazio, Puglia, Calabria and Sicily; it announced and completed 1 tender with a contract value of € 1.5 million; 5 contracting procedures were started in the previous year with a total contract value of € 3.2 million, and Invitalia also assisted the Commissioner's office with the technical and administrative activities necessary for the reclamation of the landfill sites.

Public Health Construction Agreement in the Region of Calabria made between the Commissioner for the Remediation Plan and Invitalia under Art. 6 (4) of LD 35/2019

Invitalia is acting as the Central Procurement Authority in order to accelerate and support the implementation of public health construction works in the Calabria Region.

Under the Agreement, there are 9 participants with approximately 50 infrastructure projects, for which support has been requested in completing 100 tender procedures (design and/or build).

In 2021, the following activities were carried out:

- Regional Hospital Authority of Catanzaro: in June 2021, Invitalia completed the tender procedure for the contracting of the infrastructure project "Construction of Health Centre in Chiaravalle", for which the EAP was signed in 2020;
- Regional Hospital Authority of Reggio Calabria: Invitalia supported the Regional Hospital Authority in preparing the Planning Guidance Document for the health centres at Siderno and Scilla. In November 2021, Invitalia completed the tender procedure for the planning of both these projects, and sent the model contracts to the participants. The EAP was signed for both these projects in 2020;
- Regional Hospital Authorities of Cosenza and Crotona: despite discussions with both these authorities, neither of them have yet formally engaged Invitalia.

Support for Public Administrations engaged in the regulatory, organisational, planning and efficiency aspects of economically significant local public service networks (the ReOPEN LPS PROJECT)

In 2021, in the context of the "SPL Observatory", Invitalia:

- carried out the cyclical updates on SPL-Lex, the waste, water and transport monitoring systems, and the waste processing and disposal systems;
- built four new databases:
 - one relates to the investment data taken from Opencup;
 - one contains the data from Opencoesione;
 - one provides an up-to-date catalogue of information pertaining to the tariff approval decisions;
 - the last database contains up-to-date information about the location and condition of the "pre-existing" landfill sites mentioned in the EC Infringement Procedures 2003/2077 and 2011/2215;
- performed an economic and financial analysis of the urban waste management service and the water service.

Compared to previous years, the method of accessing the ReOPEN SPL databases has been upgraded. It no longer provides static periodic reports, but the database can now be browsed interactively using a dynamic interface based on the "PowerBI" application. The dashboards for the waste and water sectors went online in November 2021.

Various guidelines have been set up in the context of the "Models" project. They include: step-by-step instructions on the contracting of the integrated water service; information useful in defining a framework for the potential action to be taken when insourcing the integrated water service.

In the context of the "Studies and research" lines of intervention, a survey was conducted on the 44 sites that led to the adverse judgment by the European Court of Justice. The analysis report contains all the information on the work done, and the activity still to be completed before Italy is hit with another multi-million fine.

For the lines of intervention "Events" and "Promotion of Knowledge", a webinar "(Re)forming Water - Actions to improve the efficiency of the NRRP in the water industry" was held at the PA FORUM in June 2021.

For the lines of intervention "Model administrative documents", support was given with the drafting of multiple documents such as contract awards and model agreements.

Finally, for the lines of intervention "Planning Documents", support was provided in updating the Water Plan as regards the Operational Management Model and Economic-Financial Plan.

With regard to the specialist support activities, work is ongoing for the benefit of multiple entities, based on collaboration agreements.

MIT Marine Transport

In the context of the support required under the terms of the Agreement made on 4 February 2020, Invitalia is providing specialist support in respect of the correct allocation of sea transport services for passengers. This involves two types of activity:

- specialist technical support to strengthen the administrative capacity;
- centralisation of the procurement authorities, in accordance with Article 3, paragraphs 1(i),(l)(2) and Articles 37 and 39 of the Public Procurement Code.

In 2021, specialist support was provided for both of these activity types.

A report has been sent to MISM (Italian Ministry of Infrastructure and Sustainable Mobility) concerning the results of the market investigation concerning the high-speed passenger links between Reggio Calabria and Messina, which the Ministry then sent to the relevant departments of the European Commission and the transport regulator.

The set of technical and administrative documents needed in order to publish on the In.Ga.Te. platform each of the following public procedures for the contracting of the passenger, vehicle and cargo sea transport service (or the high-speed passenger-only links on the Reggio Calabria - Messina route), has now been completed:

- Termoli - Tremiti Islands: tender announced on 17 February 2021, with the deadline for submission of bids expiring on 20 April 2021. Contract awarded and results published on 29 May 2021;
- Civitavecchia – Arbatax – Cagliari: tender announced on 17 February 2021, with the deadline for submission of bids expiring on 20 April 2021. Tender abandoned and results published on 23 April 2021. New tender announced on 8 February 2022;
- Naples – Cagliari – Palermo: tender announced on 26 February 2021, with the deadline for submission of bids expiring on 29 April 2021. Contract awarded and results published on 29 May 2021;
- Genoa - Porto Torres: tender announced on 26 February 2021, with the deadline for submission of bids expiring on 28 April 2021. Contract not awarded after all the operators were excluded for having submitted irregular, invalid, unacceptable or inappropriate bids: results published on 6 July 2021. New tender announced on 23 June 2021 with the deadline for submission of bids expiring on 23 August 2021. Contract awarded and results published on 29 September 2021;
- Reggio Calabria – Messina: tender announced on 23 December 2021.

These procedures were completed in accordance with the centralisation of procurement authority rules under the Agreement.

The support offered by Invitalia to the Ministry in producing and analysing the results of the market survey and in preparing the tender documents (particularly in drafting the service agreements and in structuring the simulated EFP to be used in the public procedures) has achieved a total saving of € 40 million public resources per year, in full accordance with European and national legislation.

Development of the Museum sites of Excellence

Invitalia is supporting the Italian Ministry of Culture with the planning, acceleration and development of cultural heritage and socio-economic projects in specific areas, under an Agreement signed on 21 December 2018.

In 2021, support activities were provided in relation to:

- the assessment of the financial and economic benefits of a public-private partnership proposal, regarding the contracting on a project finance basis of energy-efficiency works at the Museum and Royal Woods of Capodimonte, and for the definition of a model FP to develop the principal cultural attractors;
- the launch of the Palermo Historic Centre IDC with a total allocation of € 90 million from the DCF resources approved by the members of the Institutional Table on 2 February 2021;
- the launch of a project for the development, recovery and regeneration of the military complex, formerly the Cerimant 8th Barracks, for cultural and safeguarding purposes, and for the redevelopment of urban and landscape areas. This project is covered by the National Recovery and Resilience Plan, which in the context of the Recovery Art Conservation Project, will involve

the creation of 5 temporary storage rooms to protect cultural assets against natural disaster, by re-converting the disused nuclear power plant and former military barracks.

MiBACT Central Procurement Authority - Cohesion policy interventions

On 15 January 2020 an Agreement was signed with the Italian Ministry of Culture (formerly MiBACT), under which 90 tenders will be held in relation to the conservation, recovery, promotion and upgrading of the Ministry's cultural heritage projects.

The support provided by Invitalia as the Central Procurement Authority, in favour of all the central or satellite offices of the Ministry, resulted in the publication of 53 new tenders in 2021. They were awarded with discounts below the national average. The final award orders were made in 43 cases, and 23 projects are to be managed through tenders, to be published in 2022.

In this context, the Public Investments office dealt with:

- the preparation of the documents needed to publish the tender procedures;
- the organisation of new procedures and tools to be used in managing the tender contracts;
- the management of all the tender processes needed to complete the public works, on the e-procurement platform.

In view of the extremely positive results achieved through the operational and institutional collaboration with Invitalia, the Ministry chose to continue and extend the activities provided for in the Agreement, by signing an addendum on 21 January 2022.

MiBACT - Office of the Special Superintendent for Areas affected by the Earthquake of 24 August 2016

On 16 March 2020, the MiBACT (Office of the Special Superintendent) and Invitalia made an Agreement in order to accelerate and improve the efficiency of the rebuilding works.

The first batch of 10 projects was listed in the Executive Action Plan, annexed to the Agreement.

The tender procedure for the contracting of the final and executive plan and safety coordination for the "Restoration of the Basilica of Saint Benedict in Norcia", has now been completed.

In 2021, the following tender procedures were also completed:

- S. Maria Assunta in Monteluca (Perugia);
- S. Francesco a Monteleone di Spoleto (Perugia);
- S. Agostino a Cascia (Perugia).

ATER - Central Procurement Authority

On 3 October 2019, Invitalia made an Agreement with ATER Roma, to act as Central Procurement Authority for the completion of a set of subsidised housing projects to be included in the "New Housing Plan" and for the Programme of emergency building works in the City of Rome.

During 2021 three contracts were awarded, in relation to the following projects:

- "Canal Jet - Urgent maintenance works on sewer systems in ATER properties" - for the contracting of works and services with a total value of € 8.4 million;
- "Landscaping - integrated services for landscaping maintenance on ATER sites" - for the contracting of works and services with a total value of € 25.33 million;
- "Digitisation - Digitisation of administrative paper archives" - for the contracting of planning and services with a total value of € 0.5 million.

Also in 2021, two further tenders were published in relation to the following projects:

- "Laurentino 38 - Change of use of Bridges 5 and 6 to build new special housing" - for an integrated contract with a total value of € 7 million, now at the contract award stage;

- "Planning Superbonus Framework Agreement - Architecture and engineering services for the redevelopment of ATER properties (110% Superbonus)" - for the contracting of services totalling € 18 million, awarded in September 2021.

During the year, Invitalia was also engaged as auxiliary contracting authority to launch the tender for the Superbonus Framework Agreement.

Implementation Status of Contracts Previously Managed by Invitalia Attività Produttive (IAP)

Reclamation of the former Nissometal industrial site

Following the issue of the reclamation certificate by the Municipal Consortium of Enna pursuant to Art. 248 of LD 152/2016, in its Instructions 114 of 1 October 2020 and 123 of 30 October 2020, the Region of Sicily ordered the settlement of the claimed sums. The operational part of the order has been completed, while the dispute with the contractor is ongoing and is being dealt with by the relevant offices.

Works at the industrial sites of Ottana, Bolotana and Noragugume

In implementation of the Programme Agreement, on 18 June 2021, following the resolution by the Board of Directors of Invitalia on 16 December 2020, a Deed of Sale of Invitalia assets was signed in favour of the Provincial Industrial Consortium of Nuoro.

Works Supervision, measurements, accounting and Construction Phase Safety Coordination during the erection of temporary roofing and regulation of landfill biogas for the municipal solid waste facility located in Contrada Cardona in the Municipality of Syracuse

During 2021, work continued on making safe the landfill site. Specifically, the Contractor has completed the capping of the site, apart from a small area which only requires the laying of aggregates.

The installation of pipes to drain off surface water is now being completed.

The works have been partially suspended on the instructions of the Procedure Manager, to allow the drainage works and final delivery, pending receipt of the Single Authorisation, in respect of which Invitalia has sent a letter to the Procedure Manager (ref. 0248746 of 11 October 2021), attaching a supplementary report on the hydraulic invariance.

Urban construction works for the Mediterranean Studies University of Reggio Calabria

In 2021 the following works were completed in relation to the areas of partial completion:

- "Removal of War Remnants", involving surface and underground searches for unexploded bombs; this has been completed as to 21% by the licensed contractor and in this respect the Minefield Clearance Office of the 10th Infrastructure Department of Naples issued a War Remnants Removal Certificates on 13 July 2020, referenced M_D E23663/8032 and M_D E23663/8035;
- excavation, groundwork and earthmoving works;
- the building of retaining walls, as to 85%, with the annexed drainage and installation works for the "P-3" car park.

The Direction of Works is now preparing a Variant report, without any increased cost, relating to a series of improvements works which were formally requested by the University Administration in a letter referenced 2021-UNRCCL-0003889 of 18 March 2021, in order to improve the functionality of the works and achieve the objectives. The final delivery of the site will take place once the Variant report has been approved. It must take into account any interferences between the roadway and a geothermal installation built by the University. The Public Works Procurement Office for Calabria and Sicily has also been provided with the plans for the purposes of depositing with the Civil

Engineering Office in order to obtain the seismic authorisation. No reply has been received from the Public Works office.

Central Procurement Authority Services

The tender procedures managed by the Agency in 2021 were organised according to the following General Agreements/Agreements/provisions of law:

- Framework Contract with the Italian Ministry of the Interior, Department for Civil Liberties and Immigration, signed on 28 May 2015;
- General Agreement signed on 15 January 2020 by the Italian Ministry of Culture (formerly the Ministry for Cultural Heritage and Tourism) and Invitalia, for its engagement as the Central Procurement Authority, under the combined provisions of Articles 3 and 37 of the Italian Public Procurement Code, together with Annexes;
- General Agreement of 7 July 2020 governing the relations between the Special Commissioner for Environmental and Urban Regeneration of Areas of National Interest (including Bagnoli-Coroglio) and Invitalia for the execution of the tasks and functions assigned to the Implementing Body, pursuant to Article 33 of LD 133/2014, as amended, and the Prime Ministerial Decree of 15 October 2015;
- Institutional Development Contract "Matera 2019 European Capital of Culture" signed on 26 September 2017 with the Italian Prime Minister's Office; the Italian Ministry for the Environment, the Italian Ministry for Infrastructure and Transport, the Italian Ministries for Cultural Heritage and Tourism and Territorial Cohesion; the Basilicata Regional Government; the Municipality as well as the Matera City Coordinator for the implementation of structural interventions, events and initiatives;
- General Agreement of 3 August 2018 with the General Commissioner for Italy's participation in EXPO Dubai, formally engaging Invitalia as the Central Procurement Authority, under the combined provisions of Article 55 a, para. 2-bis of LD 1/2012, converted into Law 27/2012, and Art. 3 paragraph 1(i), (l)(2) and (m), and Article 37 of the Public Procurement Code, for the completion of public works, supplies and services including those necessary for the construction or management of the project structures (any case, in accordance with the provisions of Article 1, paragraphs 1 and 3 of LD 95 of 6 July 2012, converted and amended by Article 1 of Law 135 of 7 August 2012);
- General Agreement of 12 October 2017 made between the Extraordinary Commissioner for the coordination and completion of the works necessary to comply with the European Court of Justice judgments, under which Invitalia has been engaged for the activities indicated in Article 55-bis of LD/1/2012, including the activities of Central Procurement Authority and auxiliary procurement authority pursuant to Article 3, paragraph 1(l) and (m), and Articles 37 and 39 of the Public Procurement Code, in order to accelerate and improve the efficiency of the project management;
- Framework Agreement formally engaging Invitalia pursuant to Art. 55-bis of LD 1/2012 (converted and amended by Art. 1 of Law 27/2012) made with the Extraordinary Commissioner under Article 41, para. 2-bis of Law 234/2014, for the coordination and execution of actions needed to adapt to the laws on illegal landfill sites which were the object of the ECJ ruling of 2 December 2014 (case C-196/13), on 13 February 2018;
- Agreement made under the terms of the "System-level actions" Agreement on 13 June 2016 by the Extraordinary Commissioner for the Liguria Region and Invitalia, in relation to Invitalia's engagement as the Central Procurement Authority for hydrogeological instabilities;
- General Agreement with the Italian Ministry of the Interior - Department for the Fire Service, Public Rescue and Civil Defence of 29 October 2018, engaging Invitalia as Central Procurement Authority;
- Agreement made under the System-level actions General Agreement signed on 5 October 2017 by the Region of Campania and Invitalia, for its engagement as the Central Procurement Authority, under the combined provisions of Articles 3 and 37 of the Public Procurement Code, together with Annexes;

- Framework Agreement of 3 October 2019 made by the Local Agency for Public Housing of the City of Rome (ATER) and Invitalia, for its engagement as Central Procurement Authority, pursuant to the combined provisions of Articles 3, 37 of the Public Procurement Code;
- Capitanata Institutional Development Contract, signed on 13 August 2019 by the Presidency of the Council of Ministers, the Italian Ministry for the South, the Italian Ministry for Economic Development, the Italian Ministry for the Environment, the Italian Ministry for Infrastructure and Transport, the Italian Ministry of Defence, the Italian Ministry for Cultural Heritage and Tourism, the Italian Ministry for Agriculture, Food and Forestry and Tourism, the Regional Government of Puglia, the Provincial Authority of Foggia, the Municipality of Foggia and Invitalia;
- Operating Rules of 8 July 2019, signed by the River Basin District Authority for the Central Appenines and Invitalia, for its engagement as Central Procurement Authority under Article 55-bis of LD 1/2012, converted into Law 27/2012, and Articles 37 and 38 of the Public Procurement Code, together with Annexes;
- Molise Institutional Development Contract, signed on 11 October 2019 by the Presidency of the Council of Ministers, the Italian Ministry for the South, the Italian Ministry of the Interior, the Italian Ministry for Economic Development, the Italian Ministry for the Environment, the Italian Ministry for Infrastructure and Transport, the Italian Ministry of Defence, the Italian Ministry for Cultural Heritage and Tourism, the Italian Ministry for Agriculture, Food and Forestry and Tourism, the Italian Ministry of Education, Universities and Research, the Regional Government of Molise, the Provincial Authority of Campobasso, the Municipalities of Isernia and Invitalia, in relation to the implementation of the Development Programme for the Molise region;
- Operating Rules signed on 24 March 2020 by the Government's Extraordinary Commissioner pursuant to Art. 1 paragraph 154(b) of Law 145/2018 - River Basin District Authority for the Southern Appenines and Invitalia, for its engagement as the Central Procurement Authority, under Article 55-bis of LD 1/2012, converted into Law 27/2012, and Articles 37 and 38 of the Public Procurement Code, together with Annexes;
- Operating Rules (made under the 4th Addendum to the System-level Actions General Agreement dated 3 August 2012, signed 20 December 2018) agreed by the Autonomous Region of Sardinia, Department of Public Works, Water and Hydrogeological Services, engaging Invitalia as the Central Procurement Authority, under the combined provisions of Articles 3 and 37 of the Public Procurement Code, together with Annexes;
- "Institutional Development Contract for the regeneration and recovery of the ex-Bourbon prison on the island of Santo Stefano - Ventotene" signed on 3 August 2017 by the Presidency of the Council of Ministers, the Ministry for the Environment (renamed the Ministry for the Ecological Transition following the adoption of the related implementing decrees), the Ministry for Cultural Heritage and Tourism, the State Property Office, the Regional Government of Lazio, the Municipality of Ventotene, the State Nature Reserve and Protected Area "Islands of Ventotene and Santo Stefano", and Invitalia which has been appointed as the Implementing Body for the IDC;
- the General Agreement between the Italian Ministry of Culture, formerly the Ministry for Cultural Heritage and Tourism, Office of the Special Superintendent for the areas hit by the earthquake of 24 August 2016 and Invitalia, for its engagement as the Central Procurement Authority, under the combined provisions of Articles 3 and 37 of the Italian Public Procurement Code, together with Annexes;
- General Agreement made between the National Inspectorate for Nuclear Safety and Radiation Protection (ISIN) and Invitalia, for its engagement as Central Procurement Authority, pursuant to the combined provisions of Article 3, paragraphs 1(i) and(l) and Article 37, para. 7(a) of the Italian Public Procurement Code;
- General Agreement signed on 22 April 2020 by the Italian Ministry of the Interior - Department of Public Safety- Central Department of Immigration and Border Police and Invitalia, for its engagement as the Central Procurement Authority, under the combined provisions of Articles 3 and 37 of the Italian Public Procurement Code, together with Annexes;
- General Agreement of 4 May 2017 relating to the implementation of "Reopen SPL", a project launched by the Presidency of the Council of Ministers – Department for Affairs of the Regions

and Autonomous Regions, implemented by Invitalia through the Governance and Institutional Capacity 2014-2020 NOP;

- Operating Rules signed on 27.05.2020 in the context of the "Reopen SPL" project, implemented through the Governance and Institutional Capacity 2014-2020 NOP between AMA Roma SpA and Invitalia for its engagement as the Central Procurement Authority, under the combined provisions of Articles 3 and 37 of the Public Procurement Code, together with Annexes;
- Agreement signed on 4 February 2020 by Invitalia and the MIT - Italian Ministry of Infrastructure and Transport - Directorate for Supervision of Port Authorities, Port Infrastructure, Maritime and Internal Water Transport, formally engaging Invitalia as the Central Procurement Authority, under the combined provisions of Articles 37, 38 and 39 of the Public Procurement Code;
- General Agreement signed on 21 October 2020 by Invitalia and the Directorate for the Protection of Industrial Property - Italian Patents and Trademarks Office of the Italian Ministry for Economic Development, engaging Invitalia as the Central Procurement Authority, under the combined provisions of Articles 37 and 38 of the Italian Public Procurement Code;
- Operating Rules made under the 4th Addendum to the System-level actions General Agreement of 3 August 2012, signed on 27 May 2020 and agreed by the President of the Regional Government of Molise as the Extraordinary Commissioner appointed under Art. 10 para. 1 of LD 91 of 24 June 2014 converted and amended by Law 116 of 11 August 2014, and Invitalia, for its engagement as the Central Procurement Authority, under the combined provisions of Articles 3 and 37 of the Public Procurement Code, together with Annexes;
- General Agreement signed on 18 December 2020 between the Rome Academy of Fine Arts and Invitalia, for its engagement as Central Procurement Authority, pursuant to the combined provisions of Articles 3, 37 and 38, paragraph 1 of the Italian Public Procurement Code;
- General Agreement made between the Local Health Authority for Tuscany North West and Invitalia, formally engaging Invitalia as the Auxiliary Procurement Authority, under the combined provisions of Articles 3, 37 and 3 of the Public Procurement Code;
- Operating Rules signed by the Municipality of Taranto and Invitalia, for the official engagement of Invitalia pursuant to Articles 37 and 38 paragraph 1 of the Public Procurement Code, as provided for in Article 7 of the "Institutional Development Contract for the Taranto Area" signed on 30 December 2015;
- Operating Rules (made under the 4th Addendum to the System-level actions General Agreement of 03.08.2012, signed on 14.10.2021) agreed by the Extraordinary Commissioner for the Regeneration of the Slum Housing of Messina and Invitalia, engaging Invitalia as the Implementing Body;
- General Agreement of 26 April 2021 signed by the National Council of Journalists, the Regional Councils of Journalists and Invitalia, formally engaging Invitalia as the Central Procurement Authority, under Articles 3, paragraph 1 i) and 37 of the Public Procurement Code;
- Agreement of 9 October 2021 signed by the Italian Ministry for the Interior - Department of Public Security, Central Crime Investigation Office of the State Police, and Invitalia, formally engaging Invitalia as the Central Procurement Authority, under the combined provisions of Articles 3, 37 and 39 of the Italian Public Procurement Code;
- Agreement of 16 April 2020 signed by the Acting Commissioner for the implementation of the remediation plan to recover the public health service of the Region of Calabria and Invitalia, for its engagement as the Central Procurement Authority, under the combined provisions of Articles 3 and 37 of the Public Procurement Code.

On 29 December 2021 a Framework Agreement was also made between the Ministry for Tourism (MITUR) and Invitalia for the implementation of projects to upgrade and accelerate the public investments made within the remit of the MITUR, for which Invitalia will be engaged in the future.

Redevelopment of the Bagnoli - Coroglio area

Following the approval of the Urban Excerpt of the Environmental Restoration and Urban Regeneration Programme (PRARU), with the Presidential Decree of 6 August 2019 published in the OG 26 of 1 February 2020, and the examination during the Preliminary Conference of Services, which closed on 13 August 2020, of the technical and economic feasibility study for the land and

sea reclamation operations with a total estimated value of € 440 million, the following plans were made and approved at the respective Conferences of Services during 2021:

- the definitive reclamation plan for Phase III "Parco dello Sport", for a total of € 20.5 million. The project was validated in November 2021;
- the definitive reclamation plan for Phase I "Fondiarie" for a total value of € 79 million. The project was validated in December 2021.

The preliminary work for the respective tender procedures and the award of the integrated contracts is now underway:

- with reference to the definition of the methodology for restoring the marine sediment of the Bagnoli Coroglio area of natural interest, following an analysis of the international market of sector operators, and based on the opinion of the Technical Team set up at the request of the Government's Extraordinary Commissioner, in April 2021 the strategic approach for the primary objective of suitability for bathing was agreed, using the risk assessment as a support in the decision-making process. A tender procedure has now been launched for the final planning and direction of works, to remove the infill and clean up the seashore, including restoration of the marine sediment. The notice was published on 10 September 2021. A decision confirming the invalidity of the award was issued in February 2022. With reference to the international ideas competition to design the new landscape of Bagnoli, the ideas submitted by the 20 selected competitors were assessed during the first quarter of 2021. On 12 May 2021 the winner was announced, and then elaborated the plani-volumetric data required for the implementation plan, defining the layout of the new Bagnoli area and completing the planning criteria for the works. The document was sent to the Commissioner together with the documentation pertaining to the revised Technical Regulations, and the related Conference of Services was then held, ending with the decree by the Commissioner of 25 August 2021;
- following the announcement of the competition winner, Invitalia started an active feedback process, involving all the local stakeholders in order to analyse the content of the project and gather information which would be useful in deciding which functions should be allocated to parts of the urban park;
- following the signature of the Agreement for the primary urbanisation works in the area, made between the Municipality of Naples, Invitalia and the Commissioner on 11 December 2020, the tender procedure was announced for the surveys, investigations, the definitive plan for the integrated contract and the direction of works relating to the infrastructure required within the site of natural interest, with a total value of € 8.5 million. The procedure was concluded during the second half of 2021. The planning activities were urgently started in October 2021 and are still ongoing;
- in connection with the Environmental and Energy Sustainability activities for the area, a scientific collaboration is ongoing with the University of Naples, and an agreement has been signed for a research scholarship;
- with reference to the site operations, the following works have been completed:
 - pilot testing of the chemical or physical reclamation of the land site;
 - the making-safe of the piles of material stored on the ex-Morgan industrial site, for a total commitment of € 1.7 million. The works have all been completed apart from pile 2, for which a seizure order has been made against the Contractor by the Environmental Police of the Naples Carabinieri; that procedure is still ongoing.

The following activities have been started and/or are still in progress:

- the removal of 150,000 cubic metres of material containing asbestos, from the "Ex Eternit" area of the Bagnoli-Coroglio site of natural interest; the value of the works is approximately € 18 million. The work is expected to be completed by the end of 2022;
- monitoring, via control units, of the airborne asbestos fibres including the online publication of the results in order to keep the population informed;
- pilot testing of the bio phytoremediation technologies used to clean up the land site;
- a tender procedure, published on 22 September 2021, relating to the works to build a new hydraulic barrier for the restoration of the aquifer, which are still ongoing;

- works to build a bypass around the “Falda 2” water purification plant, with the simultaneous decommissioning of the previous plant.

Finally the following changes have occurred with reference to the overall situation, which have had repercussions on the project’s progress:

- on 6 November 2021, LD 152/2021 (converted and amended by Law 233 of 29 December 2021) was published; it contains Urgent measures for the implementation of the NRRP and to prevent Mafia infiltration; Art. 41 of that Decree amended Art. 33 of LD 133/2014. The following developments have also occurred:
 - the Mayor of Naples has been given the role of Extraordinary Commissioner of the Bagnoli Coroglio site of natural interest; 2 sub-commissioners have also been appointed together with a team of up to 12 people;
 - the Commissioner and the implementing body have been given the powers to derogate national law, other than criminal law, but always in accordance with the mandatory restrictions deriving from EU membership;
 - the Government Commissioner has been given substitute powers to resolve any dissent during the course of administrative proceedings relative to approval of the Programme or its preliminary stages;
 - the implementing body is obligated to submit a calendar of activities by 31 December each year.
- Invitalia, in a letter of 28 December 2021, has provided the information requested by LD 152/2021;
- 31 December 2020 marked the expiry of the implementing General Agreement of 29 January 2016 made between the Ministry, the City of Naples and Invitalia which related to the Programme Agreement between the Ministry for the Environment and the City of Naples in respect of the exercise of the function of dynamic legal custody of the area, and it also expired on 31 December 2020. The final documents and reports were submitted in 2021.
- Following the conclusion of the Programme Agreement, the City of Naples ordered the transfer to the Government Commissioner for the Bagnoli-Coroglio area of natural interest, for environmental reclamation and urban regeneration pursuant to Art. 11-bis of LD 210/2015 (Law 21 of 25 February 2016), of the residual funds allocated for the reclamation of the Bagnoli-Coroglio site of natural interest, which had not been used by the City of Naples as at 31 December 2020. On the instructions of the Government Commissioner, those funds were transferred to Invitalia, as the implementing body, for the implementation of the Bagnoli regeneration programme, in the amount of € 40.8 million which was paid into a dedicated current account.

Support to Public Administrations for Operating Programmes

Technical Assistance

MED DGMEREEN - Technical Assistance for the National Operating Programme (NOP) for Businesses and Competitiveness

On 3 March 2017, the parent company signed a General Agreement with the MED - General Directorate for the Electricity Market, Renewables, Energy Efficiency and Nuclear (DGMEREEN - Direzione Generale per il Mercato Elettrico, le Rinnovabili e l’Efficienza Energetica, il Nucleare) with a duration from 1 October 2016 to 31 December 2023.

In detail, the technical assistance activities concern:

- the completion of the post-closure phase of the 2007-2013 Energy IOP;
- the completion of the IC NOP initiatives relative to the management and implementation of smart networks for electricity transmission and distribution with the aim of increasing the requirement covered by energy generated in the five less-developed regions (Basilicata, Calabria, Campania, Puglia and Sicily), while favouring the full integration of the electricity generated from renewable sources on the national grid and promoting the full use of renewable-source energy.

During 2021, there was ongoing technical assistance to the MED in respect of the management, implementation, control, monitoring and certification of the expenditure on the tenders published in 2017 and 2019, as part of the transfer of knowledge related to energy, to the Italian Ministry for Energy Transition. In addition to designing and building the online platform to manage the applications to the tenders, Invitalia is directly involved in the administrative analysis of the documents produced by the participants. The qualifying aspects of Invitalia's activities include the control of all the requirements pertaining to the proper application of the rules on State aid and support provided to the MED in its discussions with the energy regulator, ARERA.

Additionally, during 2021, this specialist support was also relative to the reprogramming of the IC NOP, deriving from the emergency measures associated with the COVID-19 pandemic and the allocation of additional funding of € 500 million from the REAC - EU initiative, as well as the TA in respect of new smart upgrades of the electricity networks and energy upgrades of public buildings.

MED GDEI - Technical Assistance to the National Programme Development and Cohesion Fund (DCF)

On 29 November 2017, Invitalia signed a General Agreement with the MED GDEI to provide technical and specialist support to the customer in relation to all the areas of activity pertaining to the implementation of the Businesses and Competitiveness Operating Plan and the Development and Cohesion Fund (OP DCF).

On 30 December 2019, an Addendum was signed. Following the specialist support provided, this will increase the activities and resources of the 2017 General Agreement. It expires on 31 December 2023.

The purpose of the DCF 2014-2020 is to support and upgrade the investments aimed at promoting growth and industrial innovation and access to credit, the activities underpinning the Space Economy plan for the MED DGPICPMI (Directorate General for industrial policy, competitiveness and SMEs) and the other incentives, with regional POR and DCF funds for which the MED GDEI acts as delegated manager. With the CIPE deliberation 14 of 28 February 2018, the financial allocation of the Plan has increased from € 1.4 billion to approximately € 2.5 billion.

On 17 March 2020, with CIPE deliberation no. 7, a financial supplement of € 200 million was approved to establish a national Energy Income Fund.

During 2021 the activities needed to cover all the projects provided for in the Plan were completed:

- management of the Plan, including the preparation of the annual report on its implementation;
- monitoring and supervision of the Plan;
- implementation of the works provided for in the main actions and the achievement of the expenditure targets, particularly by means of the interventions funding the Development Contracts;
- the activities relative to the management of the OP SME Initiative, as to the part funded by the Development and Cohesion Fund;
- the activities deriving from the delegation of the function to the MED, on the incentive instruments funded with regional resources;
- the activities underpinning the Space Economy Plan;
- checks on expenses already incurred;

- full operation of the OP DCF in synergy with the IC NOP ERDF, the OP SME Initiative and the IC COP.

Art. 44 of the Growth Decree (LD 34/2019) provided for a reclassification of the programming instruments drawn from the national resources destined for the cohesion policy owned by each Administration, in the context of a single Development and Cohesion Plan (DCP), to replace the multiplicity of variously-named planning documents, and taking into account the projects they cover. Therefore, with CIPESS deliberation 9/2021, the MED's DCP was approved.

During 2021, Invitalia provided support to the Administration in terms of recognising and reclassifying the projects drawn from the MED's DCF allocations, and also helped to reorganise the Plan overall, in the light of the framework provisions indicated in the CIPESS Deliberation no. 2/2021.

MED GDEI - Technical Assistance with the Complementary Operating Programme (COP) for Businesses and Competitiveness

On 27 October 2017, Invitalia signed a Technical Assistance Agreement with the MED GDEI. The IC COP, with a total allocation of € 696.25 million of national resources which supplement the EU programming, includes interventions for research and development (Sustainable Growth Fund), innovative investments for SMEs and significant interventions (Development Contracts) in the regions of Basilicata, Calabria, Campania, Puglia and Sicily.

On 30 December 2019, an Addendum was signed. Following the specialist support provided, the Addendum will increase the activities and resources of the 2017 General Agreement and expires on 31 December 2023, with a value of € 5,577,940 (including VAT).

The IC COP is complementary to the National Operating Programme Enterprise and Competitiveness 2014-2020 EFRD, based on the strengthening of the projects it covers, in respect of which it can set up an "overbooking" reserve in order to have greater impact and allow more efficient financial execution.

During 2021 the technical assistance activities continued. The aim is on the one hand to ensure the utilisation of the COP funds and on the other, to set up a single strategy which will - in response to the needs arising from the ongoing process of reprogramming the current IC NOP - form a single pool of projects and allow the efficient use of the available resources, with specific reference to the interventions to be completed in synergy and complementarity with the various operational programming instruments. The COP incorporates the reimbursements from the EU from the certification of expenditure due to the public health emergency.

The activities completed in 2021 include the initiatives to support the implementation of the project "Interreg Europe SMEPlus - Improving policy instruments to increase the energy efficiency in industrial SMEs", approved on 4 May 2020, which is to be implemented as an addition to the scope of the current General Agreement.

MED GDEI - Technical Assistance for the National Operating Programme (NOP) for Businesses and Competitiveness 2014-2020

On 20 March 2017 Invitalia, within the context of the IC NOP, signed an Agreement with the MED GDEI to provide technical assistance for the period 2016-2023.

On 30 September 2021 an Addendum was signed, which provides for an additional allocation of € 11 million (including VAT).

Overall, during 2021, all the following technical assistance activities that enabled the customer administration to initiate operations were started:

- the coordination and management of the Programme, including the preparation of the annual reports on its implementation;
- the definition of new incentives to be drawn from the additional allocations to the Programme;
- the full operation of the monitoring and supervision of the Programme;
- the implementation of the planned projects and the attainment of the expense targets;
- checks on expenses already incurred;
- the submission of payment requests to the European Commission;
- full operation of the programme, in complementarity and synergy with the NOP SME Initiative, the IC COP and the DCF OP.

During 2021, the amendments to the regulatory and guidance framework introduced at European and national level in response to the economic crisis caused by the COVID-19 emergency, the provision of 100% of the EFRD co-financing and the allocation of additional resources to the General Directorate, in the sum of € 1.3 billion from the React-EU initiative, have required the rescheduling of the IC NOP. Invitalia has also provided specialist support in respect of the negotiation and analysis (both regulatory and socioeconomic), and the definition of the strategy prior to the launch of the 2021-2027 programming cycle and the new National Programme for Innovation, Research and Competitiveness for the Green and Digital Transition.

MED DG AECE - Technical Assistance - COP Energy and Local Development 2014-2020

In March 2020, Invitalia signed a General Agreement with the MED - General Directorate for Procurement, Energy Efficiency and Competitiveness (DG AECE, now the DG ET (Energy Transition)) with duration from March 2020 to December 2023.

In summary, the technical assistance activities pertain to the provision of support to the DG IE in the management of the COP "Regional Energy and Development" which includes two separate lines of activity:

- the upgrading of the energy efficiency of public buildings and lighting systems on the smaller islands of the less-developed regions (Basilicata/Calabria/Campania/Puglia/Sicily);
- complementary to the similar works covered by the IC NOP 2014-2020, the construction of smart electricity distribution networks in the five less-developed regions (Basilicata, Calabria, Campania, Puglia and Sicily).

During the course of 2020, the implementation support activity continued, in relation to the buildings and lighting systems to be upgraded, by means of Institutional Agreements with the Municipalities of the smaller islands, in partnership with ENEA as regards the administrative aspects.

MED GDEI - IPCEI Microelectronics

On 22 September 2020 Invitalia and the MED GDEI signed a General Agreement pertaining to the technical assistance given to the 7th Division Research, Innovation and Large Investment Projects, relative to the management of the Fund indicated in Art. 1 paragraph 203 of Law 145 of 30 December 2018 (2019 Budget Law), set up to provide subsidies to companies taking part in the Important Project of Common European Interest "Connecting Europe's microelectronic industry to foster digitisation in Europe" in the sector of microelectronics (IPCEI Microelectronics), which was reported to the European Commission jointly by France, Germany, the UK and Italy and was authorised in Decision C (2018) 8864 final of 18 December 2018. In implementation of paragraph 203, the criteria for the use and distribution of the Fund were established in a Decree of the MED, in concert with the Minister for the Economy and Finance dated 30 October 2019.

During 2021, Invitalia's TA team provided technical and specialist support to the 7th Division in the following areas of activity. In particular:

- dealing with the requests for payment of subsidies received from Italian beneficiaries identified by the European Commission (STMicroelectronics and the Bruno Kessler Foundation), in terms of the administrative and accounting checks;
- monitoring of the progress made with the subsidy scheme and preparation of the related reports;
- the implementation and updating of editorial content for the subsidy's web page, including the preparation and updating of regulatory issues.

As at 31 December 2021, 5 requests for payment have been submitted by the two beneficiaries, STMicroelectronics Srl and the Bruno Kessler Foundation, relative to the first three years of works, with the total subsidies paid as of that date amounting to more than € 150 million. During 2021, STMicroelectronics made 2 requests for interim payment in relation to the 2nd and 3rd instalments of the subsidies while the Bruno Kessler Foundation has made 1 request for an interim payment in respect of the 2nd instalment of the subsidy.

Specifically, in a request for payment dated 7 January 2021, relative to the 2nd interim payment totalling € 238,328,908.27 (net of the amount already indicated in the 1st interim payment request), STMicroelectronics requested the payment of a grant equal to € 83,152,956.10 based on the costs incurred between 01.01.2018 and 31.12.2019. In a subsequent request for payment dated 30 June 2021, relative to the 3rd interim payment - currently being processed - for a total of € 281,996,052.80, it requested the payment of a grant of € 98,388,422.82 based on the costs incurred between 01.01.2020 and 31.12.2020.

In a request for payment dated 30 April 2021, relative to the 2nd interim payment totalling € 479,038.59, the Bruno Kessler Foundation requested the payment of a grant of the same amount, to cover the costs incurred between 01.11.2019 and 31.12.2020.

With the Directorial Decree 2201 of 4 August 2021, a payment was authorised for the Bruno Kessler Foundation, to cover the 2nd interim payment of € 479,038.59 as a contribution to expenses. The payment was ordered in payment order no. 1 of 6 September 2021.

With the Directorial Decree 2370 of 7 September 2021, a payment was authorised for STMicroelectronics, to cover the 2nd interim payment of € 83,152,956.10 as a contribution to expenses. The payment was ordered in payment order no. 3 of 23 September 2021, in the sum of € 41,746,672.93, and payment order no. 4 of 24 September 2021, in the sum of € 41,406,283.17.

With regard to the legislative context of the measure, in the course of the 2020-2021 period, the Fund's operability was extended pursuant to Article 1, paragraph 232 of Law 160 of 27 December

2019 (2020 Budget Law), which designated the IPCEI Fund to support severance indemnities in all areas of strategic intervention and in the value chains identified by the European Commission, with the aim of encouraging large-scale collaboration with a significant impact on the competitiveness of national and European industry. In implementation of that provision of law, by a Decree of the MED of 21 April 2021, in concert with the Minister for the Economy and Finance, the general criteria for the intervention and operation of the IPCEI Fund (severance indemnities) were defined, along with the criteria for the granting of subsidies to businesses participating in projects of major interest to Europe. The Fund was gradually refinanced during 2020 and 2021 for a total of € 1,832.8 million drawn from national resources. Drawing on these funds, the interventions of the IPCEI Fund (severance indemnities) undertaken by the MED relate to the IPCEI in the sector of Microelectronics, which is the subject of financial integration with the MD of 7 July 2021, and two IPCEI in the batteries sector, activated with the MD of 7 July 2021. To date, a further € 1,500 million from the National Recovery and Resilience Plan (NRRP) have been allocated to the future operation of the Fund, by a Decree of the Minister for the Economy and Finance of 6 August 2021.

MED DGEI - Technical Assistance for Infrastructure Projects - Phase II

On 23 June 2015, Invitalia and the MED DGEI made a General Agreement to run until 31 December 2018, concerning Technical assistance for infrastructure projects, relative to administrative management and monitoring of infrastructure projects in the context of the remodelling of the Regional Agreements (Patti Territoriali, PT) and Area Contracts (AC).

In the context of the General Agreement, Invitalia reconstructed the files of the subsidised projects and has completed the activities relative to their administrative closure (payment of the balance for completed projects, and commencement of revocation procedures for projects that were not started or are incomplete).

With the aim of concluding the administration of these incentives, on 4 July 2019 Invitalia signed a new General Agreement with the MED GDEI for a total of € 1,602,980 (excluding VAT), for the period 2019-2021. The General Agreement provided for the continuation of the work done by the Agency in the context of the previous one.

In 2021, the following activities were carried out:

- support for the preliminary work and checks required under the relevant legislation, to ensure the completion of the administrative procedures relative to the subsidised projects and infrastructure interventions;
- support for the legal, administrative and litigation aspects of the revocation procedures, and for the relevant obligations deriving from the ordinary and/or administrative court rulings;
- evolutionary maintenance of the information systems used by the Division;
- periodic monitoring of the progress of the projects, with specific reference to the disbursements paid by Cassa Depositi e Prestiti;
- support with the implementation of Art. 28 (Simplifications for the definition of the Regional Agreements and Area Contracts) of LD 34 of 30 April 2019 coordinated with Conversion Law 58 of 28 June 2019. In particular, the following activities were completed:
 - support with the administration of the self declarations submitted by the beneficiaries to obtain the balance due;

- assistance with the preparation of notes for the Cabinet of Ministers, accompanying reports including technical data, documents required for registration with the Court of Auditors intended for publication in the OG and on the MED website;
- in the context of the Regional Agreements and Area Contracts, support in identifying the subsidised business projects for which the incentive would be removed, by analysing the data held by the Division (database and information supplied by the Cassa Depositi e Prestiti) and by means of letters sent to the Managing Entities and Managers;
- support in preparing the multiple forfeiture orders and lists of projects that would no longer be subsidised, to be published pursuant to Art. 28, in the Official Gazette.

In relation to the CIPE deliberation on the Regionalisation of Regional Agreements, no. 26 of 25 July 2003, the following activities were carried out:

- participation in the technical teams convened by the MED in order to discuss, with the regional government representatives, the content of the Programme Agreements in order to correctly identify the allocation of the resources allocated in the CIPE deliberation no. 26 of 25 July 2003;
- support with defining the new projects to be funded by the resources allocated in the CIPE deliberation no. 26 of 25 July 2003. In particular, support was provided with the preparation of Programme Agreements discussed with the regional governments;
- support with signing the Programme Agreements;
- support with preparing the orders approving the Programme Agreements and documents needed to call up expired funds;
- support with preparing the orders for the commitment and payment, for the transfer of funds to the respective Regions.

In order to allow the closure of the open administrative procedures, and to assure continuity to the MED, thanks to the support provided by Invitalia in connection with the agreement, the GDEI, in a letter referenced 0223126 of 1 July 2021, asked the Agency to provide a specific proposal in order to guarantee the continued provision of technical assistance for the period 2022-2023.

On 29 December 2021, Invitalia and the MED GDEI signed an Addendum to the General Agreement of 04.07.2019, of a total value of € 1,173,370 (excluding VAT), for the period 2022–2023.

MED DGTPI UIBM - Support for policies to combat counterfeiting

On 29 May 2018 Invitalia signed a General Agreement with the Directorate General for the Protection of Industrial Property (formerly the Anti-Counterfeiting DG) – Italian Patents and Trademarks Office (DGTPI UIBM) of the MED, in order to develop a plan of action to strengthen the policies and instruments to promote and develop Industrial Property and to fight counterfeiting with the objective of diffusing a culture of legality and strengthening the protection of intangible assets to leverage business competitiveness.

The support provided to the MED DGTPI UIBM will last for 24 months from the start of each of the three lines of activity: Line 1 – Policies for the fight against counterfeiting; Line 2 - Support for the activities of the DGLC UIBM; Line 3 – Legal and regulatory affairs. The Line 1 and Line 3 activities were concluded in December 2020; meanwhile Line 2 was extended until 31 July 2021, when the activities were completed.

In 2021, Invitalia provided specialist support to the DGTPI UIBM for the production of its 2019-2020 Activity Report. Specifically, the activities related to the design of the Report in terms of its content and graphics, the collection and organisation of the updates and news relative to the activities of the various Divisions of the DGTPI UIBM in 2019 and 2020, the analysis and re-elaboration of data on industrial property rights, managed through the databases by the Directorate General, the drafting of the content, editing, English translation and printing of the report.

Finally, in 2021 Invitalia was also committed to continuing the provision of technical, administrative and managerial support for the implementation and monitoring of the 2nd and 3rd editions of the Tender for the financing of projects to enhance and improve the capacity of buildings for technology transfer offices in Italian universities, public research entities and scientific healthcare institutions, in order to increase the intensity of technological transfer flows towards the business system, while facilitating the development of scientific and technological knowledge in specific sectors and local contexts.

MED GDEI - Tax credits for investments in the South of Italy

The tax credit for investments in the South of Italy (under Law 208/2015) is an instrument managed by the MED GDEI for the purposes of funding EC, national and regional programmes using European funds and national co-financing.

Article 1, paragraphs 98 - 108 of Law 208 of 28 December 2015 (2016 Stability Law) introduced a tax credit for businesses which, from 1 January 2016 and until 31 December 2019 (deadline later extended until 31 December 2022), bought new assets expressly mentioned in paragraph 99, as part of an initial investment to be used in production facilities located in the less developed Regions and in the zones assisted by the transitional Regions.

Following the General Agreement signed on 1 December 2020 with the MED DGEI, in 2021 Invitalia essentially provided the MED GDEI with technical and specialist support for the management and implementation of the Measure, using European funds and national co-financing as provided for in the delegations signed by the DGEI with the regional governments of Molise, Calabria and Campania in the context of the POR EFRD 2014-2020, for the exercise of the intermediate body's functions.

Following the financial reprogramming of IC NOP 2014-2020, only a marginal amount of support was provided for the management and implementation of the tax credits measure, using the resources from the national programme.

The support related to the selection of projects eligible for the European funds, administrative controls on the project expenses, monitoring and certification of the eligible expenses on the reference programmes.

In 2021, 173 controls were started and concluded⁶, including on-desk administrative controls and in loco controls, for a total of 137 certified projects (including 2 NOP operations) with total certified expenditure of € 12,090,338.63.

MED DGTPI UIBM - Strengthening of administrative activity

On 13 June 2019, Invitalia signed a General Agreement with the MED DGTPI UIBM for the completion of a plan of interventions aimed at promoting industrial property (IP) and the fight against counterfeiting, which also involved the strengthening of administrative-accounting activities

⁶ Excluding Technical Assistance.

and the juridical-legislative procedures of the Administration, and strengthening the information services for users.

The technical assistance provided under the General Agreement concluded on 30 September 2021.

During 2021, Invitalia supported the MED DGTPU UIBM with the Secretariat activities of the National Council for the Fight against Counterfeiting and Italian Sounding (CNALCIS), contributing to the management of the administrative process for the designation of the Council members for the 2021-2023 mandate. Invitalia also contributed to the planning of events for the sixth edition of the National Anti-counterfeiting Week.

Invitalia also made a contribution to the annual updating of data regarding seizures of counterfeit products made by the police in Italy, as contained in the IPERICO (Intellectual Property – Elaborated Report of the Investigation on Counterfeiting) database managed by the DGTPU UIBM, and participated in the preparation of the 2021 IPERICO report on the analysis of the fight against forgeries in Italy between 2008 and 2019.

In 2021 support was also provided to the DGTPU UIBM in relation to the juridical-administrative verification of applications for the registration and renewal of national trademarks, and applications for objections to their registration, including the preparation of the Ministerial orders required under the relevant legislation. Invitalia also supported the Directorate in completing the administrative and accounting activities needed for the verification and payment of suppliers via SICOGE and for the management of procedures for the contracting of goods and services on the MePA platform.

With the objective of upgrading the information services for users, Invitalia supported the Directorate in the maintenance, updating and development of the databases, software and IT instruments used by the Ministerial offices. Specifically, in 2021, Invitalia the upgrading of content and maintenance of the Directorate's institutional website (www.uibm.mise.gov.it) and the development and implementation of the architecture and content of the new website (www.cnalcis.mise.gov.it) of CNALCIS.

During 2021 Invitalia also contributed to the Directorate's work by attending meetings and discussion groups and preparing documents and legal opinions.

In August and September 2021 Invitalia was also committed to providing technical, administrative and managerial support for the implementation and monitoring of the 2nd and 3rd editions of the Tender for the financing of projects to enhance and improve the capacity of buildings for technology transfer offices in Italian universities, public research entities and scientific healthcare institutions, in order to increase the intensity of technological transfer flows towards the business system.

MED DGMCTCNT - Consumers 2019-2021

On 23 April 2019, Invitalia signed a three-year General Agreement (expiring on 31 December 2021) aimed at providing technical support and assistance to the Directorate General for Markets, Competition, Consumer Protection and Technical Regulation (DGMCTCNT) of the MED, in order to complete the activities needed to promote consumer rights and opportunities as granted by national and European legislation under Article 4 of the MD of 12 February 2019 and to assure continuity in the implementation of a programme for the diffusion and strengthening of joint negotiations (Article 141-ter of the Consumer Code). The General Agreement, which was entered into as a continuation of the preceding agreements from 2012 onwards, was supplemented with the signing of an addendum on 29 December 2020, while the General Agreement maintained the same expiry date of 31 December 2021.

The activities included technical support, technical assistance, the design and management of new measures and initiatives relating to consumer protection, market supervision and product safety (Machinery Directive).

In view of the termination of the General Agreement on 31 December 2021, the General Agreement was extended until 31 December 2022 and was further extended in terms of the scope of the activities. In particular, with a letter of approval from the MED dated December 2021, the General Agreement of 23 April 2019 was extended until 31 May 2022, with the same level of funding; in the addendum of 30 December 2021, the activities provided for in the 2019 General Agreement were supplemented and continued, and were then amended by the Addendum of 29 December 2020. The financial allocation for the continuity and integration of the technical assistance activities and the management of the projects under the general agreement equated to € 2,315,873.67, plus € 650,000 intended for the refinancing of the Joint Conciliation Fund for the reopening – continuing on from the terms of the Notice of 30 November 2020 – for the purposes of the payment of grants to consumers' associations for successful conciliation procedures for a further period until 31 December 2022.

As in previous years, the work done in 2021 was intended to strengthen the technical and administrative capacities of the Directorate by providing support and technical assistance for the teams working at the Administration's offices, according to the specific organisational instructions of the Ministerial contacts.

The technical assistance activities related to:

- the implementation of European regulations and policies on consumer protection;
- the statistical and economic analysis for the price observatory;
- supervision on product safety and developments in technical regulations at national and EC level;
- support for the CNCU, the elaboration and publication of thematic updates and communication activities for the website www.tuttoconsumatori.mise.gov.it;
- the notified bodies, and the surveillance in the context of the NANDO system;
- management of the Products Contact Point and Construction Products Contact Point;
- the development of projects in the context of the Single Digital Gateway;
- surveillance of Accredia and the notified bodies;
- the recognition of unregulated professions;
- competition and consumer protection in the insurance industry;
- support for the management of regional support initiatives to provide assistance, information and education on the exercise of consumer rights and opportunities as provided for under regional, national and European laws, specifically through consumer contact points.

The activities under the general agreement also include the design, implementation and management of initiatives to promote the awareness of extrajudicial dispute resolution procedures among consumers and businesses, in the forms of joint negotiations as provided for in Article 137 b of the Consumer Code. In particular, during 2021 the operational management of two initiatives was launched in the form of over-the-counter tenders (Notice of 06.07.2020 and Notice of 30.11.2020), for the recognition of grants to national and regional consumers' associations for providing free support to consumers in connection with conciliation procedures.

In order to fund contributions to the beneficiaries of the new initiatives, the General Agreement provides for the use of public funds of up to € 1,500,000, which may be increased further.

In the context of these initiatives, in 2021 38,556 joint conciliations were accepted for funding, and the total grants paid to the beneficiaries amount to € 1,805,745, of which € 1,693,605 came from public funds and € 112,140 came from the funds co-paid by the members of the initiative. The total payments made in 2021 stand at € 1,482,705, drawn entirely from public funds, pertaining to the Notice of 6 July 2020.

MED DGEI - Social Economy

On 21 November 2018 Invitalia signed an agreement with the MED GDEI to guarantee technical and administrative support in relation to the management of the Social Economy measure expiring on 31 December 2021.

The General Agreement also regulates the technical assistance, in relation to the following intervention areas:

- assistance with the planning of the measure, with particular regard to the definition of the regulatory framework, the development of the procedures and workflows, the drafting of the technical-operational documents used in the application and implementation phases, and the adaptation of the IT applications, to the measure;
- technical support to the GDEI in relation to the administrative process of granting the subsidies, the proposals to the Committee, the information provided to banks and businesses about the subsidy instruments, the preparation of FAQ and draft replies to users' questions;
- the operational management of the measure with particular reference to the selection and assessment of projects, disbursements and monitoring;
- coordination and control, with particular reference to the supervision of the management of the incentive, the analysis of the dynamics/pathways of development of social entrepreneurship and the strategic guidance of the intervention, technical assistance to the Customer in respect of the overall management of the measure, and reporting on the activities performed;
- development and promotional actions to support the measure, with particular reference to the implementation, updating and maintenance of a section on the Agency's institutional website, the promotion of the incentive and the business support activities.

The aid rules were introduced into law with the Decree of the MED of 3 July 2015, with the aim of supporting the formation and growth of businesses operating in the general interest and for purposes of social utility.

Further measures were taken for the full implementation of this intervention, in order to regulate the mode of access to the incentives. In this regard:

- with the Decree of the MED of 14 February 2017, in concert with the Minister for the Economy and Finance and the Ministry for Employment and Social Policy, the rules needed to allow access to the incentives in the form of subsidised loans have been identified in accordance with the operational mechanisms established for the FRI, in accordance with Article 8 paragraph 1 of the Decree;
- the Decree of the MED of 8 March 2017, in concert with the Minister for the Economy and Finance and the Ministry for Employment and Social Policy, defined the criteria, conditions and financial

allocation (quantified at € 23 million, borne by the SGF) for the granting and disbursement of the outright grant in accordance with Article 8 paragraph 2 of the Decree;

- The Decree of the Director-general for Business Incentives of 26 July 2017 identified the terms and conditions for the submission of applications for subsidy, and provided useful information on the best implementation of the measure pursuant to Article 9 paragraph 2 of the Decree.

In 2019, in order to improve the operation and attractiveness of the measure, and to pursue the full attainment of the general objectives underlying it, an overall review of the rules governing the functioning of this intervention was undertaken. The review process continued in 2021 and is still ongoing.

The first step in the reform involved the introduction of substantial changes to the instituting Decree, which were implemented through the MED Decree of 11 June 2020. The main changes are the extension of the range of beneficiaries to include applications submitted by multiple parties; the inclusion of exempted aid regimes in addition to the current *de minimis* rules; the redefinition of the authorisation for non-repayable grants, with the maximum allowable value being raised to up to 20% of the permitted investment. In short, the factors which can facilitate access to the instrument by all enterprises working to strengthen the social economy have now been identified; this also includes cultural and creative businesses, with an approach based on collaboration among the various sectors involved.

The second step in the reform involved the introduction of the necessary changes to the Interministerial Decree of 14 February 2017. These changes were introduced with the Decree of the Ministry for Economic Development, in concert with the Minister for the Economy and Finance and the Minister for Employment and Social Policies, of 19 July 2021.

The third step necessary to define the reform involved the amendment of the rules for the authorisation and payment of the outright grants governed by the Decree of Minister for Economic Development 8 March 2017, and the updating of the definition of the charter of State aid for regional purposes. On 28 January 2022 the MED signed the Decree amending the Decree of 8 March 2017.

The provision in the above Decrees will apply from the date of issue of the Decree by the Director General for Business Incentives, which implements the Ministerial decrees.

The following information relates to the implementation of this measure for the years of operation (2017-2021).

The procedure for the submission of applications opened on 7 November 2017.

In 2021, 2 applications were presented and were considered acceptable for assessment. For one of these applications, the application process is awaiting conclusion while for the other one, which has completed the process, a positive opinion has been received from the assessment committee in relation to the positive impact of the investment programme in the local area, and the administrative process is now being completed. The applicants are type B social cooperatives (their aim is to include disadvantaged people in the workplace) and type A social cooperatives (whose aim is to provide social, socio-sanitary and educational services).

With the implementation of the subsidised investment programmes, which increase the employment rate among disadvantaged categories (8), approximately 100 new jobholders will be created, from these categories (people with physical or mental disabilities).

To date, € 34 million have been granted by way of subsidy, of which € 23.8 million are by way of subsidised loan (resources from the Revolving Fund for Investments – FRI) with approximately € 800,000 in the form of non-repayable grants (resources taken from the sustainable growth fund

– SGF). A total of € 10.2 million in bank finance has been granted in respect of the conceded subsidies.

In relation to the subsidies paid by way of subsidised loan, the total exceeds € 9 million, for 13 beneficiary enterprises.

The financial resources allocated to the Social Economy incentive instrument (MD 14.02.2017 and MD 08.03.2017) amount to € 223 million. To date, approximately € 198 million are available.

In a letter of 28 January 2022, under Article 10 paragraph 1 of the General Agreement, Invitalia sent the Directorate a formal request to extend the agreement in order to assure the continuation of these activities pending completion of the regulatory review of the incentive.

MINT DAIT - Support for controls on investment grants

On 6 October 2021, the Court of Auditors issued the registration certificate confirming the legitimacy of the General Agreement signed on 22 July 2021 by Invitalia and the Ministry for the Interior - Department for Internal and Regional Affairs (DAIT- Dipartimento per gli Affari Interni e Territoriali). The duration of the agreement is two years ending on 6 October 2023.

The assistance and support provided to the MINT pertains to the management and control of the grants paid by the Local Finance Office of the DAIT, intended for public works completed by local and regional bodies. According to the lines of activity of the mandate, with regard to the auditing and control initiatives, the following activities were performed in the final quarter of 2021:

- assistance with the planning of the implementation and control activities: development of the first version of the Control Manual and the administrative and accounting checklist for the on-desk checks, and sample checks on the grants for investment of Local Finance;
- checking of the completeness and accuracy of the 1,100 reporting documents submitted by the local beneficiaries of grants paid in respect of instruments available under the 2018 and 2019 Budget Laws;
- development of an interactive computer database from which to take reporting samples on investigations and in loco visits carried out pursuant to Article 158 of the TUEL (Local Authorities Consolidation Act);
- support with the development of a new section on reporting, in the TBEL application, with the preparation of manual and technical instructions for users.

With regard to the support for the management and allocation of grants in order to screen the eligibility of the applications and the management of the grants and check the eligibility of the expenditure (preparation of the documents needed to elaborate the disbursement devices; replies to the beneficiaries' questions; preparation of FAQ), the following activities have been carried out:

- assistance with the preparation and amendment of 1 order for the payment of funds, 1 order for positioning on the rankings, 1 order for the allocation of funds after the assessment phase;
- assistance with preparing the documents needed to obtain disbursement of the grant (deed of acceptance and obligation, Model application form);
- 15 replies to technical queries made by the beneficiaries, concerning the proper use of the funds, the type of eligible projects, the mode of application of the Public Procurement Code in view of the subsequent legislative changes, the application of the EC principles and obligations relative to the achievement of targets and milestones pertaining to Missions of the Department;
- the elaboration and updating of FAQ about the line of funding for Integrated Urban Plans;

- the elaboration of a Ministerial communication to advertise the transfer of funds for 2021 within the NRRP, with a consequent focus on the EC obligations and principles;
- technical assistance in preparing the documents needed on receipt from the beneficiaries of the documents for the payment of the grants, such as the confirmation of interest, notification of revocation of the grant, certificate of completion of works.

INAIL - Reimbursement for the purchase of PPE under Art. 43 of LD 18/2020 (Impresa Sicura)

This measure was introduced by Article 43, paragraph 1 of LD 18 of 17 March 2020 (Cure Italy Decree), under the heading Contributions to companies for safety and strengthening of healthcare safeguards published in the OG 70 of 17 March 2020. The financial allocation for this measure, of € 50 million, has been taken from the funds already planned in the 2020 provisional budget of INAIL, and have been transferred in full by INAIL to the Agency. No general agreement was made between the Agency and INAIL for the management of this intervention⁷ but in order to guarantee the smooth running of the operational process, Invitalia has provided roles who are able to control the following areas of activity/competence:

- the structuring of operational mechanisms for the management of the voucher scheme;
- definition of the legislative aspects relative to the legal award to the Agency of the operational management of the measure;
- defining the regulatory, administrative-procedural and management framework of the intervention;
- implementation and evolutionary maintenance of the ICT platform, preparation of the administrative documents relative to the preparation of the list of bookings and the adoption of the cumulative award decision;
- the payment of subsidies to the beneficiaries;
- sample post-disbursement checks concerning the accuracy of the declarations given when the application was made;
- periodic monitoring of the progress of the projects;
- dedicated contact centre for businesses;
- implementation and updating of the section dedicated to the measure on the website of Invitalia.

The primary objective of the instituting law for this instrument (Art. 43 para. 1 of Decree Law 18/2020) is to support the continuity of business production processes while ensuring safety, following the COVID-19 health emergency, by reimbursing purchases of devices and other personal protective equipment made by companies. The Notice, which was authorised on 29 April 2020, was prepared on a "non-aid" basis, and the incentive took the form of a reimbursement to be paid to the limit of the available funds, at the rate of 100% of the eligible costs up to a maximum of € 500 for each employee in the company, and up to a maximum per individual business of € 150,000. With regard to presentation of the applications for reimbursement, the Notice provided for a three-phase online procedure through which companies could first book their reimbursement (phase 1);

⁷ The project Reimbursement for the purchase of PPE under Art. 43 of LD 18 of 17 March 2020 (Cure Italy Decree), is not regulated by a specific agreement; on 8 May 2020, Invitalia informed INAIL, in a letter referenced 0068682, of the mode of activation of the activities provided for in Art. 43 of LD 18 of 17 March 2020 (Grants to companies for safety and the upgrading of medical devices).

a list of all the bookings received was then published and at the same time the companies that were authorised to access the next phase (phase 2) were identified; finally, the companies that were well placed in the previous phase were then able to complete the application for reimbursement (phase 3).

In 2020, there was a follow-up of the applications which led, as of 31 December 2020, to the definitive acceptance of 2,671 applications out of the 2,691 included in Annex A, due to the publication of four decisions. On the same date, with the requirement stated in the 2,911 applications amounting to € 51,328,902.32, it was found that € 47,114,958.45 had been paid (2,612 applications).

The following information relates to the implementation of this measure as at 31 December 2021.

The checks carried out on the application in Annex A which had not yet received a definitive allocation as at 31 December 2020 led to the issue of another 2 notices of acceptance for the refund during 2021, as a result of which 2,674 applications have now received an acceptance notice, of which 3 were accepted due to having risen up the ranking when financial resources became available.

In 2021, the grant was paid to 59 of the accepted applications. In some cases, this was a second disbursement following a supplement to the grant conceded, due to the completion of the preliminary checks. As at 31 December 2021 a total of 2,652 applications had received a disbursement, corresponding to disbursed funds of € 48,147,588.70, of which € 1,032,650.25 related to 2021.

MED DGRIC - Technical Assistance for the Health Operating Plan

Invitalia has signed a General Agreement with the Ministry of Health – Directorate General for Research and Health Innovation (DGRIC), relating to technical support provided to the Ministry for the implementation of the Health Operating Plan, which also provides for transferable technical assistance relative to the management, monitoring, control and reporting of the OP itself.

During 2021, despite the continuation of the situation induced by the COVID-19 pandemic, the TA actions have accelerated the implementation of the Plan, resulting in:

- registration with the Court of Auditors, and the resulting publication, of the notices of declaration of interest for the five technological pathways, covering the entire financial allocation of the Plan;
- approval of the annual report on the implementation status and information about the outcome of the notices, by the Surveillance Committee;
- implementation of Simon Web (the monitoring system of the MEF IGRUE) and migration of the records of the Operating Plan and TA interventions onto the single database, as well as logging of the Activation Procedures relative to the Notices for the five technological pathways;
- approval of the Management and Control System manual (Si.Ge.Co.) for the Health OP, and of the related documents, by the Territorial Cohesion Agency;
- the first transfer of the DCF, following the request for an advance drawn on the TA project, and the related payment managed on the SAP – MEF IGRUE systems, for the management of cash flows under the Plan;
- definition of the notices to identify roles with high skill levels to sit on the assessment committee, required for the Notices of declaration of interest;

- preparation of the checklists summarising the administrative procedure relative to the eligibility of the applications for participation in the public notices, for almost all the projects submitted;
- implementation of the measures introduced by the CIPESS deliberation no. 2 of 29 April 2021, which superseded the DCF Operational Plans and introduced the Development and Cohesion Plans (DCP): definition of the governance, designation and appointment of the new Surveillance Committee, the new Committee's operational rules; approval of the DCP Health and adoption of the new Si.Ge.Co.

By 31 December 2022 it is expected that the legally binding commitments will be made in accordance with the provisions of Law 87 of 17 June 2021.

Ministry of Health DGPROGS - GOV NOP Supporting Chronic Disease with ICT

On 29 January 2020, Invitalia made a General Agreement with the Italian Ministry of Health – General Directorate for Health Planning (DGPROGS) with a duration from 29 January 2020-30 September 2023. The General Agreement provides for the provision of technical support to the Ministry of Health in order to implement the project funded under the GOV NOP 2014-2020 named Chronic disease - Supporting the challenge of chronic disease with the help of ICT, with particular reference to the cross disciplinary lines of intervention named Communication and Dissemination and Economic-Financial Monitoring and Implementation Control.

On 16 March 2021 an Addendum was signed in order to organise the privacy role of the Agency with regard to the activities, without affecting the value or duration of the General Agreement.

In 2021, the following activities were carried out:

- support for project management activities: this includes coordination, organisation and support for operational activities and the planning of the allocated resources; dealing with contractual relations with suppliers; assisting with the governance of expenditure;
- support with economic-financial monitoring: guaranteeing the proper operational implementation of management procedures by providing work tools such as a guidebook for reporting by external experts. Invitalia also supported the DGPROGS Office I in defining the implementation procedures to conclude the selection of experts for the Local Technical Unit, by following the full procedure from studying the candidates' CVs through to the arrangement of interviews and preparation of all the necessary documentation. The Invitalia WG also provided technical assistance to the DGPROGS Office VII, with ongoing monitoring on the progress of the LTU's post-contract activities, sending to DGPROGS the LTU's expenditure monitoring file on a bi-monthly basis together with the flow of activities for each person involved, and preparing the draft commitment decrees and the invoicing authorisations for each LTU;
- communication and dissemination: in the context of the Communication line of intervention, the Communication Plan for the project was updated (as provided for in the programme output) and in accordance with the contents of the Plan, 4 events were organised and held (Exposanità; ForumPA, FPASanità and Risk Management Arezzo); videos, podcasts and all the other materials required for the events were also produced. The project website www.osservatoriocronicita.it, was also regularly updated and is delivered through an external hosting service.

For the website, which is continuously updated, the implementation of the Digital Kit Service was designed at the end of 2020 to ensure that all digital output for the project could be accessed.

Invitalia has also enabled the completion of :

- a collaborative programme management platform to support the LTU and NTU working groups of the Ministry of Health, defined the Practice Community, and selected the provider for the design, development, commissioning, hosting and maintenance of the platform, which went live in September 2021, when training was also provided to all the players involved;
- a financial monitoring and physical-procedural monitoring platform to check the progress and results of the project, including the selection of the provider and the design of the data model and functionality in order to allow the go-live early in 2022.

MED GDEI - Technical Assistance; Porto Marghera Phase II

The Programme Agreement for the reconversion and industrial redevelopment of the Porto Marghera complex industrial crisis area (Porto Marghera PA) was signed on 9 January 2015. Its goal is to encourage the reconversion and economic upgrading of the Porto Marghera area by implementing a series of interventions necessary to optimise the area's infrastructure framework.

The Porto Marghera Programme Agreement signatories are the MED GDEI, the Veneto Regional Government, the Municipality of Venice and the Venice Port Authority (now the Port Authority for the Northern Adriatic Sea). These bodies are represented in the Agreement's Coordination Committee with the task of ensuring its implementation.

The total value of the Porto Marghera PA amounts to € 152,466,057. It is allocated to financing 23 infrastructure projects, in addition to a technical assistance intervention.

On 25 May 2015 Invitalia signed a General Agreement with the MED in order to implement the above project. The General Agreement identified the Agency as the implementing body for these activities, as the in-house provider for the GDEI, expiring on 8 January 2018.

In relation to the technical assistance provided to the GDEI (project no. 24 of the Porto Marghera PA), the activities included technical assistance for the Coordination Committee, support for the project preliminary phases and for the verification of monitoring data for the purposes of implementing the Porto Marghera PA.

Following the problems that arose in connection with implementation of some of the projects, the signatories to the Agreement chose to redefine the original framework of the interventions by means of an Addendum signed on 27 January 2017 and approved with the Directorial Decree 771 of 15 February 2017 registered with the Court of Auditors on 12 April 2017, number 228.

The Addendum to the Porto Marghera PA rescheduled the framework of interventions, and the projects to be completed by the individual contracting authorities have decreased from 23 to 22, giving a total value for the Agreement of € 149,620,869.73, but without affecting the technical assistance programme (Invitalia project no. 24). The Addendum extended the duration of the Agreement from 8 January 2018 until 30 June 2019.

For that reason, on 13 February 2018, with the decision no. 426 registered by the Court of Auditors on 8 May 2018, register no. 1-326, the Ministry, while leaving the total price unchanged, approved the extension to the General Agreement signed on 25 May 2015 with regard to the governance of relations between the MED and Invitalia for the period 09 January 2018-31 December 2019.

Following the further delays in implementing some of the projects, the GDEI, considering the favourable opinion of the Coordination Committee for the Porto Marghera PA of 6 June 2019, considered that the conditions for the granting of the extension to the agreement until 31 December 2022 and 13 February 2020 had been met, with the Directorial Decree 849 registered with the Court of Auditors on 28 February 2020 with registration number 116 and approved that extension with the second addendum signed on 16 December 2019.

Following the extension of the Porto Marghera PA, on 20 February 2020 the MED GDEI asked Invitalia to submit a proposal for the award of the technical assistance activities needed to complete the project implementation procedures; the Porto Marghera PA coordination committee then approved the funding for the continuation of the technical assistance activities with Invitalia (project 24) with the economies of scale generated by the implementation of the projects.

On 11 December 2020 the new General Agreement was signed in order to govern the relations between the MED and Invitalia, and to continue the technical assistance with the Porto Marghera PA until 31 December 2023, with a financial commitment of € 213,056 (including VAT). The General Agreement was approved by the MED on 18 December 2020 with decision no. 4190, and was registered with the Court of Auditors on 27 January 2021, registration no. 50.

The technical assistance activities undertaken in 2021 addressed:

- secretarial services for the Coordination Committee, including attendance at the meetings;
- monitoring of the administrative, physical and financial progress of the projects covered by the Porto Marghera PA;
- technical support for the administrative work done by the GDEI in relation to the eligibility of the costs claimed in the interim reports on the funded projects, prior to the disbursement of the funding;
- technical support for the final administrative work done by the GDEI, relative to the eligibility of the costs claimed in the final reports, prior to the disbursement of the final quota, including details of the economies to be rescheduled;
- support in preparing the administrative documents used to implement the Porto Marghera PA (such as addenda to the Agreement);
- support with the examination and approval of the change proposals pertaining to the contents of the Porto Marghera PA;
- support for the analysis and checks on eligibility of the rescheduling of the economies/revocations deriving from the project implementations, and commencement of the procedures to amend or vary the Porto Marghera PA.

MiTE - Technical assistance and specialist support with the planning, management and implementation of the Operating Plan: Environment DCF 2014-2020

Since February 2019 Invitalia has been supporting the Ministry for the Environment in connection with the planning, management and implementation of the Operating Plan: Environment DCF 2014-2020, relative to the sub-plan Projects to protect land and water, with the priority Mitigating Hydrogeological Risk which is the responsibility of the Directorate General for the Safety of Land and Water (SuA).

Since November 2019 Invitalia has also acted to support the management and implementation of the sub-plans Interventions For Management of the Waste Cycle, the responsibility of the Directorate General for the Circular Economy, and Energy Efficiency Interventions for Public Buildings and Buildings of Public Use, which is the responsibility of the Directorate General for the Climate, Energy and Air (CLEA). As part of the activities performed for CLEA, Invitalia carries out technical and financial checks on the definitive and executive plans, remodelled in accordance with the current legislation with particular reference to energy requirements and the minimum environmental criteria.

In 2021 Invitalia performed technical and specialist activities needed to ensure the completion of the interventions and their monitoring.

Relative to the sector "Mitigating Hydrogeological Risk and Coastal Erosion" and the monitoring and technical support activities for the beneficiaries/implementing bodies, Invitalia supported the DG SuA in updating the DPCM of 28 May 2015 (Criteria) which led to the approval of the DPCM of 21 September 2021.

The working group has also supported the DG SuA in preparing the summaries and tables relative to the projects to be funded through the Recovery Plan, and in selected projects to be included in it.

The first version of the Land Protection Database has also been produced, which is designed to represent the economic and financial data and implementation status of the projects funded and managed by the MATTM (now MiTE) since 2010 to date, and to monitor the progress of expenditure.

The data contained in the Land Protection Database constructed by Invitalia in 2020 has also been updated, with the ongoing recognition, collection, analysis, standardisation and cataloguing of data related to the issue of land protection, distributed across the various available data sources.

MiTE DGRIA - Technical assistance for asbestos reclamation

On 24 July 2020, Invitalia signed a General Agreement with the Directorate General for Environmental Regeneration (DGRIA). During the first 3 months, the working group upgraded the website, which is available at <http://www.amiantopa.minambiente.it>, and the area reserved for the presentation of preliminary and definitive reclamation projects for the reclamation of public or public-use buildings contaminated by asbestos, in line with the indications of the new call for tenders.

A technical assistance team was also set up, to provide assistance to the PA with the registration and submission of the preliminary and definitive projects for the reclamation interventions, and throughout the whole of the submission procedure, by providing responses to queries raised in relation to the forms of financing available for the call for tenders, how to upload the application, the reference regulations and the functioning of the system.

In 2021 Invitalia supported the DGRIA with the analysis of applications submitted by the local PA. The activities related to the following areas:

- support with the application phase;
- recalls, to request additional documents from individual Administrations;
- the preparation of reports on the integration status;
- management of the certified email address (amiantopa.AT@pec.minambiente.it) and contact with the PA through this channel;
- the uploading and updating on the platform of the additional documents from individual Administrations.

On 9 February 2022 the MiTE DGRIA, with its Directorial Decree no. 5 of 25 January 2022, approved and published a list of the applications relative to the Directorial Decree of the former Ministry for the Environment and Land and Sea Protection no. 486/STA of 13 December 2019, for the planning of works to remove asbestos from public buildings, published in the *Official Gazette* General Series 288 of 19 November 2020.

MiTE DG CreSS - Technical assistance for the assessments and environmental authorisations on websites, and related applications

Since July 2019 Invitalia has provided technical support to the Italian Ministry for the Environment (MATTM, now MiTE) - Directorate General for Sustainable Growth and Quality Development (DG CreSS), for the purposes of information security and for the supply of services delivered through the Environmental Assessments (EA) portal.

Also in 2021, until 4 July, the end date for the activities as provided for in the General Agreement, Invitalia provided technical assistance for the management, maintenance and data security of the EA website (<https://va.minambiente.it>) and of the platform for the management and publication of map data, through:

- publication of map data;
- management, maintenance and security of the software;
- evolutionary upgrades to the EA web portal - Integrated Environmental Authorisation section;
- evolutionary on-demand modifications.

MiTE DGRIA - Asbestos

On 14 January 2021 Invitalia signed a General Agreement with the MiTE DGRIA: in the first 12 months the working group defined and adopted the standards for the population and automated updating of the asbestos maps, under MD 101/2003 and upgraded the functions of the existing application (<https://infoamiantopa.minambiente.it/>).

With this activity it was necessary to set up discussion groups with the Regions in order to guide the analysis, the types of tools used, the workflows relative to updating of the data and possible co-operations between the various instruments used in the same regional context.

Work also started to digitise the DG's print archives during this first year. This activity enables users to browse the documents from different positions simultaneously, using digital devices.

The technical activities related to the following areas:

- an analysis of the application components used by the individual Regions and Autonomous Provinces to collect, catalogue and manage the data;
- mapping of fields in the regional databases used to populate the PA Asbestos Info database;
- design and development of the software module used to populate the PA Asbestos Info database;
- the production of reports on the data collected.

Another important activity covered by the General Agreement that Invitalia is working on, is the drawing up of the technical specifications and supporting documents needed to acquire satellite images and other data which is used to update and verify the National Asbestos Plan (buildings with asbestos cement roofing).

This line of action is based on a close collaboration with regional authorities, in order to identify areas of the region that require a surface analysis as a priority, or a condition check following reclamation operations, or places where the information is obsolete and no longer reliable.

MITE DG ECi - Technical and specialist services to improve the efficiency of activity management

On 5 March 2021 the Directorate General for the Circular Economy (DG ECi) and Invitalia signed a General Agreement, with a duration of 36 months, for the following activities:

- the management of applications submitted for subsidies, aimed at promoting and/or increasing the circular economy;
- implementation and management of distance training projects on the topic of Green Public Procurement (GPP), Minimum Environmental Criteria (MEC) and End of Waste;
- the activation of circular economy strategies by assessing innovative projects;
- the construction of an information system to support the End of Waste working group and CAM;
- the analysis and mapping of internal processes within the DG ECi in order to identify and propose solutions to improve its procedural and administrative efficiency.

MiTE DG CreSS - Technical Assistance Phase II

In continuity with the project relative to the technical assistance for the MiTE DG CreSS in respect of the environmental authorisations and assessments on websites and related applications, which was completed at the end of June 2021, the Agency has been asked to support the DG CreSS for a further 24 months, as the entity responsible for the following lines of activity:

- the management, maintenance and security of the website and applications on the Environmental Assessments (EA) portal;
- digitisation of the entire document flow for the assessment procedures and the Strategic Environmental Authorisation, Environmental Impact Assessment and Integrated Environmental Authorisation procedures;
- improving public access to the portal for environmental assessments and authorisations;
- the checking, control, elaboration and publication of regional data relating to plans, programmes, projects or systems which are subject to environmental assessment or authorisation procedures;
- the integration of the map data publication system (GIS Web services relative to plans, programmes, projects and systems), using the Ministry's GEMMA application.

MiTE - Technical Assistance for the National Radon Action Plan

On 29 September 2021 a General Agreement was signed to provide support with the creation, updating and maintenance of the website, the platform for the management of publication of map data and the related applications, and the management of dialogue with the public and the public/private entities involved in the National Radon Action Plan. On 15 October 2021 the Central Budget Office of the Ministry, having completed its obligations, registered the Directorial Decree 384 of 11 October 2021 approving the General Agreement and committing the funds needed for its implementation. The activities were started on 15 October 2021 for a period of 24 months.

Below is a list of the activities covered by the General Agreement:

- the building, management, maintenance and security of the website and applications needed to assure a high level of performance;
- the checking, control and processing of regional data; the publication of GIS web services containing frameworks and locations of the measurements and remediation works (this activity also applies to the regional and local data); integration of the map data publication system with the existing services relative to the management of data used to represent the national context on a local scale, relative to radon;
- input and validation of data after recognition – members of the public, consultants, businesses, institutions etc., with details of the methods used to generate the data.

The analysis and design of the radon website is now complete and the development work started on 15 March 2022.

MINT DPPACRSF - Specialised support services for the Audit Authority of the Asylum, Migration and Integration Fund (FAMI) and the Level I Controls for the NOP Legality 2014-2020

On 18 February 2020 the Court of Auditors issued the registration certificate confirming the legitimacy of the General Agreement signed on 30 September 2019 by Invitalia and the Ministry for the Interior and its Department for Civil Administration Personnel Policies and for instrumental and financial resources (DPPACRSF). The duration of the General Agreement is three years, ending on 18 February 2023. This mandate is a continuation of the support activities already provided to the DPPACRSF, between June 2017 and July 2019. Compared to the previous mandate, concerning support for the Asylum, Migration and Integration Fund Audit Authority and the Internal Security Fund, the mandate started in 2020 has integrated these activities with the support given to the Level I Controls Office for the NOP Legality 2014-2020.

As with the activities already formed between 2017 and 2019, this intervention is a strengthening of the Ministry's teams of experts, to include a working group of specialists consisting of personnel from within the Agency.

During 2021, support was provided in connection with the preparation of documents for the European Commission DG HOME, in the context of the audits on the emergency actions: European Migration Network – Italian National Contact Point (EMN-NCP) 2017-2018 and on the Regional Development Protection Programme for North Africa (RDPP NA) 2015, which were checked for the purposes of preparing certifications in previous years.

Controls were also carried out, including the preparation of audit certificates, for the emergency action Support to Integrated Border and Migration Management in Libya (SIBMMIL 3), presented by the Italian Ministry for the Interior for the reimbursement of the DG NEAR of the European Commission, for the sum of € 4 million.

In the context of the support activities for the Audit Authority of FAMI, controls were carried out on 20 projects, for the purposes of closing the accounts to be submitted to the European Commission.

With reference to the support to the Level I Controls Office of the NOP Legality between 2019 and 2020, 155 cases were processed, of which 17 were audits on the contracting procedures completed by the beneficiaries; 82 were audits on expenses prior to payment and 56 were audits on payments in the context of Axes I, II and V, for a total of approximately € 28 million.

MINT DCIPF – Support to Integrated Border and Migration Management in Libya – First Phase

On 5 August 2019, Invitalia signed a Framework Agreement (expiring on 31 December 2020 and extended to 30 March 2021) with the Italian Ministry of the Interior - Department of Public Safety - Central Directorate of Immigration and Border Police DCIPF), the aim of which is to support the DCIPF with the implementation of the project Support to Integrated Border and Migration Management in Libya – First Phase. The project is being implemented under the Delegation Agreement of 15 December 2017, co-financed by the EU as part of the Trust Fund For Africa.

Invitalia's involvement has addressed the following lines of intervention:

- Line 1 - Technical Assistance:
 - methodological and organisational support: the activities involve the definition of strategic and operational objectives which are structured into lines of intervention, to which resources, times and modes of execution must be allocated;
 - technical-administrative support: the activities involve strengthening the administrative and managerial capacity of the offices committed to delivering the contract, on the basis of the obligations deriving from the agreement;
- Line 2 – support for the procurement authority activities: The activities consist of completing the tender procedures for the award of public contracts for services and supplies needed to complete certain interventions relative to implementation of the project. Invitalia has completed these actions in its role as Central Procurement Authority, pursuant to Articles 37 and 39 of LD 50 of 18 April 2016 (Public Procurement Code).

In implementation of the General Agreement, during 2021 work continued on the Line 1 activities relative to providing support for project management, monitoring, and the progress of the activities based on the time frame.

Relative to Line 2, in January 2021 the Ministry asked the Agency to launch an open procedure for the award of a contract to supply 14 open-ocean inflatable boats with 12-m rigid fibreglass hulls, complete with 4-stroke outboard engines to be sent to Libya. The procedure was published on 23 March 2021.

As of 30 March 2021, the natural expiry date of the General Agreement, and according to the provisions in the specifications, the technical assistance activities have now been completed (Line 1), whereas the Line 2 activities for the auxiliary contracting authority are still active, in respect of the completion stages, in relation to the open procedure started during the term of validity of the General Agreement, for the supply of 14 inflatable boats.

MIT DGES - PinQua Project

On 18 February 2021, Invitalia made an agreement with the Italian Ministry for Infrastructure and Transport (MIT) - Mission Technical Structure (MTS) for strategic guidance, infrastructure development and Intensive Surveillance and the General Directorate for State Construction and Special Projects (DGES), in relation to operational support with the High Commission activities referred to in Interministerial Decree 395/2020 pertaining to the National Innovation Programme for Quality Housing (PinQua).

The purpose of the Programme is to promote the regeneration of specifically identified urban areas in order to reduce disadvantaged housing situations with particular reference to suburban areas, and to increase the quality of living conditions and parts of the city (Article 1, paragraph 437 of Law 160 of 30.12.2019). These processes are implemented by the proponents through proposals in which social housing is given a priority role in order to offer coherent responses to the needs of the selected area.

The Invitalia team assisted the MIT in setting up a cloud environment to collect the documents for each proposal submitted, as well as a structured database containing the data for each proposal. From the database, checklists were created which were used by the Public Investments team to assess the proposals. A so was then created to allow the scoring of each proposal based on a scoring system structured according to Article 8 of Interministerial Decree 395 of 16 September 2020. These tools were then used in the assessment by the High Commission, appointed by a Ministerial Decree as referred to in Article 1, paragraph 439 of Law 160 of 27 December 2019.

290 applications were received during the procedure, of which 271 were considered eligible, with a total value of € 4,266,644,470.29 divided as follows:

- 263 proposals made under Art. 4 (Ordinary projects - maximum € 15 million of subsidy) for a total of € 3,611,336,511.29;
- 8 proposals made under Art. 14 (Pilot - maximum € 15 million of subsidy) for a total of € 655,307,959.00.

As the Programme is part of Mission 5, Component 2, Investment 2.3 of the NRRP, the Decree 383 of 7 October 2021 allocated the full € 2.8 billion from the NRRP plus approximately € 21 million from the amounts left over for the PinQua Programme from 2019 and 2020. 40% of the funds were allocated to projects in the regions of the South of Italy. With that allocation, in Annex 1 to the Decree 151 proposals were subsidised under Article 4 whereas in Annex 2, the 8 projects under Article 14 were funded.

The list in Annex 3 contains the proposals made under Article 4 which were presented and accepted by the High Commission, but for which there is not currently enough funding.

In December 2021, the entities on the admission lists submitted their acceptance of the funding, and the calendar rescheduled according to the objectives of the NRRP M5C2 Investment 2.3, which specifies that the projects covered by the measure must, by March 2026, satisfy the European target M5C2-20 which consists of support for 10,000 homes (new builds or redevelopments) covering at least 800,000 m² of public space.

Following the rescheduling of the programmes, Directorial Decree 17524 of 29 December 2021 was published. It contains a list of the 8 projects definitively accepted for funding under Article 14, for the sum of € 655,307,959.24; in a further measure adopted in January 2022, the 151 projects admitted under Article 4 with a total value of € 2,161,453,067.71 were definitively accepted for funding.

MIT - System-level actions Programme, ACP 2007-2013

Since April 2017, Invitalia has supported the General Directorate For Local Development, Programming and International Projects of the Ministry for Infrastructure and Transport (MIT) within the context of the System-Level Actions Programme, with the implementation of the Cohesion Action Plan (CAP) for the Safeguarding of the NOP Networks and Mobility 2007-2013, which currently provides for the completion of 31 major transport infrastructure projects (roads, ports, railways, interports and airport infrastructure) to the value of more than € 400 million.

In this context, Invitalia has also assisted the MIT in the completion of the NOP Networks and Mobility 2007-2013, of which the CAP is a complementary programme.

The closure of these activities was originally planned for 31 December 2019 but was then extended until 31 May 2020. In November 2019, the MIT General Directorate for Local Development, Programming and International Projects asked Invitalia, as an in-house entity, to submit a proposal for a plan of activities in order to guarantee ongoing support with the Programme for a further 24 months.

On 13 March 2020, Invitalia and MIT signed a new two-year General Agreement for the Technical Assistance line of the Safeguarding CAP and on 31 March 2020 the General Agreement was authorised by the Court of Auditors and has thus become operational.

In 2021, work continued in support of the general implementation of the CAP and to support the monitoring, control and certification of expenditure as well as the management of disputes related to the projects.

Finally, with regard to the closure of the NOP Networks and Mobility 2007-2013, the Administration was assisted in its negotiations with the European Commission with regard to the Final Execution Report of the updated NOP and with the related supplements and requests for clarification.

MUR - Support for Level I controls on the NOP Research and Innovation projects, 2014-2020

Since November 2018, Invitalia has continued to provide support to the Administration of the Ministry for Education, Universities and Research (MIUR, now the MUR) for the Level I controls on projects pertaining to the 12 specialisation areas identified from the National Research Programme (NRP) for 2015-2020.

The project, named "Controls 12 Specialised Areas" was formalised in a General Agreement made with the MIUR (now the MUR) on 24 July 2017, registered with the Court of Auditors on 7 September

2018, with a duration until 31 December 2022 and utilising the resources of the Development and Cohesion Fund (DCF).

After the preparation of a checklist and the operational manuals, the following activities were carried out throughout December 2021:

- 50 checklists pertaining to the selection of the operations to be included in the programme;
- 85 checklists to verify the disbursements of advances to the value of € 19 million;
- completion of the verification process for 184 interim payment requests made for different projects, involving the preparation of 1,237 checklists totalling € 120 million of reported expenses which, of the advances already paid, which allowed a further 237 payments totalling € 10 million which were then in turn verified as per the following point;
- 237 checklists to verify interim payments totalling € 10 million.

MISM – Technical Assistance, DCP Infrastructure 2014-2020

Under the General Agreement between MIT (now the MISM) and Invitalia of 20 January 2021, technical support activities were provided to the MIF – General Directorate for Local Development, Planning and International Projects, in respect of the planning and management of the MISM Development and Cohesion Plan (DCP) 2014-2020.

The total financial allocation amounted to € 9,998,919 (excluding VAT) and has a duration of 5 years from the date of registration by the control body, which took place on 4 March 2021.

The technical assistance activities concern:

- support with the governance of the Operational Plan: coordination and guidance of the Plan and support with the management processes of the Operational Plan;
- implementation of the projects and management of the financial circuit: support with the implementing checks; support with expenditure certification; support with the control activities;
- communication and promotion.

The DCP relates to various types of infrastructure project (roads, railways, ports, airports and dams) implemented by various implementing bodies and beneficiaries and with a total value of € 17 billion.

During 2021 Invitalia's TA team assisted the authority which is responsible for the MISM DCP, in launching the reinforced monitoring of projects managed by some of the largest beneficiaries of the programme, and in overcoming some of the critical issues linked to the use and uploading of data onto the system.

In-person discussions were also undertaken with the beneficiaries, in those cases in which targeted support was required in order to monitor the project, or in connection with the expense reporting procedures.

Following the CIPESS deliberation 2/2021, the plan and the system of management and control of the DCP was updated based on the guidelines of the Agency for Territorial Cohesion/NUVEC.

Procedural simplifications have been introduced; these include a revision of the administrative and accounting manuals and an update of the procedures related to use of the financial circuits. Assessments have also been undertaken in respect of the way in which the measures are promoted.

MLPS - Support for Level I controls on the NOP Inclusion projects and OP I FEAD 2014-2020

On 4 September 2019, Invitalia signed a General Agreement with the Ministry for Employment and Social Policies, under which it provides support to Division III - Operating Programmes Management Authority in relation to the ESF and FEAD (General Directorate for the Fight against Poverty and Social Planning) in respect of support for the Level I controls of the NOP Inclusion. The duration of the General Agreement is until 31 December 2023. On 18 January 2021 an Addendum was signed, which incorporated into the project an Addendum whose objective is to extend the technical and administrative support activities pertaining to the level I controls to the operations funded by the OP I FEAD 2014-2020, whether owned or directed, and by the NOP Inclusion 2014-2020 for the

owned operations, as the controls on the directed operations have already been underway since 2019.

For both the Programmes (Inclusion and FEAD), the following activities are performed:

- definition of the sampling methods;
- operational planning of the controls;
- elaboration and updating of the manuals and operational tools;
- execution of the level I on-desk controls (formal conformity checks, administrative checks);
- in loco checks and audits of the parties involved in implementing the OP I FEAD;
- the preparation, as necessary, of requests for additional documents to be sent to the beneficiaries, and/or of the related counterclaims;
- the management of discussions with the level II control bodies such as audit authorities, inspections and requests for information from the EC etc.

During 2021, the support related to the level I controls on the directed and owned operations of the NOP Inclusion and the FEAD OP I. For both the Operational Programmes, these activities consist of 2 lines of intervention:

- for the directed operations only, checks on the formal conformity of the interim and final claims for reimbursement submitted by the beneficiaries. By 31 December 2021, the relevant controls had been carried out on a total expenditure of € 60 million, and the following formal compliance checklists had been compiled:
 - 1,074 for the NOP Inclusion;
 - 132 for the OP I FEAD.
- for the directed and owned operations, administrative and accounting checks on the supporting documentation submitted by the beneficiaries in their reimbursement claims. By 31 December 2021, the relevant controls had been carried out on a total expenditure of € 71.2 million, and the following formal accounting/administrative checklists had been compiled:
 - for the NOP Inclusion, 1,407 checklists for the directed operations and 6 for the owned operations;
 - for the OP I FEAD, 129 checklists for the directed operations and 11 for the owned operations.

The WG also assisted with the replies to the audit performed by the Certifying Authority and Audit Authority, which are preliminary to the certification of the expenditure and the submission of the final accounts to the European Commission.

MLPS DGLPPS - Social subsidies project

The Italian Ministry for Employment and Social Policies (MESP) – General Directorate for the Fight against Poverty and Social Planning (Italian acronym: DGLPPS), in the General Agreement made on 10 June 2019, entrusted Invitalia with the construction of the Social Subsidies Portal, in collaboration with ANCI and funded by the NOP Inclusion 2014-2020 (Axis 3, Action 9.3.9) for a duration of 3 years.

The General Agreement relates to the development and provision to the municipal authorities, territorial areas, regional governments and other public administrations, of support systems for the planning and monitoring of social policy interventions through an integration with the social services information system (SIUSS) managed by INPS (set up by Legislative Decree 147 of 15.09.2017) and with other systems and databases.

In 2021, discussions were held with the Administration concerning the findings of the survey addressed to all municipalities in Italy and the technical and content options for the development of the portal were examined.

For the large cities, there has been a support activity in order to investigate the operational and information models used to manage social services, and to plan social policy in the local area.

This analysis has been extended at regional level with the reconstruction of a framework of information, based on the governance and programming of the integrated system in the areas of social services and social healthcare, and also on the planning of actions and interventions to

develop information systems designed to streamline the flow of information and to present data in an integrated way.

ANCI SGAt e - Management of Energy Tariff Subsidies

In implementation of the Framework Agreement between ANCI and Invitalia of 14 February 2020, on 29 May 2020 an Executive Agreement was signed for the management of the SGAt e platform - the management system for energy rate subsidies, water bonus and waste bonus (from 2021). That agreement was then amended on 15 April 2021 to extend the period of reference of the activities indicated in Article 2 paragraph d of the Executive Agreement (management of the procedure for reimbursement of the increased cost incurred by the municipalities).

In 2021, the following activities were carried out:

- adaptive/corrective functional maintenance to resolve some of the issues encountered by users of the platform and/or reported by the technicians working on SGAt e;
- system administration and technical/operational intervention to resolve complex level II tickets, monitoring of software, the production of reports on applications for the bonuses based on various aggregation criteria;
- continuous specialist assistance through the level I and II service desk;
- management of the procedure for the reimbursement of the increased costs incurred by the municipalities in relation to the production of national and municipal reports, and assistance to users regarding operational and administrative aspects of the cost reimbursement process;
- development and implementation of the functions on the SGAt e platform, to guarantee the transition to the automatic recognition of national social bonuses for citizens as provided for in LD 124 of 26 October 2019 containing urgent provisions on taxes and for non-deferrable requirements, converted and amended by Law 157 of 19 December 2019.

PCM DiPE - Support for the Government Coordination Teams for the Effective Planning and Monitoring of Public Investments

On 20 December 2019, Invitalia made a General Agreement with the Department for Planning and Coordination of Economic Policy of the Presidency of the Council of Ministers (PCM DiPE), for the implementation of the project "Support to the government's coordination teams for the effective planning and monitoring of public investments", aimed at upgrading the Unique Project Code (UPC) systems, the Monitoring of Public Investments (MPI), the Monitoring of Major Works (MMW) and the OpenCUP portal.

The assistance provided in connection with the MPI for the DiPE related an analysis of data on certain expense programs, to identify the progress of public expenditure (in connection with the development and improvement of efficiency in the use of energy, sustainable territorial development, hydrogeological instability and the national water plan), in relation to the various funding measures. That analysis was then used to produce a number of reports, some for government departments:

- OpenCUP: assistance was provided in relation to the management of opencup.gov.it, during the management and development stages. In connection with the evolutionary upgrades of the OpenCUP portal, which related to the expansion of the volumes, a mock-up was produced, which is a new graphic layout and is the starting point for the actual design and build of the website, expected for 2022, and for which the first prototype has been proposed;
- National Recovery and Resilience Plan (NRRP): assistance was provided in respect of the implementation monitoring in the transport/investment and project areas, through the interoperability of the databases used in Mission Annex IV of LD 77 of 31 May 2021. There was active participation at the meetings held with the Administrations responsible for the NRRP, the Mission Unit and the Central NRRP Team of the MEF. One of the focus areas of the support provided was the study and design of how to integrate the thematic areas (Missions, Components and Measures) and the NRRP targets within the CUP system;
- Public-Private Partnership (PPP): assistance was provided to the DiPE in connection with the signature, in July 2021, of a Memorandum of Understanding with ANAC aimed at the mutual exchange of information to assure the sharing, integration and circularity of information and

data collected in relation to institutional activities through the interoperability and cooperation of the respective information systems and databases, with the ultimate aim of monitoring public expenditure, preventing corruption and promoting the transparency of information.

MED GDEI - Support to SME fuel station owners during the COVID-19 emergency

On 16 April 2021 Invitalia signed a General Agreement with the MED GDEI to guarantee technical and specialist support in the following areas:

- the structuring of operational mechanisms for the management of the voucher scheme;
- support in defining the administrative-procedural framework of the intervention;
- development of the technical and computer instruments used to manage the intervention;
- support to the Ministerial team in using the computer instruments in order to evaluate the applications and pay out the subsidies;
- support with preparing the documents needed to publish the administrative subsidy documents;
- support in managing payments to the beneficiaries;
- post-disbursement sample checks;
- periodic monitoring of the progress of the projects;
- communication/information to target users.

LD 34/2020 provided that micro, small and medium enterprises, as defined in the European Commission Recommendation No. 2003/361/EC of 6 May 2003, resident in Italy, which manage roadside fuel stations and which were trading and up-to-date with the payment of social insurance contributions as of 1 March 2020 should, considering that refuelling services continued to be provided during the public health emergency despite the considerable drop in the demand for fuel, be awarded a grant of up to € 4 million for the year 2020, commensurate with their social insurance contributions and with the exclusion of bonuses for employers' mandatory accident prevention insurance which are due on the employees' salaries for March, April and May 2020.

The following information relates to the implementation of this measure as at 31 December 2021.

The procedure for the submission of applications was open from 30 March 2021 until 18 May 2021.

On 5 July 2021 the initial list of applications which had been accepted was published, together with a list of applications that required further investigation. The lists were then divided into two annexes:

- Annex A, containing list of applications accepted for the grant, totalling 122 companies;
- Annex A, containing a list of the 49 applications that required further investigation.

For the applications contained in Annex B, a second list of applications containing a further 47 companies was published on 21 December 2021.

As at 31 December 2021 a total of 169 applications had been accepted.

As of the same date, with the requirement stated in the 169 applications equating to € 1,282,031.91, € 927,588.10 had been paid out for 119 applications. 50 applications were still awaiting disbursement, for a total of € 354,443.81.

MED DGPIIPMI - Tax incentives for Start-ups and innovative SMEs

On 4 November 2020, Invitalia made a General Agreement with the MED General Directorate for Industrial Policy, Innovation and SMEs (DGPIIPMI) concerning the provision of specialist technical support for the construction of the online platform for Tax Incentives for the De Minimis Regime for Investments in Start-Ups and Innovative SMEs, in implementation of the measure referred to in Article 38 paragraphs 7, 8 and 9 of LD 34 of 19 May 2020 converted into Law 77 of 17 July 2020.

The incentive was introduced into law in the context of the business incentives outlined in LD 34/2020, as converted (Relaunch Decree) and is designed to support the capitalisation of innovative start-ups and SMEs by granting tax breaks to parties investing directly or indirectly (through collective investment vehicles) in the capital of these companies. The investors are granted a tax deduction equal to 50% of the investment, up to a maximum of € 50,000 in subsidies limited to € 100,000 invested in innovative start-ups, and € 150,000 in subsidies up to the limit of € 300,000

invested in innovative SMEs. This measure is implemented by the MED which, in concert with the MEF, set out in its Decree of 28 December 2020 (OG 38 of 15 February 2021) the procedures for implementing the subsidies, and requiring the above-mentioned platform to be set up in order to accept the applications. In a Circular of 25 February 2021, the DGPIIPMI sent out the Operational Instructions on how to access and operate the digital platform which has been active since 1 March 2021.

The above General Agreement provides for the Agency's completion of the executive design, development and procedural/digital testing of the platform, including the management of the document flows, and computer assistance in respect of all functionalities as well as for the monitoring and reporting on the measure. During 2021 Invitalia provided technical assistance to the customer Administration in respect of:

- the design of the digital platform, including a functional analysis to determine the techniques required to implement the platform for the management of the intervention and for the development of the related applications;
- the development and testing of the platform based on interoperability with external databases to allow the management of the application submission phase, the carrying out of preliminary checks before the incentives are granted, the logging of the subsidies, updating in the case of recalculations and/or revocations, the logging and digital archiving of documents and management of checklists, the acquisition of implementation and financial data and the management of any changes to the subsidised investments or the amount of the deduction used for the redetermination of the total aid granted under the de minimis rules;
- the definition of the regulatory, administrative-procedural and management framework of the intervention, providing technical specialist support to the Division relative to preparation of the model contained in the Circular issued on 25 February 2021 regarding the rules on access;
- the preparation of the standards and formats used for the management of the measure and the documents needed to implement it;
- the study of the implications relative to the proper application of data protection laws during the implementation of the measure;
- technical assistance to users to assist with all the functionalities of the platform during the various phases of the procedure, through the management of the dedicated email address and the troubleshooting of any reported issues;
- monitoring and preparation of reports on the financial and economic progress of the instruments including the illustrative reports and data sheets.
- As at 31 December 2021, the platform had processed 14,320 cases of confirmed subsidies, equal to € 102.5 million of subsidies granted to support € 224.7 million of total investment, distributed as follows: 11,898 cases of subsidies for investments in innovative start-ups (€ 84.1 million of deductions to support € 181.1 million of total investment) and 2,362 cases of subsidies for investment in innovative SMEs (€ 18.4 million of deductions confirmed to support € 43.5 million of total investment).

MED DGTPI UIBM - Support for the strengthening of administration and policies to combat counterfeiting

On 14 September 2019, Invitalia signed a General Agreement with the MED DGTPI UIBM (Directorate General for the Protection of Industrial Property - Italian Patents and Trademarks Office), for the completion of a plan of interventions aimed at promoting industrial property (IP) and to define anti-counterfeiting policies, which also involved the strengthening of administrative-accounting activities and the juridical-legislative procedures of the Administration, and strengthening the information services for users.

The technical assistance provided to the MED DGTPI UIBM will last for 24 months from 1 October 2021.

During the final quarter of 2021, Invitalia supported the MED DGTPI UIBM with the Secretariat activities of the National Council for the Fight against Counterfeiting and Italian Sounding (CNALCIS), contributing to the management of the administrative process for the designation, with the MED Decree of 5 October 2021, of the Council members for the 2021-2023 mandate. In the

same period, technical support was provided for the organisation of the first full meeting of the re-elected Council, and for the preparation of an agenda of Interventions and Priority Sectors of Intervention, as a strategic plan of action for the mandate in question. Invitalia also assisted the Directorate in defining the content of the new website of CNALCIS (<https://cnalcis.theMED.gov.it/>), which went online on 27 October 2021.

Invitalia also contributed to the production of the 6th Anti-counterfeiting Week, which was held between 25 and 31 October 2021, by organising webinars on the current topics of concern in the area of counterfeiting.

In the final quarter of 2021, Invitalia was also committed to providing technical, administrative and managerial support for the implementation and monitoring of the 3rd edition of the Tender for the financing of projects to enhance and improve the capacity of buildings for technology transfer offices in Italian universities, public research entities and scientific healthcare institutions, in order to increase the intensity of technological transfer flows towards the business system.

Invitalia also supported the Directorate in relation to the juridical-administrative verification of applications for the registration and renewal of national trademarks, and applications for objections to their registration, including the preparation of the Ministerial orders required under the relevant legislation.

In the same period, Invitalia also supported the Directorate General in completing the administrative and accounting activities needed for the verification and payment of suppliers via SICOGE and for the management of procedures for the contracting of goods and services on the MePA platform.

With the objective of updating and strengthening information services for users, Invitalia dealt with the maintenance and development of databases and software, and updated the Directorate's institutional website (<https://uibm.theMED.gov.it/index.php/it/>) through the publication of news and content about its activities.

Finally, Invitalia contributed to the activities of the DGTPI UIBM by attending meetings and working groups, preparing documents and legal opinions on topics of interest, and investigating the proposal for the EC Regulation (Digital Service Act) with regard to the protection of IP rights against online fraud.

Extraordinary Commissioner for the COVID-19 emergency – Reorganisation of the hospital network

The activities performed in connection with the plans to strengthen the hospital network form part of the support provided to the Extraordinary Commissioner for the COVID-19 Emergency, in performing the duties referred to in Art. 122, paragraph 1 of LD 18 of 17 March 2020.

In particular, paragraph 11 of Article 2 of LD 34/2020, converted and amended by Law 77/2020 (Relaunch Decree), provides that the implementation of the plans for the restructuring of the hospital network, prepared by the regional governments and autonomous provinces under paragraph 1 of said Article 2, and according to the operational guidelines in the Ministry of Health Circular 11254 of 29 May 2020, is the responsibility of the Extraordinary Commissioner, using the funds transferred for that purpose, and guaranteeing the urgency and consistency across the regions, in relation to each region and autonomous province.

Paragraph 12 of the above-mentioned law provides that, with regard to the implementation of these restructuring plans the Extraordinary Commissioner may delegate the exercise of his powers to each President of a Region or Autonomous Province who will therefore act as Delegated Commissioner in accordance with the instructions given and the time frame stipulated by the Extraordinary Commissioner.

In accordance with the above mentioned paragraph 12, in the ordinances numbered 20-28 and 31-32, the Presidents of the Regions of Abruzzo, Campania, Emilia-Romagna, Friuli Venezia Giulia, Liguria, Puglia, Sicily, Valle d'Aosta, Tuscany and the Autonomous Provinces of Bolzano and Trento, Delegated Commissioners have been appointed, and given the commissioner's functions relative to

the implementation of the hospital adaptation or restructuring works in accordance with the instructions and time frames stipulated by the Extraordinary Commissioner, without prejudice to the Extraordinary Commissioner's powers in respect of the supply of medical equipment and transport services provided for in the restructuring plans.

To improve the conformity of the interventions with the needs of the local health authorities affected by the restructuring plans and who will take ownership of the completed works, as expressly provided for in Article 2 paragraph 14, the Extraordinary Commissioner and the Delegated Commissioners will operate through Implementing Bodies appointed by them and ordinarily corresponding to the local health authorities themselves, subject to the provisions of said paragraph 14 which authorises the Commissioner to fund the costs already incurred by the Regions in completing works prior to the entry into force of LD 34/2020.

For the implementation of the reorganisation plans, the Relaunch Decree authorised, for 2020, total expenditure of € 1,467,491,667 and ordered, following the approval of the plans by the Ministry of Health, the transfer to the special account held in the name of the Extraordinary Commissioner (of which € 1,413,145,000 is to be distributed to the regions according to the amounts listed in Annex D of the Decree and € 54,346,667 relative to the movable structures provided for in Article 2 paragraph 3).

In view of the limited number of requests for payment, in November and December 2020 and in order to speed up the use of the funds made available by the Relaunch Decree, discussions have been undertaken with the regional representatives and this has further simplified the procedure for disbursements of the funding, as the implementing bodies can request an advance, separate from the signed contracts, of up to 20% of the resources due to them as provided for in the restructuring plans. This new system of payment of advances was agreed in order to reduce potential liquidity problems for the implementing bodies, by helping them to comply with the payment deadlines stipulated in the contracts.

From the date of issue of the first Regulations of 17 November 2020, and until 31 January 2021, only 3 requests were received for a transfer, in January, from the single Implementing Body of the Region of Sicily, for a total of € 6,344,767.48. For all these requests, in view of the considerable lack of documentation, the competent offices immediately began direct discussions in order to resolve the issues found.

These requests for disbursement were then superseded by a subsequent request made by the same implementing body on 4 February 2021, based on the indications and procedures indicated in the second release of the implementing regulations.

8 requests for payment have been received since the issue of the second regulations on 1 February 2021.

Digital Administration and P.A. Modernisation

MED DGEI - Digital export reinforcement

On 17 May 2019, Invitalia signed a General Agreement with the MED - Directorate General for Internationalisation Policies and Promotion of Exchanges for the strengthening of the administrative capacity of the less developed regions, to promote and develop the internationalisation of enterprise, by means of digital export instruments, with a duration from 17 May 2019 - 15 September 2023.

The purpose of the project is to strengthen the administrative and institutional capacities of the less developed regions (Basilicata, Calabria, Campania, Puglia and Sicily), with the objective of improving – with particular attention to digital technologies – the efficiency and efficacy of public policies and instruments to support the internationalisation of SMEs. Invitalia, under the strategic supervision of the Ministry, is responsible for the following activities:

- the definition of models and guidelines on themes or sectors of common interest for the implementation of public support strategies for digital export of businesses in the target areas;
- the identification and exchange of analysis and good practices on digital exports;

- assistance to the regional governments of Basilicata, Calabria, Campania, Puglia and Sicily to strengthen the regional policy instruments to support digital exports;
- project management by means of coordination, reporting, communication, dissemination, monitoring and assessment.

With the General Agreements signed on 11 January 2021 by the GDEI and ACT and the subsequent General Agreement on 18 February 2021 between the GDEI and Invitalia, the MED GDEI took over as the beneficiary of the E-nternationalization project, resolving the issues that arose following the elimination of the MED DGPIPS.

During 2021, the Project continued with the further analysis and profiling of companies already active in, or interested in digital export, and models for the implementation and assessment of policies to support this sector have been proposed.

MED DGEI - Support activities for the granting of incentives in the Urban Free Zones

On 17 April 2014 Invitalia signed an agreement with the MED GDEI to provide support for the granting of incentives in the Urban Free Zones (UFZ).

On 5 September 2019 the 4th addendum to the General Agreement of 2014 was signed, confirming the consolidated partnership between the GDEI and Invitalia's OP business unit, relative to the management of measures involving large volumes of beneficiaries; UFZ subsidies have been granted to 46,443 beneficiaries since 2013 for a total subsidy value of € 1,247,375,967.99.

The 5th Addendum to the 2014 General Agreement is awaiting signature, with regard to the provision of technical assistance to the MED GDEI, for the continuation of activities pertaining to the implementation of the provisions of Article 57 paragraph 6, of LD 104 of 14 August 2020.

These activities involve the creation of automated research stages, interoperability with third-party systems for the checks and necessary administrative controls such as the Register of Companies, the NAR and the CUP system. It also guarantees the instant flow of information to the Revenue Agency's systems in order to allow beneficiaries access via the F24 form, in the context of the granted subsidies.

During 2021 Invitalia continued to assist the MED DGEI with the following activities:

- completion of the administrative controls for the UFZ referred to in CIPE deliberation no. 14/2009 of 8 May 2009, falling within the Regions not included in the Convergence objective (New 10 UFZ), for the UFZ of Genoa and those in the areas of the regions of Lazio, Umbria, Marche and Abruzzo hit by the earthquakes since 24 August 2016 (Notices for the Central Italy earthquakes of 2017, 2018 and 2019). The sample of beneficiaries who underwent administrative controls numbers 2,779: specifically, 2,044 beneficiaries for the Central Italy Earthquake notices, 76 for the Genoa UFZ and 659 for the New 10 UFZ;
- support for the activities preparatory to the granting of subsidies to beneficiaries in the context of the Central Italy Earthquake UFZ set up pursuant to Article 57, paragraph 6 of LD 104 of 14 August 2020 converted and amended by Law 126 of 13 October 2020 (August Decree). That provision extended the period of access to the subsidies already granted for the 2021 and 2022 tax years and extended the instrument to include businesses and professionals undertaking a new business within the USZ before 31 December 2021. In total, 3,620 subsidies were granted, for a total of € 77.5 million.

MED DGSCERP - Strengthening of the PA in the implementation of Model NUE 112

On 21 July 2017, Invitalia signed an agreement with the Ministry for Economic Development - Directorate General for Electronic Communication, Broadcasting and Postal Services (DGSCERP) with a duration from July 2017 to December 2023 and charged to the 2014-2020 GOV NOP financial allocation.

The objective of the General Agreement is to support the MED and the central and regional administrations involved in the adoption of the Single European Emergency Number (SEN), 112, to extend it across the entire country.

In 2021, the following main results were achieved:

- with regard to support for achieving nationwide coverage with the network of Single Response Centres, the Regions of Marche, Tuscany and Umbria have been supported in completing the testing, migration and activation work relative to the implementation of the SEN 112 service in their telephone districts. The region of Calabria was also given technical and organisational support with regard to the sizing of the response centres in its region. The response centre model now covers 65% of the national population;
- support was provided for the activation of handset based localisation (based on the satellite location of the phone calling the SEN 112 and the other national emergency numbers), as per the provisions of Directive 2018/1972. Since December 2021 this service has been available for all callers to emergency services across the country, from devices with the iOS operating system. A solution for devices running on the Android operating system is now being deployed;
- in agreement with the Consultative Commission under Article 75-bis of the Electronic Communications Code, a project for the evolution and technical functional upgrading of the SIMO 112 system has been approved and contractualised; it was produced by Invitalia on a mandate from the Consultative Commission and is used to monitor the performance of the national emergency response system. This evolution was achieved following adoption of the Framework Agreement "Consip SPC Phase 3" – Interoperability Services for Data and Application-based Cooperation. The new system, which integrates big data management functionalities, will be able, among other things, to acquire information from the control centres of the PSAP2 emergency services (Carabinieri, State Police, Fire Service, Health Emergency, Coastguard Service) in addition to the PSAP1 (response centre) data currently managed;
- on a mandate from the Consultative Commission tasked with implementing the SEN 112 in Italy, a Memorandum of Understanding has been agreed between the Italian Ministry for the Interior and the National Association for the Protection and Assistance of the Deaf (ENS) in order to support the continued development of the 112 system for deaf people. This system, already active since 2019, enables the hearing-impaired to communicate with NUE 112 operators using text chat and simplified interaction in order to ensure equivalent access in anticipation of the Accessibility Act provisions which are being drawn up at EC level;
- support has been provided in relation to the analysis and implementation of the IT-Alert public alarm system, in concert with the Civil Guard Department. Sector regulations have also been implemented in this area, as the IT-Alert system has been included in the national enactment of Directive 2018/1972 following on from Legislative Decree 207/2021;
- the Consultative Commission has been assisted with the structuring, definition and formalisation of the PSAP Directory, which is a database containing all the full PSAP2 numbers, to allow them to be accessed across Europe. This requirement is connected to the national implementation of the response models for eCall and deaf people, and meets the need to comply with the specific provisions in this regard, from Directive 2018/1972;
- based on the results of the analysis of data from the response centre replies, the Consultative Commission's technical team has been assisted in preparing a supplement to the Technical Operational Rules, in order to define the simultaneous sending of emergency calls to organisations contributing to the management of rescue operations;
- assistance has been provided with the definition and analysis of data pertaining to the performance of the EEN 112 service, in response to the annual COCOM questionnaire (2021);
- with a formal mandate from the MED Cabinet, Invitalia represents the national position in the European working group on the Single European Number 112, (Expert Group 112), which is convened as part of the activities of the DG Connect and Commission Expert Group on Emergency Communications (EG112), set up in accordance with Article 109 of Directive 2018/1972, and the aim of which is to have the Commission define a Delegated Act to ensure that all members of the public have access to emergency services via emergency communications. The Delegated Act will be issued by 21 December 2022;
- the component relative to the Single European Emergency Number for the transposition of the articles of the European electronic communications code (Directive 2018/1972) which are relevant to the emergency sector, into the New Italian Code of Electronic Communications (Legislative Decree 207 of 08.11.2021) has now been defined.

MED GDEI - Re-engineering and migration of the GDEI archives

On 30 January 2019, Invitalia signed a General Agreement with the MED for the re-engineering and migration of the GDEI archives.

With the General Agreement, the activities started in 2012 for the digitisation of the existing archives and the full-digital management of the new ones after the full migration of the GDEI's current archive series into the new ORACLE environment at the end of 2019, its consolidation and integration with other information systems in use, completed during 2020, in 2021 related to the current management of the GDEI's physical and digital archives.

The document archive was maintained in order to accommodate the digital file of the projects covered by the new subsidy measures, to guarantee support for users and existing accounts, whereas the print archives were the subject of ordinary record-keeping and management and were also integrated with the files on the Regional Agreements from the MED GDEI's offices in Cosenza.

The Contract will run until 30 December 2022.

MED DGAT - Rome video surveillance table

On 31 May 2019, Invitalia signed a General Agreement with the MED - Directorate General for Territorial Activities (DGAT), with a duration from 01 July 2019-31 May 2022, for the production of a centralised system to send videos from video surveillance cameras to police forces located within the city of Rome and belonging to various private and public stakeholders.

In 2021, the following activities were carried out:

- continued management/administrative support for the execution and monitoring of the project, supporting the MED and the project Coordination Committee at the Prefecture;
- definition of the procedure used to update the census of video surveillance cameras in public areas;
- following the definition of technical solutions for the physical and logical construction of the fibre ring and connecting structure to transmit video surveillance images between police forces, the Prefecture and the main stakeholder ATAC, the ring was completed and successfully tested on 16 November 2021;
- following the technical-economic definition of the ATAC testing of the integration of the anti-attack system installed on ATAC vehicles and the EEN 112 application used by the Rome (Laurentina) response centre, the direct contracting procedures have been completed with:
 - Leonardo SpA to provide the emergency button for ATAC vehicles, integrated with the Rome 112 response centre;
 - Beta80 SpA to provide the application that allows the ATAC onboard system to communicate with the 112 Where Are U platform, which manages the calls from the Rome 112 centre.

The delivered system was successfully tested at the Rome response centre on 14 December 2021;

- the analysis, definition of the technical feasibility, drafting of the technical and administrative documentation required for the camera recognition of vehicle registration plates, including installation and servicing, to supplement the vehicle recognition cameras to support the Italian Ministry for the Interior.

MED DGAT - Technical assistance for the Project to monitor the radioelectric spectrum

In its decision no. 83 of 28 November 2018, the CIPE approved an amendment to the Plan for the extension of ultra-broadband ("BUL" - 2016MISEBULFSC1) referred to in the CIPE decisions 65/2015, 06/2016 and 71/2017, the Project to monitor the radioelectric spectrum with a total value of € 9 million, drawn on the Development and Cohesion Fund (DCF), which is the responsibility of the MED Directorate General for Territorial Activities (DGAT).

The project involves:

- the updating of some of the existing stations (subsequently found to be 8);

- the implementation of 12 type 1 and 3 type 2 stations in the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily; 3 type 1 stations in the regions of Friuli-Venezia Giulia, Tuscany and Lazio, and 2 type 2 stations in the regions of Marche and Piedmont;
- la the implementation of 6 mobile or semi-mobile stations (wheeled stations).

In view of the complexity of these interventions, the DGAT, in accordance with the contents of Deliberation 83/2018, assigned to Invitalia the provision of technical assistance activities in the General Agreement of 14 January 2020 (CUP B81G20000050001). The activities cover a span of three years from 2020 to 2022.

The main technical assistance activities undertaken in 2021 addressed:

- project management: the definition of documents and procedural settings (the management and control system, monitoring, reporting, financial circuit, controls) in accordance with the DCF rules of operation and the new rules on the DCP;
- support with implementation: preparation of technical and legal studies regarding the technical and legal implementation of the planned works; planning of the project activities; the preparation of documents and the management of tender procedures; support to the Procedure Manager.

MED DGEI - National Aid Register

On 25 October 2017, Invitalia signed a General Agreement with the MED DGEI, with a duration from 1 January 2016 to 31 December 2023.

The agreement includes two contract opportunities related to the project proposals entitled National Aid Register and Startup of the National Aid Register, already approved by the DGEI. The comprehensive financial allocations amount to € 15,063,684 and € 2,652,236 respectively.

The envisaged activities concern the development and management of the Register, which represents an important system action that involves all public and private entities involved in managing state aid in Italy and which responds to the need to provide the country with an effective instrument to verify that public aid is granted to companies in compliance with the limits set by EU guidelines. Its operation is a prerequisite prescribed in the partnership agreement for the award of EU resources to Italy.

The regulatory version of the Register, as referred to in the Interministerial Decree 115/2017, has been operational since 12 August 2017.

During 2021, approximately 3.2 million aid packages had been awarded to enterprises, for a value of approximately € 127 billion granted under 4,000 aid schemes managed by over 2,100 managing authorities and 3,200 accredited award bodies.

With respect to the cooperation with the Revenue Agency for the registration of fiscal relief on the 2020 tax return, 130,000 aid packages were uploaded in 2021.

MED DGEI - Innovation Manager

On 24 October 2019, Invitalia signed a General Agreement with the MED DGEI.

The General Agreement was initially supplemented and extended with the 1st Addendum of 02.12.2020 to 31.12.2022.

The planned activities are intended to guarantee technical and specialist support in the following areas:

- the structuring of operational mechanisms for the management of the voucher scheme;
- the planning and commissioning of the online platform for the management of the measure in accordance with the implementing rules, as regards the two components of training the managers/consulting firms and managing the process for the issuing and payment of the voucher;
- the development and implementation of applications to automate the administrative control processes in order to start the flow of transfers to the beneficiaries;

- support for the promotion of the measure.

With the MED Decree of 7 May 2019, procedures were defined for direct intervention to facilitate the purchase of managerial consulting services to support the digital and technological transformation of SMEs and business networks, in implementation of Art. 1, paragraphs 228, 230 and 231 of Law 145/2018 (2019 Budget Law). With reference to the 1st procedure implementing this measure, for which € 96,098,050.53 were allocated under Article 1 paragraph 231 of Law 145 of 30 December 2018, for the years 2019 and 2020, and by the Ministerial Decree of 14 January 2020, there was a high level of interest following which 3,616 applications for subsidies were accepted, to cover innovation consulting projects.

The initiative consists of the provision of vouchers for amounts of up to € 40,000 per business, as a contribution of up to 50% of the cost of obtaining specialist innovation consulting services. The services must be provided by managers registered on the list kept by the MED in the context of this measure.

The Ministerial Decree provides that for the formation of the list of qualified managers, for the submission of applications for the grant, for the assessment and management of the applications, the communication of the outcome and payment of the vouchers, the MED will use a specific computer system to be built and managed under a specific agreement, by Invitalia.

As at 31 December 2021 a total of 3,857 requests for disbursement had been received for the first implementing procedure, corresponding to a total claimed subsidy of € 60.4 million.

The technical assistance activities provided in 2021 related to the management of 410 claims for interim payments (first payment) for a total amount of € 5.9 million, 1,483 requests for a second interim payment, totalling € 20.3 million, and 788 claims for a final disbursement (single payment) for a total of € 17.5 million. The Directorial Decree 20 December 2021 was also prepared. It extended until 20 January 2022 the final deadline for the submission of requests for the final payment to the Ministry, in order to allow as many companies as possible to take part in the measure.

Finally, on 2 November 2021 the Agency and the GDEI stipulated the second addendum to the General Agreement of 24 October 2019, relative to support for the implementation of the innovation consulting voucher scheme, with particular reference to the definition of the regulatory and procedural framework for the second procedure, the organisation and management of the granting and payment of the subsidies, and the upgrading of the online platform. The second addendum extended the General Agreement of 24 October 2019 until 30 June 2023, and increased its value with a further € 326,953 (excluding VAT).

MED DGSCERP - Communication for the transition to new technologies, DVB-T2

On 10 July 2020, Invitalia signed a General Agreement with the MED (General Directorate for Electronic, Radio and Postal Communications, (DGSCERP)), with a duration from 10 July 2020-31 December 2022, relating to the technical and specialist support provided to the MED in relation to the citizen communication and information activities regarding the steps required to handle the switch to DVBT2 technology for the transmission of TV programming as provided for in the MED Decree of 8 August 2018, which defined the roadmap and deadlines for the release of the 700 MHz frequencies.

Specifically, the assistance requested from Invitalia related to the provision of technical support and assistance with the planning, design and implementation of the communication actions provided for in Art. 5 of the Decree of the MED of 18 October 2019.

The structuring of the Communication Plan produced in 2020 is intended to follow the roadmap for the new transmission modality both at national level (switch off) and with regard to the refarming in the interested areas by optimising the use of resources with the most appropriate mix of instruments to satisfy the information requirements of all the target subjects, and with a particular emphasis on the possibility of obtaining grants from the MED for the replacement of old TVs.

The Communication Plan under the original General Agreement covered the period of time from the signature of the agreement through to 30 June 2022, covering the DVB-T2 switch-off date originally provided for.

The MED Decree of 30 July 2021 provided in Art. 6 paragraph 3 that on completion of the transition to the multiplexed structure defined in the PNAF, the activation of the DVB-T2 standard would be implemented nationally from 1 January 2023, thus extending the period of the communication activities by a further 6 months compared to the initial forecast.

In order to adequately address the extension of the planning period and with the decision to maintain the advertising pressure at the flight levels of July-August 2021 (as required by the customer), on 30 November 2021 an Addendum to the general Agreement was signed, providing additional funds of around € 4.5 million to cover the increase in the advertising investment.

The activities completed in 2021 related to the following main areas:

- support for governance which took the form of project management activities (coordination and organisation), assistance with the preparation of documents to complete the contracting of the second tender for the creative services, technical coordination of the creative services, media planning and call centre;
- communication and dissemination in order to structure the main communication and promotional actions. In this context, the draft Communication Plan for the transition to new digital terrestrial (DVB-T2) was updated and agreed with the Ministry and the stakeholders.

Based on what was planned and approved, 3 flights of the cross media ADV campaign were conducted, with 3 different commercials being produced, one of which featured an ambassador (Michelle Hunziker):

- II flight: 21.02.2021–27.03.2021;
- III flight: 11.06.2021–08.08.2021;
- IV flight: 22.11.2021–22.01.2022.

The content on the website nuovatvdigitale.mise.gov.it was updated daily, following the regulatory evolution of the technical transition. It has undergone an extensive graphic restyling from May 2021 onwards in order to be more accessible and responsive to the needs of users.

The Instagram and Facebook channels for the communication project were constantly managed by the Invitalia working group together with the provider, Pomilio Blumm. The messages were transmitted on social cards based on a weekly editorial plan which was also agreed with the MED Press Office.

Finally, the call centre was strengthened in June, with 12 operators, and was extended to include the new WhatsApp service from October 2021, which responds to the number 3401206348.

5 video tutorials were also designed and produced, on the main topics of interest to users. The short videos were published on web and social media.

The ADV campaign will continue in 2022 with the two planned flights (March and November) and the production of a new radio TV commercial.

MED DGAT - Simplification of administration and digitisation of procedures

On 6 August 2021, Invitalia signed a General Agreement with the MED - Directorate General for Territorial Activities (DGAT), with a duration from 06 August 2021-31 December 2022, relating to support activities for the administrative simplification and digitisation of the procedures and services of DGAT.

In 2021, the following activities were carried out:

- recognition and definition of the procedural flows and documents to be produced by the Directorate and its units: following that activity, according to plan, the customer was provided with the D1 Deliverables – Census of processes, services, systems and archives, process flow and document production;

- analysis of requirements for the implementation of a pilot digitisation in the context of the radio amateurs service.

DTD - Technical Assistance for the Digital Transformation

On 2 November 2020, a General Agreement was signed with the Department for Digital Transformation (DTD), concerning support for the digital transformation of the PA and of Italy.

The technical assistance activities concern:

- the engagement, planning and management of the financial resources to implement the National Innovation Plan for 2025 and other initiatives consistent with the purposes of the Plan;
- promotion and implementation of priority projects;
- international networking.

In 2021 the support activities focused on the implementation of 3 priority initiatives (Digital Republic, "Sperimentazione Italia" and National Database Interoperability) as well as two cross-disciplinary processes (Definition of NRRP Financial Circuits and Support for the Diplomatic Advisor activities in relation to G20 participation). An initial project proposal was also drawn up, for the purposes of starting funding activation procedures drawn on React-EU, in the context of financial scouting actions.

MED DGSCERP - Strategic support for the Ultra-broadband Plan (BUL)

On 18 January 2021, Invitalia and the MED DGSCERP signed a General Agreement for strategic support in the context of the Plan for the extension of ultra-broadband (BUL), aimed at assisting the Directorate with the set-up and management of strategic and administrative activities linked to the above Plan, funded by the DCP 2014-2020 pursuant to CIPE Decisions 65/2015, 71/2017 and 61/2018.

Specifically, the General Agreement is designed to provide support to the DGSCERP for the duration of the project (January 2021–December 2025), in the following main areas:

- strategic support to Management;
- support with planning and administration;
- technical support;
- regulatory and legislative support.

The Investment Plan for the extension of ultra-broadband has various lines of intervention including:

- BUL: investments in ultra-broadband, the aim of which is to implement the passive parts of the access network according to a principle of technological neutrality;
- Wi-Fi Italy Project: initiatives aimed at building a free Wi-Fi network across every municipality of Italy, and also in hospitals, museums and cultural sites by federating existing networks;
- SINFI: actions and interventions to strengthen administration in order to populate the national federated system of infrastructure;
- 5G Emerging Technologies: experimental projects, applied research and technology transfer based on 5G protocols;
- Schools Plan: interventions designed to provide network connectivity up to 1 GB per second, in all public schools;
- Smaller Islands Plan: interventions aimed at assuring connectivity on Italy's smaller islands by installing undersea cables, and cabling in the local area;
- Voucher Plan: a measure to support the demand for ultra-broadband connectivity services.

The strategic support offered to the DGSCERP takes the form of assisting the Directorate and the offices of the Undersecretary responsible for ultra-broadband, at every step of the analysis and implementation of the strategic ultra-broadband plan, and in their relations with all stakeholders involved both politically (such as the Ministry for the digital transition) and technically, in the implementation of the plan.

In this context, the MED has received support in every aspect of the analysis and preparation of measures designed to implement the ultra-broadband strategy, including assistance in evaluating the NRRP tender procedures jointly with the MITD, and the structuring of the voucher scheme for families (phase 1) and for businesses (phase 2).

From a technical and administrative perspective, during 2021 the support for the Directorate focused particularly on providing technical assistance to the Management Authority for the investment plan for ultra-broadband funded through the Development and Cohesion Fund (DCF). The offices responsible for the programmatic and administrative management of the Plan have been assisted by support actions aimed at the financial monitoring of the various strategic projects managed by the Directorate General and its divisions. This support has enabled the Administration to upload data onto the monitoring and control system platform, SIMOCO.

The DGSCERP also been assisted in its relations with the various institutional stakeholders and regional administrations involved in the objectives of the National strategy for the diffusion of ultra-broadband. Lastly, technical, regulatory and legislative support has been provided with particular reference to the production of the administrative and legal documents required for the execution of the Plan and its interventions.

Reconstruction projects

Emilia-Romagna Earthquake

On 11 September 2013, the Agency signed the "Contract with the Delegate Commissioner for the implementation of the measures prescribed by Italian Legislative Decree 74 of 6 June 2012 – Urgent measures in favour of the populations affected by the earthquakes in the provinces of Bologna, Modena, Ferrara, Mantua, Reggio Emilia and Rovigo, on 20 and 29 May 2012".

With Commissioner's Ordinance no. 75 of 15 November 2012 as amended, Invitalia has been identified as the company in charge of the activities pertaining to the preliminary preparation phase, granting, settlement procedures and legal assistance in the procedures aimed at disbursing the contributions. The activities formally began on 14 December 2012 following the Delegate Commissioner's letter requesting the launching of the collaboration activity for reasons of urgency – pending the signing of the Contract.

In 2021, the activities carried out by Invitalia were governed by the 2021 General Agreement made on 30 December 2020 between the President of the Emilia Romagna Region, as Delegate Commissioner, and the Agency (REP/2020/613). This General Agreement, in acknowledging the extension of the state of emergency at 31 December 2021, as well as the progress of the activities and in order to give continuity to the work carried out in the previous period, defines the Agency's scope of intervention throughout the term of the agreement.

Therefore, Invitalia is confirmed in its role of supporting the Delegate Commissioner in the preparation phases for the authorisation and payment of grants and monitoring the implementation of the financed interventions. The extension of the General Agreement confirms Invitalia in its role relative to the procedures for the payment of claims made under the Historic Centres Call for Tenders (Ordinance 2/2019 of 03.02.2019 as amended) and the ex-post controls on the initiatives funded from the 2012 Earthquake grants. The General Agreement also assigns to Invitalia responsibility for the administrative procedure concerning the grant disbursement phase.

In 2021, in addition to the concession and disbursement preliminary phases, the Agency's activity was also directed towards the preparation of reports to assist the Commissioner with administrative or legal appeals made by the beneficiaries.

The following tables summarise the most significant elements and data relative to Invitalia's subsidy granting and payment activities during 2021.

Ordinance	Number of applications submitted	of which: granted	of which: disbursed	Number of applications reviewed	of which: granted	of which: disbursed
no. 57 of 2012 as amended	211		211	284		284
no. 23 of 2012 as amended						
no. 26 of 2016 as amended	73	12	61	81	22	59
no. 13 of 2017 as amended						
no. 31 of 2018 as amended						
no. 2 of 2019 as amended	315		315	339		339
Total	599	12	587	704	22	682

Ordinance	Amounts granted (€/000)	Amounts disbursed (€/000)
no. 57 of 2012 as amended		65,612
no. 23 of 2012 as amended		
no. 26 of 2016 as amended	1,782	3,968
no. 13 of 2017 as amended		
no. 31 of 2018 as amended		
no. 2 of 2019 as amended		17,435
Total	1,782	87,015

Including the disbursements made in 2021, the total grants paid out amount to 88% of the total grants conceded to businesses.

Central Italy earthquake

In 2021 work continued in relation to the activities covered by the General Agreement signed in 2016, which was extended firstly in 2019 for the period 2019-2020, and then for the year 2021.

Alongside the activities provided for in LD 189/2016 allocating resources for the provision of legal, administrative, accounting, technical and engineering support necessary for the functioning and activities of the commissioners' units of the Special Offices for the reconstruction of four regions, the Agency provided support services in relation to the institutional communications of the Commissioner's office, the implementation of the Privacy System in accordance with Regulation EU 2016/679 and the preparation of the three-year anti-corruption and transparency plan (Law 190 of 06.11.2012).

In addition to these activities, in 2021 the Commission identified further projects that required the Agency's involvement in relation to:

- the design, implementation and monitoring of the special accounting system (Ge.Co.) in order to equip the Commissioner's office with adequate tools to manage the accounts for the activities, with particular reference to the planning of resources for the reconstruction;
- a survey of the progress of the measures aimed at providing assistance to the population and for the economic recovery of the areas affected by the 2016 earthquakes, in order to obtain information to be used in the planning of the post-earthquake reconstruction works and to verify the progress of the rebuilding, with a view to the gradual transformation and integration of the emergency phase with the ongoing rebuilding process;

- technical and operational support for the Extraordinary Commissioner for the provision of services relative to the implementation of interventions for the 2009 and 2016 Earthquake Areas provided for in the Complementary Fund of the NRRP.

On 30 December 2021 the General Agreement was extended for two months under the same conditions and was then renewed for the year 2022, with additional activities and the inclusion of a further 25 resources.

Reconstruction projects following the Ischia earthquake of 21 August 2017

On 29 January 2019 an agreement was signed with the Extraordinary Commissioner for Reconstruction of the areas of Ischia affected by the earthquake of 21 August 2017, which mandated Invitalia to provide technical and specialist assistance to support the Commissioner with the responsibilities assigned in LD 109 of 28 September 2018.

During 2021, activities continued on from the previous year and mainly pertained to support for the subsidy procedures for the rebuilding of minor damage and serious damage, as well as the definition of procedures aimed at the economic recovery of businesses in the Ischia area. There was also an increase in the support activities for municipalities relative to the procedures for the granting of subsidies for reconstruction, and in auditing the related expenses; support was also given to the technicians in relation to the procedures for submission of applications or in identifying the levels of damage.

Particular importance was given to on-the-ground activities, and the specific recognition of damaged properties, focusing on those located outside of the "red zone", which were not included in the urban planning of the region of Campania and were thus eligible to make direct applications for grants to repair the damage.

There is no doubt that the emergency situation triggered by the serious public health emergency has to some extent influenced the outcome of the Commissioner's actions which have had to take into account the objective difficulties in continuing the rebuilding process. Despite this, the site visits carried out by the Invitalia working group have identified some of the urban areas to be included in the Reconstruction Plan for the region of Campania, and this could significantly speed up these processes.

In 2021, some of the urgent cases launched by the Commissioner in respect of the emergency situation immediately after the earthquake have been started and to some extent resolved. Meanwhile with regard to the public rebuilding programme, Ordinance 15/2021 was issued in relation to the financial plan and remodelling of the framework of interventions required on churches and places of worship owned by recognised ecclesiastical bodies that were damaged following the earthquake.

Reconstruction after the Etna Area earthquake of 26 December 2018

In February 2020, the Agency signed a General Agreement with the Commissioner for Reconstruction in the municipalities of the Metropolitan City of Catania, hit by the earthquake of 26 December 2018, referred to in the Prime Minister's Decree of 5 August 2019.

The General Agreement, which expired in December 2021 and was extended to March 2022, establishes that Invitalia will provide technical and specialised assistance to support the Commissioner with the responsibilities assigned under LD 32 of 18 April 2019, converted with amendments by Law 55/2019.

The main lines of intervention were identified as: Organisational Support for the activities of the Commissioner's office, Support with recognition of damage, determination of the requirements and mapping of the planning and construction situation, as well as Support for the subsidy procedure.

It should be clarified that the commissioner's office was set up in the first half of 2020, during the onset of the public health emergency caused by COVID-19. Despite these difficulties, in the first 18 months of work, the Commissioner's office has laid the foundations to proceed with a uniform, rapid, safe and consistent rebuilding programme across the whole of the area affected by the earthquake, by mapping the microzones of active faults and by preparing the authorisations, plans

and ordinances needed to launch the rebuilding activities. In 2021, following a further recognition of the damaged properties, carried out through Ordinance 20 of 19 January 2021, the following activities were carried out with the assistance of the Invitalia working group operating through the Commissioner's office, and the relevant ordinances were also made:

- Ordinance on the grant for retaining walls of 4 February 2021;
- Coordination Group on the post-earthquake emergency activities, of 9 February 2021;
- 3rd Ordinance on the plan for the rebuilding of public works of 10 February 2021;
- 2nd Ordinance on the plan for the rebuilding of churches and places of worship, of 27 April 2021;
- Ordinance for the rebuilding of private buildings and businesses with serious damage, 19 July 2021;
- Ordinance for the rebuilding of warehouses, of 19 July 2021;
- 4th Ordinance on the plan for the reconstruction of public buildings of 24 August 2021;
- Technical Group on the delocalisation of buildings located outside the Protection Zone;
- 3rd Ordinance on the plan for the rebuilding of churches and places of worship, of 27 October 2021.

To date, the reconstruction of damaged private buildings, limited to first homes and production buildings as provided for on a priority basis in LD 32/2019, involved the granting of subsidies or the submission of claims for the repair/rebuilding of approximately 300 properties, of which 250 had minor to serious damage and approximately 50 had to be relocated, as can be seen from the data on the online platform for the monitoring of the rebuilding programme, of the Commissioner's Office. The same platform, built with the assistance of Invitalia, gives an estimated economic commitment for subsidies for private rebuilding alone, of approximately € 130 million.

INAIL 2016 Earthquake Notice

Article 23 of Decree Law 189 of 2016 transferred € 30 million to the reconstruction fund, from INAIL, to support workplace health and safety investment and training projects for companies located in municipalities in the earthquake zone.

On 25 May 2020 the Government's Extraordinary Commissioner for the 2016 Earthquake and the Agency signed a General Agreement relating to support for the procedures for the granting of payment of subsidies, as contained in Ordinance 98 of 9 May 2020, which set out the criteria for accessing the funds indicated in Article 23 of the LD.

The Ordinance provides for two lines of intervention: the first one pertains to the reimbursement of expenses to improve the safety of workers on building sites operating in the context of the public and private reconstruction works, to protect against the risk of spread of COVID-19; the second line of intervention is to support investment in the local strengthening and making-safe of non-structural elements and installations in properties used for business activity that were not damaged by the earthquake.

The conclusion of these activities was originally planned for June 2021 but was then extended until 2022.

The work of Invitalia, in accordance with the provisions of the General Agreement, takes the form of providing specialist support to the Extraordinary Commissioner relative to the granting and payment of INAIL contributions in order to ensure consistent action across the whole of the 2016 earthquake area, in accordance with LD 189/2016. The activities in the framework of the general agreement related to 3 main areas:

- support to the Procedure Manager;
- support with the subsidised loan application process;
- the preparation of the award orders and simultaneous disbursement of the accepted subsidies.

Overall, the management of this intervention related to the planning of activities, coordination, monitoring of the technical and financial progress, preparation of the reports required by the General Agreement, the reporting of the costs incurred and the management of relations with the customer.

Rebuilding in the Municipalities in the Province of Campobasso

In April 2021 the Agency signed a General Agreement with the Commissioner for the rebuilding programme in the municipalities of the province of Campobasso that were hit by earthquakes from 16 August 2018, providing technical and specialist support in relation to the granting and payment of subsidies for the reconstruction and repair of private properties; the recognition of damage and requirements and the determination of the overall situation; the estimation of the financial requirements and the definition of the planning of resources within the limits of the allocated funding; the preparation and approval of a public works plan of reconstruction, definition of the measures to support businesses located in the affected areas, and to recover the socio-economic fabric of the affected areas.

For various reasons, including the pandemic and the number of commitments of the regional president who is also the Commissioner for the reconstruction and Extraordinary Commissioner for Health of the regional government, the rebuilding activities are still at an early stage. The first ordinances have been prepared, including the most important one which will allow the public to submit applications for properties that have suffered minor damage.

After a technical extension of two months, the 2022 Addendum is now being prepared which will provide for a further group of technicians and also support in implementing the information system for the submission of private rebuilding applications.

Incubators

Termini Imerese Incubator

The Mechatronics District was appointed as manager jointly with the regional government of Sicily.

Genoa Incubator

Works to complete the Genoa Incubator began at the end of April 2021.

In the wake of the COVID-19 emergency, the Government imposed measures to contain and manage the spread of the disease, which led to the nationwide suspension of all production, commercial and industrial activities.

The ongoing difficulties, throughout 2021, in procuring materials due to the slowdown in supplies caused by the pandemic and the resulting logistics issues have meant that the completion date has had to be put back.

Milan Incubator

Works to complete the Milan Incubator began at the end of February 2020.

In the wake of the COVID-19 emergency the Government imposed measures to contain and manage the spread of the disease, which led to the suspension of all production, commercial and industrial activities until 4 May 2020 (the latest measure being the Decree of the President of the Council of Ministers of 26 April 2020) and all the activities not included in the annexes to the Decree, as well as specific regulations for work on building sites.

The situation of force majeure created as a result of these regulatory measures intended to combat the public health emergency, with the inevitable impact on the ordinary course of business and the need to comply with safety regulations, resulted in the suspension of works on 25 March 2020.

The works were restarted following an order of 8 June 2020, in accordance with the conditions and regulatory measures linked to the state of emergency which is still in force now.

The ongoing difficulties, throughout 2021, in procuring materials due to the slowdown in supplies caused by the pandemic and the resulting logistics issues have meant that the completion date has had to be put back. In late December 2021 the Director of Works issued the certificate of completion and set another date by which the residual minor non-critical works would be completed.

The acceptance procedure and handover to the Municipality will be completed by the end of June 2022.

2. CHANGES IN THE REGULATORY FRAMEWORK

Below are the main regulatory provisions affecting the legal measures managed by Invitalia.

Law 181/1989

Law 181/1989 – Area of Industrial Crisis: Fermano-Maceratese footwear/leather industry district

(Directorial Circular 61 of 12.01.2021 - "Aid for areas of industrial crisis. Fermano-Maceratese footwear/leather industry district - Extension" - OG 30 of 05.02.2021)

The Circular extended the final deadline for the submission of subsidy applications to noon on 13 March 2021, for the selection of business ventures located in the complex industrial crisis area "Fermano-Maceratese footwear/leather industry district", through the use of the aid scheme pursuant to Italian Law 181/1989.

Law 181/89 - Venice Crisis Area

(Directorial Circular 586 of 25.02.2021 - "Aid for the complex area of industrial crisis of Venice" - OG 56 of 06.03.2021)

The Directorial Circular 4139 of 14 December 2020 containing the public notice for the selection of business ventures in the territory of the complex industrial crisis area of Venice through the use of the aid scheme pursuant to Law 181/1989 has been amended.

2016 Central Italy earthquake

(Ordinance 112 of 23.12.2020 of the Presidency of the Council of Ministers - Government's Extraordinary Commissioner for reconstruction of the area affected by the earthquake of 24.08.2016 - OG 36 of 12.02.2021)

The models of the General Agreement with Invitalia and Fintecna SpA, "for the identification of personnel to be deployed on technical-engineering and administrative-accounting support activities to address the needs of populations affected by the earthquake of 24 August 2016 in the regions of Abruzzo, Lazio, Marche and Umbria" have now been approved.

(Ordinance 102 of 25.05.2020 of the Presidency of the Council of Ministers - Government's Extraordinary Commissioner for reconstruction of the area affected by the earthquake of 24 August 2016 - OG 34 of 10 February 2021)

The model General Agreement with Invitalia regarding administrative support for access to the subsidies, referred to in Art. 23, paragraph 1 of LD 189 of 17 October 2016 for the funding of investment and training on health and safety in the workplace, has now been approved.

(Ordinance 98 of 09 May 2020 of the Presidency of the Council of Ministers - Government's Extraordinary Commissioner for reconstruction of the area affected by the earthquake of 24 August 2016 - OG 33 of 09 February 2021)

With regard to the INAIL contributions for the making-safe of production sites, the new terms and criteria for the conceding of capital grants to companies have now been defined, in implementation of Article 23 of LD 189 of 17 October 2020 converted and amended by Law 229 of 15 December 2016.

(MED communication on the Directorial Decree of 9 July 2021 - "Urban Free Zone, Central Italy Earthquake" - OG 178 of 27 July 2021)

It contains a list of the beneficiaries accepted for the subsidies available for the urban free zone established in the municipalities of Central Italy affected by the earthquakes of 2016 and 2017.

(Text of LD 59 of 06 May 2021, coordinated with Conversion Law 101 of 01 July 2021, containing: "Urgent measures relative to the Supplementary Plan to the NRRP and other urgent measures on investment" (OG 160 of 06 July 2021).

It provides for the funding of the areas affected by the earthquakes of 2009 (Abruzzo) and of 2016 (Central Italy), for a total of € 1,780 million between 2021 and 2026 (Article 1, paragraph 2(b)), to be allocated as follows:

- € 220 million for 2021;
- € 720 million for 2022;
- € 320 million for 2023;
- € 280 million for 2024;
- € 160 million for 2025;
- € 80 million for 2026.

(Law 234 of 30 December 2021; State Budget for the 2022 financial year and the multi-year budget for the 2022-2024 three-year period, OG 310 of 31 December 2021 - Supplement 49)

The law contains provisions on earthquakes as referred to in Article 1, paragraphs 28, 449-450 and 459-471 in relation to:

- fixed-term contract of employment, in respect of which it is clarified that the extension until 31 December 2022, applicable to fixed-term contracts including those deriving from General Agreements (Invitalia and Fintecna) will – for the year 2022 only – derogate from the limitations imposed in LD 165/2001, in relation to fixed-term contracts of employment with the Public Administration, and from the provisions of the national collective labour agreements for the public sector, and from Articles 19 and 21 of LD 81/2015, which govern, among other things, the maximum duration of such contracts, which is 36 months for the public administration and 24 months for the private sector (Article 1 paragraph 467);
- an extension, until 31 December 2022, of the state of emergency following the earthquakes of 2016 and 2017 in Central Italy (paragraphs 449-450);
- an extension, until 31 December 2022, of the state of emergency following the earthquake in Emilia Romagna, Lombardy and Veneto in 2012 (paragraph 459);
- an extension, until 31 December 2022, of the extraordinary administration due to the Ischia earthquake in 2017 (paragraph 460).

2009 Abruzzo earthquake

(MED Decree of 26 February 2021 - OG 123 of 25 May 2021)

Contains the terms, conditions and procedures for the granting and disbursement of subsidies to support the development plan for businesses located in the L'Aquila earthquake area, in order to strengthen – by promoting the natural, historic and cultural heritage – the attraction and offer of the tourism industry after the COVID-19 emergency.

(Directorial Circular 217548 of 25 June 2021 - RESTART L'Aquila Earthquake Area. Extension - MED communication published in the OG 158 of 03 July 2021)

The Circular extended by 18 months the terms of the Ministerial Decree of 5 April 2018 for completion of the RESTART tender investment programmes, the aim of which was to promote the natural, historic and cultural heritage in order to strengthen the attraction and offer for tourists in the L'Aquila Earthquake Area.

(CIPE deliberation 70 of 26 November 2020 - Abruzzo earthquake of 2009 - Programme for the development of the Abruzzo earthquake area - OG 22 of 28 January 2021)

Reallocation of the funds already allocated and approval of the programme "Incentives in favour of businesses affected by COVID-19".

Development Contracts

(MED Decree 13 November 2020 - Changes to the rules on development contracts, programme agreements and development agreements referred to in the Decree of 09 December 2014, in order to accelerate and simplify the related administrative procedures - OG 40 of 17 February 2021)

One of the amendments is the provision that the end date for the development programme may be extended by up to 18 months, and that within no more than 12 months from the decision, the

beneficiaries must produce the documents concerning the construction materials and proving the issue of the licences, concessions, authorisations and permits by the competent Public Administrations, required for the completion of the subsidised projects. The subsidy, if already granted, will be revoked if the above documents are not produced by the deadline.

(MED Decree of 19 March 2021 - Implementation of provisions on development contracts - OG 82 of 06 April 2021)

The Directive, in implementation of Art. 1 paragraphs 84(a) and(b) and Art. 85 of the 2021 Budget Law, no. 178 of 30 December 2020, provides that:

- for the tourism industry:
 - the internal areas of the country are those identified in the Partnership Agreement approved by the European Commission in its Execution Decision C (2014) 8021 final of 29 October 2014 as amended. The list of municipalities included in these areas is indicated in the relevant section of the MED website www.mise.gov.it and on the website of Invitalia www.invitalia.it;
 - for the purposes of verifying the requirements for the recovery and redevelopment of disused buildings, companies must provide Invitalia with appropriate documentation from which it is possible to see the last business activity exercised on the site, the date of cessation of the business, the current owners and the condition of the site;
 - in the case of multi-project development programmes, each project must be located in the inland areas of Italy, or must pertain to the recovery and redevelopment of disused buildings. Invitalia, when making its assessments, will evaluate in each case the existence of a close connection and functional link between the individual projects, to assure the best utilisation of the tourism product, and to ensure the characterisation of the territory as referred to in Article 7 paragraph 1 of the Decree of 9 December 2014;
- for the agricultural industry:
 - the investments necessary for the provision of hospitality services must be made by the same entities – proponent or affiliates – who are implementing the projects related to the transformation and retail of agricultural produce. In order to meet the size restrictions imposed in the Decree of 9 December 2014 as amended, for the development programme as a whole and for the investment projects of the proponent and any affiliates, only those investments pertaining to the transformation and retail of agricultural produce will be counted. For the purposes of checking these size restrictions, any investments needed for the provision of hospitality services for which there are no minimum size limitations, will not be counted;
 - the provisions of the foregoing paragraph will also apply even if the development programme has been put forward jointly by multiple parties by means of a network contract; each company in the network must submit at least one investment project for the transformation and retail of agricultural produce;
 - an investment project pertaining to the transformation and retail of agricultural produce, presented by the proponent or by an affiliate company, must be of a significant size compared to the investment required for the hospitality and accommodation services proposed by the same parties, also in terms of the financial effect of the various components of the investment project.

(MED Decree of 05 March 2021 - Use of the funds allocated to development contracts and application to the subsidy measure of the provisions of the Temporary Framework for State Aid Measures to Support the Economy in the Current COVID-19 Emergency - OG 126 of 28 May 2021)

The funds used to grant the subsidies drawn on the development contract instrument will be allocated:

- as to € 150 million, to applications for development contracts submitted to Invitalia which were not covered by the funds already allocated to the subsidy instrument. These resources are divided as follows: € 75 million to innovative start-ups in "less developed regions" (Basilicata, Calabria, Campania, Puglia, and Sicily) and € 75 million to applications from the other regions of Italy;

- as to € 250 million, the applications for programme or development agreements which are submitted after the date of publication of the MED Directive of 15 April 2020 concerning programmes which are consistent with the purposes identified in Article 1, paragraph 1(b) and (c) of the Directive. € 100 million of these funds will be allocated to the applications indicated in Article 1, paragraph 1(b) and € 150 million to those indicated in Article 1, para. 1(c) of the above Directive;
- as to € 100 million, applications for programme or development agreements which are submitted after the date of publication of this Decree, pertaining to development programmes consistent with the national programme of decarbonisation of the energy and industrial system, also through the development of the related industrial and technology technological supply chains, particularly through the use of renewable-source hydrogen.

Any funds not used due to lack of eligible applications will be allocated to the funding of applications for a programme or development agreement submitted to the Agency prior to the date of the Decree.

For applications submitted after the date of publication of the Decree, which are considered priority, the subsidies may be granted at the request of the company for an individual project in the development programme, under application of:

- the limits and provisions indicated in paragraph 3.1 of the Temporary Framework;
- relative only to programmes pertaining to research into COVID-19 and relevant anti-viral drugs, the limits and provisions indicated in paragraph 3.6 of the Temporary Framework;
- relative only to programmes pertaining to investments in trialling and upscaling infrastructure, which contribute to the development of products related to COVID-19, the limits and provisions indicated in paragraph 3.7 of the Temporary Framework;
- relative only to programmes pertaining to research into the production of products related to COVID-19, the limits and provisions indicated in paragraph 3.8 of the Temporary Framework.

(Directorial Decree of the MED of 17 September 2021 - Development contracts. Opening of procedure for the submission of applications and guidelines on employment - OG 226 of 21 September 2021)

The Decree provides that from noon on 20 September 2021, the procedure for submitting applications for subsidies under the Development Contract instrument will reopen, after the closure of the procedure was ordered in Directorial Decree of 4 August 2021.

Institutional development contracts

(LD 77 of 31 May 2021 - Governance of the National Recovery and Resilience Plan and initial measures to strengthen administrative structures, accelerate and streamline procedures - OG 129 of 31 May 2021)

Art. 56 contains provisions on simplification, for the purposes of implementing the Ministry of Health programmes covered by the NRRP: paragraph 2 establishes the institutions of negotiated programming (referred to in Article 2 paragraph 203 of Law 662 of 23 December 1996), and the provisions of the Institutional Development Contract (as referred to in Articles 1 and 6 of LD 88 of 31.05.2011 and in Article 7 of DL 91 of 20 June 2017 converted and amended by Law 123 of 03 August 2017) will apply to the programmes indicated in the NRRP which are the responsibility of the Italian Ministry of Health.

(CIPESS (Interministerial Committee for Economic Planning, formerly "CIPE") Resolution no. 2 of 29 April 2021, containing: "Development and Cohesion Fund. Framework Provisions for the Development and Cohesion Plan" - OG 142 of 16 June 2021)

In point B.1 of the special provisions - Institutional development contracts, it provides that the IDC will be subject to special rules deriving from the relevant provisions of law and the relevant CIPESS deliberations on funding, and also deriving from the responsibilities defined in each IDC, without affecting the monitoring obligations pertaining to the associated projects.

(CIPESS Deliberation 66 of 03 November 2021 - Development and Cohesion Fund 2021-2027 - Allocation of resources to the Institutional development contract for the development of earthquake areas (Article 1 paragraph 191, Law 178 of 2020) - OG 302 of 21 December 2021)

From the funds of the Development and Cohesion Fund for 2021-2027, € 100 million will be allocated for 2021, in order to fund IDC for the Earthquake Areas, to provide financial coverage for the projects distributed as follows among the affected Regions:

- Abruzzo € 12.76 million;
- Lazio € 14.50 million;
- Marche € 60.52 million;
- Umbria € 12.22 million.

(CIPE Deliberation 47 of 27 July 2021 - Development and Cohesion Fund - IDC Taranto - Allocation of supplementary funding to extend the Mar Grande naval base - OG 220 of 14 September 2021)

From the funds of the Development and Cohesion Fund for 2014-2020, € 55 million will be allocated to complete the extension of the Mar Grande naval base, with the following financial profile:

- year 2024: € 37 million;
- year 2025: € 18 million.

From the funds of the Development and Cohesion Fund for 2021-2027, € 68.8 million will be allocated in order to complete the extension of the Mar Grande naval base, with the following financial profile:

- year 2026: € 25 million;
- year 2027: € 30 million;
- year 2028: € 13.8 million.

(CIPE Deliberation 80 of 15 December 2020 - 2014-2020 Development and Cohesion Fund - IDC Taranto - Allocation of funding to build the "Green Aquarium" in Taranto - OG 60 of 11 March 2021)

From the funds of the Development and Cohesion Fund for 2014-2020, an IDC of € 40.58 million will be allocated to complete the "Green Aquarium" of Taranto, with the following financial profile:

- year 2022: € 1.5 million;
- year 2023: € 8.3 million;
- year 2024: € 18.28 million;
- year 2025: € 12.5 million.

(CIPESS Deliberation 49 of 27 July 2021 - Development and Cohesion Fund 2014-2020 - Allocation of funding for projects related to the COVID-19 emergency and funding for the regeneration of landscaped areas in the context of the IDC Taranto - OG 257 of 27 October 2021)

From the funds of the Development and Cohesion Fund for 2014-2020, a total of € 576.6 million will be allocated to the regions of Abruzzo, Basilicata, Campania, Puglia and Sardinia to fund projects related to the COVID-19 emergency and to the Project for the regeneration of landscaped areas and unused land in urban areas, in the context of the IDC for the Taranto area.

For the region of Puglia, € 6 million has been allocated exclusively to the Project for the regeneration of landscaped areas and unused land in urban areas, in the context of the IDC for the Tarantino area, of which € 3.5 million is for 2021 and € 2.5 million is for 2022.

Large Companies Fund for large companies in temporary financial difficulty

(MED Decree of 05.07.2021 - Criteria, terms and conditions for access to the Large Companies Fund for companies in temporary financial difficulty due to the economic crisis resulting from the COVID-19 epidemic - OG General Series 184 of 03 August 2021)

The Decree defines the criteria, terms and conditions for access to the measure, with particular reference to the checking of the conditions for the repayment of the loan available from the Fund, and Invitalia has been assigned the management of this subsidy instrument.

(Directorial Decree of the MED of 03.09.2021 - Terms and conditions for submission of applications for access to the Large Companies Fund for companies in temporary financial difficulty - OG 219 of 13.09.2021)

The Decree defines the terms and conditions for access to the Large Companies Fund to support companies in temporary financial difficulty due to the economic crisis resulting from the COVID-19 epidemic.

(Authorisation of State aid pursuant to Articles 107 and 108 of the Treaty on the Functioning of the European Union - OJEU C 2021/C 345/01 of 27 August 2021)

It governs the cases against which the European Commission has raised no objection.

New Sabatini

(MED Directorial Circular 434 of 10.02.2021 - Instrumental assets (New Sabatini) - OG 43 of 20.02.2021)

MED Circular 295900 of 19 July 2019 - Instructions and clarifications regarding the payment of the grant in a single amount as provided for in Article 1 paragraph 95 of Law 178 of 30 December 2020, containing amendments to the New Sabatini measure.

(LD 99 of 30.06.2021, containing "Urgent measures concerning taxes, the protection of employment, consumers and support for businesses" - OG 155 of 30.06.2021)

Art. 5 Simplification and refinancing of the New Sabatini measure, provides that the MED - in order to accelerate the process of paying grants for production-related investments for micro, small and medium businesses (as provided for in Article 2 paragraph 4 of LD 69 of 21 June 2013 converted and amended by Law 98 of 09 August 2013), with reference to applications for subsidy submitted before 1 January 2021, for which at least the first instalment of the grant has already been paid to the beneficiary - will, according to chronological criteria, pay the subsequent instalments of the grant in a single amount, even if not expressly requested by the beneficiaries, assuming the positive outcome of the pre-payment administrative checks. The authorised expenditure for 2021 has been increased by € 425 million.

(Directorial Decree of 2 July 2021 - Reopening of the Instrumental assets procedure (New Sabatini) - MED communication published in the OG 169 of 16.07.2021)

The Decree provides that from 2 July 2021 the procedure for the submission of applications by SMEs for grants for bank loans to acquire new machinery, plant and equipment will be reopened thanks to the allocation of new funding of € 425 million (allocation introduced by Article 5, paragraph 2 of LD 99 of 30.06.2021).

The grants will be paid according to the terms set out in the Interministerial Decree of 25 January 2016 and in the Directorial Circular 14036 of 15 February 2017, as amended.

(Law 234 of 30 December 2021; State Budget for the 2022 financial year and the multi-year budget for the 2022-2024 three-year period - OG 310 of 31 December 2021 - Supplement 49)

The 2022 Budget Law refinanced the New Sabatini as to € 240 million for 2022 and 2023, as to € 120 million for each year from 2024 to 2026, and as to € 60 million for 2027. The delivery of the funding has also been changed and will now be paid in instalments. The single payment will only continue to be made if the loan does not exceed € 200,000, within the limit of the available funding (Art 1 paragraphs 47-48).

New interest-free companies

(Interministerial Decree of the MED - MEF of 04.12.2020 - Self-employment. New interest-free companies, OG 21 of 27.01.2021)

The implementing rules of this measure have been redefined in favour of new businesses started by young people and women as indicated in Title I, Chapter 1 of Legislative Decree 21.04.2000, no. 185).

(Directorial Circular 117378 of 08.04.2021 - New interest-free companies. Terms and conditions for submission of applications - MED communication published in OG 93 of 19.04.2021)

The Circular set the date of 19 May 2021 as the initial deadline for the submission of applications to the subsidies under the Interministerial Decree of 4 December 2020, which redefined the rules for the implementation of the measure indicated in Title I, Chapter I of Legislative Decree 185 of 21 April 2000, adopted with Regulation 140 of 8 July 2015, aimed at supporting new businesses across the country by creating competitive micro and small businesses started entirely or mainly by young people or women.

It also stipulates transitional provisions for applications submitted under the pre-existing regulations.

(Law 234 of 30 December 2021; State Budget for the 2022 financial year and the multi-year budget for the 2022-2024 three-year period - OG 310 of 31 December 2021 - Supplement 49)

The Law provides for the refinancing of Self-employment projects: € 50 million for each year of the three-year period 2022-2024. This refinancing is provided for in Section II of the MED estimate.

Innovative Machinery

(Directorial Decree of 26.03.2021 – New Tender for Innovative Machinery. Terms and conditions for the submission of applications in the second procedure - MED communication published in OG General Series 85 of 09.04.2021)

The Decree defines the terms and conditions for the submission of applications for subsidies in the second of the two procedures provided for in Article 3 paragraph 2 of the Ministerial Decree of 30.10.2019. The Decree confirms, in full, the terms of operation of the measure already provided for in the Directorial Decree of 23 June 2020.

(Directorial Decree 26.05.2021 - New Tender for Innovative Machinery - Second procedure. Ranking - MED communication published in OG 130 of 01.06.2021)

The Decree defines the ranking for acceptance of the applications for subsidy submitted on the single day of opening of the second subsidy procedure as provided for in Article 3 paragraph 2 of the Decree of 30 October 2019 (New Tender for Innovative Machinery).

Grants for fuel stations

(Directorial Decree 14 December 2020 - Grant for SMEs owning motorway fuelling stations – OG 22 of 28 January 2021)

The Decree sets out the terms and procedures for the issuing and payment of grants to micro, small and medium enterprises which own motorway fuel stations, during the COVID-19 emergency, pursuant to Article 40 of LD 34 of 19 May 2020 (Relaunch Decree).

Art. 4 provides that the measure is to be managed by the MED using the services of Invitalia under a General Agreement to provide technical assistance to support the implementation of the subsidy.

(Directorial Decree 05 July 2021 - Grant for SMEs owning motorway fuelling stations during the COVID-19 emergency. List of beneficiaries - MED communication published in OG 168 of 15 July 2021)

The Decree, adopted pursuant to Article 9, paragraph 3 of the Directorial Decree of 14 December 2020, contains, in Annex A, a list of the initiatives for which the grant is authorised. In Annex B of the same Decree there is a list of those applications that will require additional investigation. For this type of application the MED, after obtaining any additional information required for its assessment, will authorise the grant in a subsequent decision by the Director-General for Business Incentives, if the checks on the eligibility criteria are successful.

Company Protection Fund

(Directorial Decree of 20 January 2021 - Fund to Protect Employment and Maintain Businesses - MED Communication published in the OG 28 of 03 February 2021)

The Decree approves the terms and conditions for submission of applications, defines the application form and other documents required in order for businesses to request access to the Company Protection Fund (Article 43 of LD 34 of 19 May 2020 converted and amended by Law 77 of 17 July 2020).

Acciaierie d'Italia SpA (ex-ILVA)

(Text of Decree Law 103 of 20 July 2021, coordinated with Conversion Law 125 of 16 September 2021, containing: Urgent measures to protect waterways of cultural interest and for the rescue of Venice, and urgent measures on the protection of employment - OG no. 224 of 18 September 2021)

Article 3.4-bis amended Article 1 of Decree Law 142 of 16 December 2019 converted with amendments by Law no. 5 of 07 February 2020, and authorised Invitalia to subscribe to additional capital grants and provide shareholder funding up to a maximum of € 705 million to ensure the continuity of production at ILVA SpA.

The agreement signed by Invitalia, which pertains to capital grants or shareholder funding, is classed as a financial operation (including direct or indirect equity holdings) to support businesses and employment, under Article 1 paragraph 1 of Decree Law 142 of 2019 (MCC).

For the unused funds, the general rules concerning the time limits on maintaining unused appropriations under Art. 34-bis of the Law on Public Finance and Accounting (Law 196 of 2009), will apply.

Invitalia was also authorised to form a company with share capital of up to € 70 million, in order to carry out a feasibility analysis regarding the construction and management of a plant to produce DRI. The newly-formed company is not subject to the provisions of the Consolidation Act on Publicly Owned Companies (Legislative Decree 19.08.2016, no. 175).

(Ministry for the Ecological Transition - Communication of Adoption of motivated decisions following the Conference of Services of 16.06.2021 for the implementation of the Environmental Plan for the metalworking plant of strategic national interest, Acciaierie d'Italia SpA (Taranto) - OG 161 of 7 July 2021)

With a Decree of the Minister for the Ecological Transition no. 267 of 25 June 2021, the motivated decisions following the Conference of Services of 16 June 2021 were adopted, in order to implement the provisions of the Environmental Plan contained in the Prime Minister's Decree of 29 September 2017 relative to the metalworking plant of strategic national interest, Acciaierie d'Italia SpA of Taranto.

(Communication of the Ministry for the Ecological Transition - implementation of the Environmental Plan requirements concerning the metalworking plant of strategic national interest, Acciaierie d'Italia SpA of Taranto - OG 193 of 13.08.2021)

The Decree of the Minister for the Ecological Transition no. 314 of 29 July 2021 issued the integrated environmental authorisation to En Plus Srl for the operation of the thermoelectric plant in San Severo (Foggia).

The Decree of the Minister for the Ecological Transition no. 315 of 29 July 2021 contained provisions on the implementation of the provisions of the Environmental Plan referred to in the Prime Minister's Decree of 29 September 2017 concerning the metalworking plant of strategic national interest, Acciaierie d'Italia SpA (Taranto).

(Communication of the Ministry for the Ecological Transition - Implementation of the Environmental Plan requirements concerning the metalworking plant of strategic national interest, Acciaierie d'Italia SpA of Taranto - OG General Series 197 of 18.08.2021)

The Decree of the Minister for the Ecological Transition no. 305 of 29 July 2021 contained provisions relative to the implementation of the Environmental Plan contained in the Prime Minister's Decree of 29 September 2017 relative to the metalworking plant of strategic national interest, Acciaierie d'Italia SpA of Taranto.

Measure for the textile and fashion industry

(MED Decree of 18.12.2020 - Measure to support the textile, fashion and accessories industry - OG 32 of 08.02.2021)

The Decree stipulated the procedure for the implementation of support measures for small businesses operating in the textile, fashion and accessories industries.

In Art. 4 - Management of the measure, it provides that these subsidies are managed by the MED which may, under a General Agreement, use the services of Invitalia to complete the administrative and operational processes related to the acceptance and management of the applications for subsidies, the granting and disbursement of the payments, and all the technical requirements concerning project assessment.

(MED Communication relative to the Decree of 03 August 2021, containing the terms and conditions for the submission of claims for subsidies by small companies operating in the textile, fashion and accessories industry - OG General Series 197 of 18 August 2021)

The Decree of the Director General for Business Incentives of 3 August 2021 defined, pursuant to Art. 9 para. 2 of the Ministerial Decree of 18 December 2020, the terms and conditions for the submission of applications for subsidies, by small businesses operating in the textile, fashion and accessories industry, as well as aspects pertaining to claims for payment of the granted subsidies.

The Decree set the date of 22 September 2021 as the initial deadline for presenting requests to access the subsidies.

Digital Entertainment measure

(MED Decree of 18 December 2020 - Fund for digital entertainment – OG 32 of 08 February 2021)

The Decree determines the procedures for the granting of subsidies drawn from the Digital Entertainment Fund.

In Art. 3 - Management of the measure, it provides that these subsidies are managed by the MED DGEI which may, under a specific agreement, use the services of Invitalia to complete the administrative and operational processes related to the acceptance and management of the applications for subsidies, the granting and disbursement of the payments, and all the technical requirements concerning project assessment.

SME Culture measure

(Decree of the Ministry for Cultural Heritage and Tourism of 10 December 2020 - Amendments to the Decree of 11 May 2016, containing: "Establishment of an aid regime to support the culture and creative industries and to strengthen the competitiveness of micro, small and medium businesses and to consolidate the production sector relative to Italian cultural heritage - Priority Axis II of the NOP Culture and development 2014-2020" - OG General Series 40 of 17 February 2021)

The Decree mandated Invitalia as the managing body.

National technology clusters

(MUR Decree 298 of 26.03.2021 - Approval of the three-year action plans and sections relevant to the South of Italy relative to the national technology clusters - OG General Series 121 of 22.05.2021)

Under paragraph 3 of Art. 3-*bis* of DL 91 of 20 June 2017, converted and amended by Law 123 of 3 August 2017, containing urgent measures for the economic growth of the South of Italy, the three-year action plans and sections relevant to Southern Italy relative to the national technology

clusters were approved, as per the assessment made by the panel of technical and scientific experts.

Spa bonus

(MED Decree of 01 July 2021 - Vouchers for the purchase of spa services – OG 186 of 05 August 2021)

The Decree defines the terms and conditions for the granting and use of vouchers to buy spa services pursuant to Article 29 paragraph 2 of LD 104/2020.

(Text of Decree Law 228 of 30.12.2021, coordinated with Conversion Law 15 of 25 February 2022, - Urgent provisions on legislative terms - OG General Series 49 of 28 February 2022)

Art. 12 paragraph 2 provides that the spa centre, after issuing an invoice, may request repayment of the value of the voucher spent by the customer no more than 120 days after the services were provided.

Smart Money

(Invitalia communication - Granting of subsidies to start-ups at the pre-seed and seed phases, in order to support development projects - OG General Series no. 133 of 05 June 2021)

The MED GDEI, in a General Agreement signed on 17 March 2021, mandated Invitalia to manage the Smart Money incentive scheme (MED Decree of 18 September 2020, implementing Art. 38 paragraph 2 of LD 34 of 19 May 2020 containing Urgent measures for health, support for work and the economy and for social policies connected with the COVID-19 health emergency, converted with amendments by Law 77 of 17 July 2020).

By drawing on the financial allocation of the Smart Money measure, of € 10 million, the intervention provides subsidies to innovative start-ups to reconcile these enterprises with the innovation ecosystems, by granting subsidies to buy services provided by operators working to develop innovative enterprises and also by encouraging equity investments by one or more players in that ecosystem.

The applications can be submitted on the Invitalia website, from noon on 24 June 2021 until all available funds are exhausted.

Patents+

(MED communication - Opening of 2021 procedure for the granting of subsidies for the developing patents ("Brevetti+") - OG 194 of 14 August 2021)

The MED, with a Decree of the Director General for the Protection of Industrial Property - Italian Patents and Trademarks Office – of 29 July 2021, announced the start of the 2021 procedure for the Brevetti+ (Patents) incentive provided for in the Directorial Decree of 13 July 2021 in order to promote the economic exploitation of patents, with a financial allocation of € 23 million. On 28 September 2021, the online procedure for the submission of applications was opened.

2018 Innovative Machinery Procedure

(MED communication relative to Ministerial Decree 28 April 2021 - Innovative Machinery procedure 2018. Further extension of the deadline for completion of investment programmes relative to the 2018 Innovative Machinery Procedure - OG 171 of 19 July 2021)

The Decree extended by a further 9 months the deadline indicated in Article 5, paragraph 6 e) of the Ministerial Decree of 9 March 2018, for the completion of the investment programmes by beneficiaries.

Industrial property procedures: Brevetti+ Marchi+ and Disegni+

(MED Decree 13 July 2021 - Planning of tender procedures for the Brevetti+, Marchi+ and Disegni+ measures for 2021 - OG 175 of 23 July 2021)

For the 2021 year, the notices of reopening of the procedures for the IP measures: Brevetti+, Marchi+ and Disegni+ will be published in the OG and on the website www.uibm.mise.gov.it, within 30 days from the publication of this Decree in the Official Gazette.

The financial resources available for 2021 amount to € 23 million for the Brevetti+ measure, € 12 million for the Disegni+ measure, and € 3 million for the Marchi+ measure.

SME Fund

(Communication of the European Commission - Authorisation of State aid pursuant to Articles 107 and 108 of the Treaty on the Functioning of the European Union. Cases against which the Commission has raised no objection - OJEU C 345 of 27 August 2021)

The measure has been extended until 31 December 2021.

Remain in the South

(Text of LD 121 of 10.09.2021, coordinated with Conversion Law 156 of 09 November 2021, containing: Urgent provisions on investment and the safety of infrastructure, transport and traffic circulation, for the functioning of the Ministry for Infrastructure and Sustainable Mobility, the Higher Council of Public Works and the National Agency for Road, Rail and Motorway Infrastructure Security - OG 267 of 09. November 2021)

Art. 13 also extended the measure to commercial enterprises and the following smaller islands of Central and Northern Italy:

The central-northern islands to which the subsidies have been extended are:

- Smaller marine islands:
 - Campo nell'Elba;
 - Capoliveri;
 - Capraia;
 - Giglio;
 - Marciana;
 - Marciana Marina;
 - Ponza;
 - Porto Azzurro;
 - Portoferraio;
 - Portovenere;
 - Rio;
 - Ventotene;
- Lake islands:
 - Islands of the Venetian Lagoon: Lido, Murano, Pellestrina, Burano, Sant'Erasmus, Mazzorbo, Vignole, Torcello, San Giorgio, San Michele, San Clemente, San Francesco of Deserto, Marchetto and San Lazzaro degli Armeni;

- Islands of the Grado Lagoon: Grado, Santa Maria di Barbana, Morgo;
- Islands of Lake Iseo: Monte Isola;
- Islands of Lake Garda;
- Comacina (Lake Como);
- Isola d'Orta – San Giulio;
- Islands of Lake Trasimeno: Isola Maggiore and Polvese;
-

Fund to support female enterprise

(MED Decree 30.09.2021 - Mode of intervention of the Fund to support female enterprise and distribution of funds - OG Series 296 of 14 December 2021)

The Decree mandated Invitalia as the managing body for the measure and determined a financial allocation of € 20 million for each of the years 2021 and 2022.

Innovative Investments

(Ministry of Economic Development Decree of 26 February 2019 - Allocation of additional funding to support applications for subsidies submitted to the first of the two procedures provided for in the Decree of 30 October 2019, relative to subsidies in favour of innovative investment programmes aimed at allowing the technological and digital transformation of small and medium enterprises through the use of enabling technologies relative to the Enterprise 4.0 Plan, or to favour transition towards the circular economy - OG 92 of 17 April 2021)

The Decree allocated a further additional sum of € 93,485,676.43 to support applications for subsidies submitted in the first of the two procedures provided for the Ministerial Decree of 30 October 2019.

MCC measures

(Text of LD 73 of 25 May 2021, Urgent measures connected to the COVID-19 emergency, for businesses, employment, youth, health and local services coordinated with Law 106 of 23 July 2021 - OG 176 of 24 July 2021)

Art. 12 - SME Guarantee Fund - Large medium-long term investment portfolios for research and development projects and investment projects: a new instrument of the Fund has been introduced for guarantees on portfolios of medium-long term loans granted to companies with no more than 499 staff, for the implementation of research, development and innovation projects or investment programmes.

Art. 13 - Measures to support business liquidity, SME Fund: the special rules of the SME Guarantee Fund are extended until 31 December 2021. The duration of loans above € 30,000 guaranteed by the Fund has been extended from 6 to 10 years; from 1 July 2021 the coverage of the SME Fund guarantee has been restructured also for loans of up to € 30,000. Finally, the Fund also guarantees non-commercial enterprises including third sector bodies and legally recognised religious bodies.

Art. 15 - Measures for the development of alternative forms of funding for businesses: a specific section of the Fund has been set up to grant guarantees on portfolios of bonds issued to support

access to alternative forms of funding for businesses with no more than 499 staff, in return for qualified business development programmes in the context of traditional securitisation operations, either synthetic or without portfolio segmentation.

(MED Decree of 13 May 2021 - Approval of amendments and additions to the eligibility conditions and general provisions for the administration of the Guarantee Fund - MED Communication published in the OG 123 of 25 May 2021)

The Decree approves, as a supplement to the conditions on eligibility and the general provisions of the Fund, the operational provisions adopted by the Management Council at its meeting on 18 December 2020 pertaining to the adaptation to Regulations (EU) No. 702/2014 and No. 1388/2014, and those adopted at the meeting on 30 December 2020 relative to the mode of intervention of the Special Section referred to in Article 56 of LD 18 of 17 March 2020 in the light of the subsequent legislative changes.

(Text of Decree Law 152 of 06 November 2021, coordinated with Conversion Law 233 of 29 December 2021 - Urgent provisions on the implementation of the National Recovery and Resilience Plan (NRRP) and for the prevention of Mafia infiltration - OG General Series 310 of 31 December 2021 - Ordinary Supplement 48)

With Article 2, in the context of the SME Guarantee Fund, the Special Tourism Section has been introduced to grant guarantees under special conditions:

- to hotels, agritourism businesses, outdoor accommodation establishments, tourism enterprises, recreational, trade fair and congress-related businesses (including bathing establishments, spa centres, tourist ports and theme parks);
- to young people aged under 35 who intend to start a tourism business. For young people wishing to start an agritourism business, the guarantees are granted to people aged between 18 and 40.

Businesses with fewer than 499 employees will be accepted for the guarantee.

The guarantees will be granted (free of charge for a guaranteed amount of up to € 5 million) on individual loans or portfolios of loans for energy upgrades and digital innovation interventions. Debt restructuring operations will also be accepted for guarantee provided that the new loan provides the same beneficiary with additional credit of at least 25% of the amount of the credit granted in the renegotiated loan, on condition that the issue of the guarantee will lead to a reduced cost or longer duration of the loan compared to the one that was renegotiated.

When issuing the guarantees the Fund's Management Council will use a risk assessment model that reflects the specific financial situation of tourism businesses.

(Law 234 of 30 December 2021; State Budget for the 2022 financial year and the multi-year budget for the 2022-2024 three-year period - OG 310 of 31 December 2021 - Supplement 49)

Art. 1 paragraphs 56, 57 and 58 extended until 30 June 2022 the operability of the extraordinary measure of the SME Guarantee Fund, to support cash flow for businesses affected by the COVID-19 emergency.

At the same time, various amendments were made:

- From 1 January 2022, the coverage of the Fund on loans of up to € 30,000 will be reduced from 90 to 80%, and, for the issue of the guarantee, the payment of a commission to the Fund is required from 1 April 2022;

- The extension, from 31 December 2021 until 30 June 2022, of the reserve of € 100 million from the Fund for the provision of the guarantee, on loans of up to € 30,000 in favour of non-commercial enterprises.

Paragraphs 56 and 57 introduce significant changes to the ordinary rules of the guarantee Fund, providing that it is required to operate up to the maximum acceptable commitment, established each year in the Budget Law, based on an annual plan of activities and on the system of risk limits.

Paragraph 58 increased the Fund by € 520 million for 2024, € 1.7 billion for 2025, € 650 million for 2026 and € 130 million for 2027.

Innovation agreements

(Text of Decree Law 59 of 06.05.2021, coordinated with Conversion Law 101 of 01.07.2021, containing: Urgent measures relating to the complementary fund to the NRRP and other urgent measures for investments – OG no. 160 of 06.07.2021)

For the innovation agreements, € 100 million have been allocated for the year 2021, € 150 million for 2022 and € 250 million for each year from 2023 until 2025. Article 1 f) 3) mandated MCC as the managing body.

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Annex A.1.a

Changes in "financial assets held for trading"

amounts in € / 000

Debt securities	Initial inventory	Purchases	Positive changes in Fair Value	Other positive changes	Repayments	Sales	Negative changes in fair value	Other negative changes	Closing Balance	Issuer risk rating		
										MOODY'S	S&P	FITCH
Banks												
BANCO BPM 08/03/2022	3,883	0	0	62	0	0	(60)	(61)	3,824	Ba2		
BANCO BPM 21/06/2024	2,134	0	0	28	0	0	(30)	(26)	2,106	Ba2		
BP SONDRIO 03/04/2024	5,272	0	0	90	0	0	(33)	(88)	5,241			BB+
	11,289	0	0	180	0	0	(123)	(175)	11,171			
Total Debt securities	11,289	0	0	180	0	0	(123)	(175)	11,171			
Equity securities and UCITS units												
JH BALANCED FUND I2 HEUR	0	7,500	310	0	0	0	0	0	7,810			
Total Equity securities and UCITS units	0	7,500	310	0	0	0	0	0	7,810			
Grand total	11,289	7,500	310	180	0	0	(123)	(175)	18,981			

Annex A.1c1

Changes in "financial assets at fair value"

Amounts in €/'000

Financial Assets At Fair Value	Initial balance	Purchases	Positive changes in Fair Value	Other positive changes	Repayments	Other negative changes	Closing balance
CATTOLICA ASSICURAZIONI 14/4/2022	1,078	-	19	-	-	-	1,097
CATTOLICA ASSICURAZIONI 14/4/2022	1,078	-	19	-	-	-	1,097
CATTOLICA ASSICURAZIONI 14/4/2022	1,078	-	19	-	-	-	1,097
CATTOLICA ASSICURAZIONI 14/4/2022	1,078	-	19	-	-	-	1,097
CATTOLICA ASSICURAZIONI 14/4/2022	1,079	-	18	-	-	-	1,097
CATTOLICA ASSICURAZIONI 30/4/2023	1,050	-	18	-	-	-	1,068
PRAMERICA LIFE SpA	9,529	-	220	-	-	-	9,749
ITAS VITA	6,304	-	80	-	-	-	6,384
UNIPOL ASSICURAZIONI SPA	1,159	-	24	-	-	-	1,183
UNIPOL ASSICURAZIONI SPA	1,159	-	24	-	-	-	1,183
UNIPOL ASSICURAZIONI SPA	1,159	-	24	-	-	-	1,183
UNIPOL ASSICURAZIONI SPA	556	-	-	-	(556)	-	-
UNIPOL ASSICURAZIONI SPA	556	-	-	-	(556)	-	-
HDI ASSICURAZIONI SPA	1,020	-	10	-	-	-	1,030
HDI ASSICURAZIONI SPA	2,017	-	20	-	-	-	2,037
HDI ASSICURAZIONI SPA	1,013	-	11	-	-	-	1,024
AMISSIMA VITA SPA	6,549	-	62	-	-	-	6,611
AMISSIMA VITA SPA	6,549	-	62	-	-	-	6,611
AMISSIMA VITA SPA		1,000		-	-	(2)	998
AMISSIMA VITA SPA		1,000		-	-	(2)	998
Total Investment Policies at Fair Value	44,011	2,000	649	-	(1,112)	(4)	45,544
Severance indemnity (TFR) investment policy	904	-	-	34			938
Total Financial Assets At Fair Value	44,915	2,000	649	34	(1,112)	(4)	46,482

Annex A.1.c2

Changes in "Other financial assets obligatorily measured at fair value"

amounts in €/'000

Other financial assets obligatorily measured at fair value	Initial balance	Purchases	Write-backs	Other positive changes	Positive changes in fair value	Repayments	Other negative changes	Negative changes in fair value	Closing balance
UCITS units									
FONDO NEXT	1,117							(101)	1,015
FONDO NORDOVEST	419							(73)	347
FONDO ITALIA VENTURE I (*)	27,865	5,440		250	1,917			(1,613)	33,859
	29,401	5,440	-	250	1,917	-		(1,787)	35,221

(*) The shares of the fund in question are acquired with the financial resources of the Sustainable Growth Fund, consequently changes in fair value decrease the fund itself

Changes in Italia Venture II _Fondo Imprese Sud

amounts in €/'000

Other financial assets obligatorily measured at fair value	Initial balance	Purchases	Write-backs	Other positive changes	Positive changes in fair value	Repayments	Other negative changes	Negative changes in fair value	Closing balance
ITALIA VENTURE II FUND - SOUTHERN ENTERPRISE	17,596	11,539					(4,107)		
	17,596	11,539	-	-	-	-	(4,107)	-	25,029

Annex A.2

Change "Financial assets measured at amortised cost"

amounts in €/00

Debt securities	Initial inventory	Purchases	Positive changes	Write-backs	Repayments	Value Adjustments	Negative changes	Closing balance
Public administrations								
BTP 01/03/30 3.5%	22,963	-	240	0	-	-	(432)	22,771
BTP 01/09/28 4.75%	13,239	-	175	0	-	-	(416)	12,998
BTP 15/10/23 0.65%	2,970	-	16	-	-	0	(4)	2,982
BTP 15/11/24 1.45%	8,102	-	22	0	-	-	(79)	8,045
BTP 01/03/24 4.5%	5,517	-	75	0	-	-	(207)	5,385
BTP 01/04/2022 1.2	8,499	-	46	-	-	0	(26)	8,519
BTP 26/05/25 ICPI	1,914	-	3	0	-	-	(39)	1,878
CCTS EU 15/04/25	4,028	-	4	0	-	-	(10)	4,022
CTZ 29/11/21	4,456	-	43	1	(4,500)	-	-	0
REP OF ITALY CNP STRIP 20/2/31	1,569	-	37	-	-	0	-	1,606
Total	73,257	-	661	1	(4,500)	0	(1,213)	68,206
Banks								
BANCO BPM 24/04/23 1.75%	4,029	-	51	-	-	(4)	(48)	4,028
BANCO BPM 28/01/25 1.75%	4,050	-	65	-	-	(4)	(65)	4,046
BPM 29/01/21 TRIM	3,294	-	-	10	(3,300)	-	(4)	0
ICCREA 01/02/21	4,489	-	1	14	(4,500)	-	(4)	0
ICCREA 11/10/22 1.5%	6,288	-	71	-	-	(6)	(7)	6,346
UBI 17/10/22 0.75%	1,996	-	6	-	-	-	(3)	1,999
BPEIM 31/03/27	-	800	9	-	-	(3)	-	807
Banca Carige Tier II 2019-2029	9,227	-	30	-	-	(126)	(31)	9,100
Total	33,373	800	233	24	(7,800)	(143)	(162)	26,326
Other financial companies								
CDP RETI 29/05/22 1.875%	1,434	-	16	-	-	0	(28)	1,422
ANIMIM. 22/4/28 1.5%	-	2,983	33	-	-	(2)	-	3,014
NEXIIM 30/04/2026 1.625%	-	1,000	3	-	-	(4)	-	999
SPMIM 31/03/28 3.125%	-	1,600	38	-	-	(97)	-	1,541
EBB 9/5/2028 TV	20,028	-	55	9	(1,540)	-	(60)	18,492

EBB EXPORT 17/7/2027	6,029	-	36				(36)	6,029
BSK CAMP 21/01/2029	47,491	23,325	95		(2,589)	(575)	(454)	67,293
GARIBALDI 7/30 TV	24,423	16,450	95			(650)	(252)	40,066
GROWTH M 10/28 TV	-	3,900	7			(12)		3,895
SBB SPV 11/30 TV C A	-	9,800	47			(24)		9,823
Total	99,405	59,058	425	9	(4,129)	(1,364)	(830)	152,574
Non-financial companies								
TERNA 23/07/23 1%	1,252	-	6	-	-	(1)	(6)	1,251
OCTO GROUP S.p.A.17/12/2026	969		1				(1)	969
ICM 11/26 4% RAT		3,000	10			(98)		2,912
INFORMATION 12/21 5%		1,000				(33)		967
SIDERALBA 6/27 1.75%		5,000				(39)		4,961
Total	2,221	9,000	17	-	-	(171)	(7)	11,060
Total debt securities	208,256	68,858	1,336	34	(16,429)	(1,677)	(2,212)	258,166

Annex A.5.

Equity investments - Annual changes

amounts in €/'00

Company name	Initial balances Financial statements	Purchases	Write- backs	Other positive changes	Sales	Value Adjustments	Other negative changes	Closing balance
C. Companies subject to significant influence:								
CDP VENTURE CAPITAL SGR S.P.A.	1,769		1,639					3,408
CONSORZIO EX CNOW	1							1
LAMEZIA EUROPA SCPA	-							-
SICULIANA NAVIGANDO SRL	-		20			(5)		15
C.R.A.A. SRL IN LIQUIDATION	38							38
CFI - COOPERAZIONE FINANZA	609							609
ELA SPA IN BANKRUPTCY PROCEEDINGS	-							-
ELETTRA SINCROTONE TRIESTE S.P.A.	2,175		57					2,232
FINMEK SOLUTIONS SPA IN PROC. CONC.	-							-
FONDERIT ETRURIA in bankruptcy proceedings	-							-
IDC - ITALIAN DISTRIBUTION	-							-
ISTIT ENCICLOPEDIA TRECCANI	5,482		32					5,514
ITALIACAMP SRL - UNIPERSONALE	1							1
MARINA DI VILLA IGIEA SPA	445			375				820
MECCANO SCPA	89			1			(10)	80
SASSI ON LINE SERVICE S.C.	-							-
SOCIETA' PER CORNIGLIANO SPA	1,562			6			(189)	1,379
TESS COSTA DEL VESUVIO	-		162					162
TRADIZIONI DI CALABRIA (in bankruptcy proceedings)	-							-
Companies acquired with third party funds:								-
of which, with funds from Decree Law 142 of 2019								-
BANCA POPOLARE DI BARI	430,000					(9,634)		420,366
ACCIAIERIE D'ITALIA SPA		400,000		2,972				402,972
of which, with funds from Law 205/2017								-

INVITALIA GLOBAL INVESTMENT SPA	9,622						(469)	9,153
of which, with funds from Law 181/89 and subsequent	-							-
CATWOK SPA IN BANKRUPTCY PROCEEDINGS	-							-
CMS SRL IN BANKRUPTCY PROCEEDINGS	1,370							1,370
ELMIRAD SERVICE SRL IN LIQUIDATION	120							120
FONDERIE SPA IN BANKRUPTCY PROCEEDINGS	-							-
GUSTAVO DE NEGRI & ZA.MA. SRL	202							202
JONICA IMPIANTI SRL	278							278
MODOMECC BUILDING SRL	-							-
PERITAS SRL	326							326
PRO.S.IT. IN BANKRUPTCY PROCEEDINGS SRL	499							499
SALVER SPA	-					-		-
SICALP SRL IN BANKRUPTCY PROCEEDINGS	1,033							1,033
SIMPE SPA	3,600							3,600
SURAL SPA IN BANKRUPTCY PROCEEDINGS	253							253
TEKLA SRL	653							653
of which, with funds pursuant to Italian Law 126/2020								-
REITHERA SRL		15,000						15,000
TLS SPA		15,000						15,000
Total equity investments	460,127	430,000	1,910	3,354	0	(9,639)	(668)	885,084

Annex A.6.

Non-current assets and asset groups held for sale: information on equity investments

amounts in €/'00

Company name	Percentage equity investment %	Value in financial statements
I.T.S INFORMATION TECHNOLOGY SERVICES SPA	17.33%	-
IP PORTO ROMANO SRL	34.23%	74
MARINA DI ARECHI	40.00%	300
Total other companies		374

Annex A.7

Non-current assets and asset groups held for sale

Company name	Initial balance	Positive changes	Negative changes	Revaluations	Disposals	Depreciation / Impairment	Final inventory 31/12/2021
CONSORZIO MARINA DI PORTISCO	10		- 10				-
I.T.S INFORMATION TECHNOLOGY	300		- 300				-
IP PORTO ROMANO SRL	74						74
MARINA D'ARECHI	13,522				- 13,222	-	300
SALERNO SVILUPPO	114		- 114				-
Total other companies	14,020	-	- 424	-	- 13,222	-	374

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP NATIONAL AGENCY FOR INVESTMENT ATTRACTION AND BUSINESS DEVELOPMENT S.P.A. TO 31 DECEMBER 2021

Dear Shareholder,

This report was prepared by the Board of Statutory Auditors consisting of Gianluigi Serafini Chairman, Rosalba Cotroneo and Adriano Mesaroli, Standing Auditors. The Sole Shareholders Meeting held on 27 November 2020 appointed the Board of Statutory Auditors in its current form for the financial years 2020-2022, through approval of the financial statements as at 31 December 2022. Pursuant to Article 2429, paragraph 2 of the Civil Code, we report on the supervisory activities we carried out during the year ending 31 December 2021.

The Board of Statutory Auditors has carried out its activities in the context of its supervisory functions pursuant to Article 2403 of the Civil Code and the provisions of the law connected to it.

On 30 May 2022, the Board of Directors approved the draft consolidated financial statements as at 31.12.2021, which show profits of 84,452 thousand euros, accompanied by the Statement of Cash Flow and the Directors' Report on Operations, authorising the Managing Director to make any additions or corrections identified during the discussion as well as any other changes and / or additions of a formal nature which may be rendered necessary.

As of today, the auditing firm Deloitte has issued the required report, the certificate of conformity pursuant to Legislative Decree 254/2016 and the Additional Report mentioned to article 11 of Reg. No. 537/EU/2014 in which the fundamental issues raised during the statutory auditing must be indicated, with particular evidence of any significant deficiencies found in the internal control in relation to the financial reporting process.

The Board of statutory auditors notes that the notes to the Financial Statements the following declarations of conformity are made to the principles:

- the Consolidated Financial Statements have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the international Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission until 31 December 2020, as required by the European Union Regulation n. 1606/2002 implemented in Italy by Legislative Decree 28 February 2005 n. 38, with the exception of the derogation from the application of those principles used by the company as provided for in Article 47 of the Decree-Law of 19 May 2020 converted by law of 17 July 2020 number 77 (hereinafter Art. 47) applying the provisions of paragraph 19 of IAS 1 in exceptional cases.

- in the preparation of the consolidated financial statements, the schemes and rules for compilation referred observed to the provision of the Governor of the Bank of Italy of 29 October 2021.

- the Agency was exempted by decree of the MEF of 10 October 2012 from the application of the discipline referred to in Title V of the T.U.B., as it is subject to other forms of supervision equivalent (MEF, Court of Auditors) . This exemption does not change the nature of "Financial Intermediary" and consequently, does not have repercussions on the discipline of the financial statements previously indicated and applied continuously intime. However, the company, with a view to continuity of information, has proceeded with the maintenance of the drafting criteria pursuant to in Title V of the T.U.B. has establishby decree of the Ministry of Economy and Finance even if it is not subject to this discipline. The foregoing also on the basis of a pro veritate legal opinion issued by a qualified professional.

The Board acknowledges that in the Attestation of the consolidated Financial Statements, issued pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments on 30 May 2022, by the Chief Executive Officer and the Financial Report Manager.

It is stated, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of the Legislative Decree 24 February 1998, n. 58:

- adequacy in relation to the characteristics of the Group;
- effective application of the administrative and accounting procedures for the preparation of the consolidated Financial Statements for the year ended 31.12.2021.

Additionally, in the same document, it is attested that the Consolidated Financial Statement of the Invitalia S.p.A. to 31 December 2021:

- it has been drawn up in accordance with the IFRS and ASS issued by the IASB and the related interpretations of the IFRIC;
- in the preparation of the consolidated Financial Statements , the schemes and rules of compilation referred to the provision of the Governor of the Bank of Italy, to facilitate a more correct comparison with the data of the previous year, taking into account that the company is a financial intermediary pursuant to art. 114 of the TUB;
- matches with the results of the books and accounting entries;
- suitable to provide a true and fair representation of the balance sheet, economic and financial position of the issuer and of all the undertakings included in the consolidation.

In the same certification the following important aspects are acknowledged:

- On 11 March 2021, the Bank of Italy authorised the establishment of "Gruppo Bancario Mediocredito Centrale" and identified the Banca del Mezzogiorno as parent company, with the management and coordination tasks. Banca del Mezzogiorno- Mediocredito Centrale prepares its own consolidated Financial Statements and its own consolidated non-financial statement.

- During the year, the update of the Business Plan was approved , which saw confirmed the choices regarding the disposal of investments and non-strategic assets, in line with the current Rationalization and Disposal Plan, the regulatory provisions of Law no. 296/2006 and with the addresses of MISE. In particular , on 30 December 2021 a new agreement was defined between Invitalia and Invimit Sgr, aimed at contributing to the 13- Sviluppo Italia Fund, of the tourism villages of Italia Turismo as well as the other properties of Invitalia Partecipazioni, divided into three phases by the 2022 financial year.

- On 14.04.2021 Invitalia subscribed the capital increase of AM InvestCo Italy S. p.A., the tenant company of the Ilva Company in extraordinary administration, finalized to start a new phase of eco-sustainable development of the Ilva of Taranto. In particular, Invitalia, on behalf of the Italian Government, has subscribed, with capital grants assigned by the MEF, ordinary shares for an amount of 400 million euros and, following the adherence to the capital increase, it acquired the 38% of the share capital. The remaining 62% stake is entitled to the ArcelorMittal Group. The Extraordinary Shareholders' Meeting that approved the capital increase reserved to Invitalia, also deliberated to change the name of the company AM InvestCo Italy S.p.A. in Acciaierie d'Italia Holding S. p.A.. In the first months of 2022, meetings and negotiations were started, also with the Commissioners of ILVA AS, aimed at acknowledging of the possible non-fulfillment of the conditions for the purchase of the business units leased by Acciaierie d'Italia Holding S. p.A., for the second capital increase by Invitalia, and the definition of the new date by which the conditions themselves should be fulfilled.

- In view of the Agreement deadline for the management of the Fund signed in 2012, the Ministry of Economic Development in January 2021 called for an open bidding process to entrust the management service. Following the outcome of the tender evaluations, on 6 August 2021 the Conventional Deed between MiSE and the subsidiary Mediocredito Centrale was signed as agent of the RTI, constituted by deed registered on 30 July 2021 and composed as principals from Artigiancassa, MPS Capitali Services, Intesa Sanpaolo, BFF Bank and Unicredit. The contract duration is 9 years from the date of signing of the Agreement, with the maximum estimated value of the contract equal to € 432 million.

- the suitability of the administrative and accounting procedures for the preparation of the financial statements as at 31 December 2021 has been verified by assessing the internal control system. This evaluation was carried out taking as a reference the criteria established in "Internal Controls- Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- the Financial Reporting Manager of the National Agency for the Attraction of Investments and Business Development S.p.A., during 2021, carried out, with the support of the Internal Auditing Dep., the activities of verification of the suitable and effective application of existing administrative and accounting procedures, with reference to the internal control system on financial reporting.

It should be noted that, pursuant to Accounting Standard IAS 10, the paragraph "Subsequent events" of the Annual Report provides extensive information on the most significant events that occurred after the closing date of the financial statements, including:

-On 25.01.2022 was established the company DRI d'Italia SpA, which aims to carry out studies of pre-feasibility for the design, construction, and management of pre-reduced production plants aimed at the green conversion of the steel industry.

-On 06.10.2021 the Minister for Technological Innovation and Digital Transition - Department for Digital Transformation - has signed an Agreement with Invitalia and Infratel for the implementation of investment plan included in the National Recovery and Resilience Plan. Invitalia acts as the parent company and assumes the role of coordinating and controlling of the activities carried out by Infratel in its capacity as an implementing party. The Agreement provides for a period from 2022 to 2026.

-On 18.02.2022, the Board of Directors of Mediocredito Centrale approved the Industrial Plan for the three-year period 2022-2024, which defines the Banking Group mission supporting for households and enterprises, with an increasing focus on the SME segment located in the South.

-On 24 May 2022, Invimit S. p.A. (Company 100% controlled by the MEF) has approved the operation aimed at establishing a Fund (called I3- Sviluppo Italia) to which a part of the assets will be contributed real estate owned by the subsidiaries Italia Turismo S.p.A. and Invitalia Partecipazioni S. p.A. The transaction is configured as a "market operation", the contribution value of the structures, in fact, is determined by an independent expert, appointed by Invimit SGR.

With this operation, Invitalia continues the implementation of the Asset Disposal Plan real estate while setting itself the goal of enhancing its assets in a medium-long term perspective.

The activity of the Board of Statutory Auditors, in applicable rules on such matters, involved verifying the accuracy and suitability of the information contained in the document of consolidated financial statements for the year ended on the 31 December 2021, given that a legal audit of the accounts was delegated to the independent external auditing firm – Deloitte and Touches - which is responsible for issuing and specific report

Our review was carried out according to the Rules of Conduct of the Board of Statutory Auditors issued by the National Council of Chartered Accountants and Accounting Experts and the indications provided by the Bank of Italy, concerning corporate controls and the activities of the Board of Statutory Auditors of registered companies pursuant to art. 107 TUB in the special register of financial companies.

With regard to the financial statements of the investee companies, no direct control was carried out by the Board of Statutory Auditors as this fall under the responsibility of the respective control board.

It should be noted that the Directors' Report on Operation contains adequate information on the activities carried out and the foreseeable outlook of the company..

The Board of Statutory Auditors acknowledges that the Explanatory Notes to the Financial Statements illustrate the consolidation principles and the Applied measurement criteria.

The documentation examined and the information obtained did not show deviations from the rules governing the preparation of the consolidated financial statement

With reference to the Audit Report for the Consolidated Financial Statements as at 31 December 2021 for Invitalia S.p.A. issued, on 27 June 2021, by the Deloitte and Touche company the Board of Statutory Auditor notes that this document indicate that:

- An audit was performed on the consolidated financial statements of the Agenzia Group, consisting of balance sheet as at 31 December 2021, the income statement, the statement of total profitability, the statement of changes in shareholders' equity, the cash flow statement for the year closed on that date and the notes to the financial statements which also include a summary of the most significant accounting standard applied.
- The consolidated financial statements provide a truthfull and correct representation of the financial position of the group as at 31 December 2021 the economic result and cash flows for the year ended on that date in accordance with IFRS adopted by the European Union, as well as the provisions issued in implementation by Article 9 of Legislative Decree no. 38/2005, with the exception of th effects solely relating to the comparability of the data of the balance sheet expressed in the financial statements as at 31 December 2020. With

reference to the qualified opinion issued on the occasion of the 2020 Annual Report, the elements underlying the opinion referred to the company's application of art. 47 of Decree Law no. 34 of 19 May 2020, which in the auditor's opinion constituted a deviation from IFRS because the circumstances provided for in IAS 1: 19 were not attended.

In this regard, in the opinion of the Board of Statutory Auditors, Invitalia had applied the aforementioned national legislation and the accounting criteria used had not resulted in a deviation from the IAS standard, falling within the scope of the exceptions, as correctly supported by authoritative consultants in a detailed opinion acquired by the company.

On the point, with reference to the opinion with express remarks only to comparability with the Financial Statement 2020, what has already been expressed in the Statutory Auditors report to the Financial Statement 2020 is confirmed.

Additionally, the Independent External Auditors certified that:

"the Director Report on Operation and certain specific information contained in the Report on corporate governance and ownership structure are consistent with the Consolidated Financial Statements of the Group as at 31 December 2021 and are prepared in compliance with the law, with the exception of the effects relating to only the comparability of the data in the 2020 financial statements.

With regard to the checks carried out on the Consolidated Financial Statements, the Independent External Auditors has not reported any anomalies to the Board of Statutory Auditors that must be highlighted.

The Independent External Auditors acknowledged that it had verified the approval of the DNF non-financial statement by the Board of Directors on 30 May 2022. This statement, unlike the previous year, is an separate document in respect to the annual report that accompanies the Consolidated Financial Statements and pursuant to art. 3 paragraph 10 of Legislative Decree 30 December 2016 n. 254, is subject to a separate opinion of conformity by the auditors.

Instead, in their report they indicated the key aspect of the audit activity that were most significant in the consolidated financial statements for the year under review,, which we provide here below:

-Classification of loans to customers measured at amortised cost and not impaired and classified in stage 2 with reference to the subsidiary Mediocredito Centrale S.p.A.

With reference to the declaration pursuant to article 14, paragraph 2, letter e), of Legislative Decree 39/2010, issued on the basis of the knowledge and understanding of the company and the relative context acquired during the audit, the Independent External Auditors indicated that they has nothing to report.

Conclusions

In consideration of the above and the information acquired throughout the year from the Administration and the External Auditors, Consolidated Financial Statement as a whole correctly express the financial position and the economic result of the Group for the year ended 31 December 2021 in compliance with the rules governing the consolidated financial statements.

The Board of Statutory Auditors issue this report for the purpose of the law.

The Auditors

Gianluigi Serafini Chair

Rosalba Cotroneo Standing Auditor

Adriano Mesaroli Standing Auditor

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION 11971 OF 14 MAY 1999, AS AMENDED

1. The undersigned, Domenico Arcuri, as Managing Director, and Domenico Tudini, as Financial Reporting Officer, for National Agency for the attraction of investments and enterprise development SpA (Invitalia) hereby certify, also taking into account the provisions of Article 154-*bis*, sections 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998:

- the suitability in relation to the characteristics of the Group and
- the effective application of the administrative and accounting procedures for preparing the annual financial statements closed as at 31 December 2021.

2. In this regard, during the 2021 financial year, the following significant aspects emerged:

- 2.1 On 11 March 2021, the Bank of Italy authorised the establishment of the Mediocredito Centrale Banking Group, identifying Banca del Mezzogiorno as the parent company, with management and coordination powers. Banca del Mezzogiorno-Mediocredito Centrale prepares its own consolidated financial statements and its own consolidated non-financial disclosure
- 2.2 During the year, the updated Business Plan was approved, which reinforced the decision to dispose of non-strategic shareholdings and assets, in line with the current Rationalisation and Disposal Plan, the regulatory provisions of Italian Law no. 296/2006 and MED instructions. Specifically, on 30 December 2021, a new agreement was defined between Invitalia and Invimit SGR, aimed at the contribution to Fondo 13 - Sviluppo Italia, some Italia Turismo tourist villages, as well as other Invitalia Partecipazioni properties, divided in three phases by FY 2022.
- 2.3 On 14 April 2021, Invitalia subscribed the capital increase of AM InvestCo Italy S.p.A., the lessee company of the Uva business units under extraordinary administration, aimed at launching a new eco-sustainable development phase for Uva di Taranto. More specifically, as ordered by the Italian government, Invitalia subscribed ordinary shares totalling € 400 million using capital grants coming from the MEF and, after subscribing the capital increase, acquired 38% of the share capital. The remaining 62% stake stays with the ArcelorMittal Group.

Via Calabria 46, 00187 Rome, Italy
Tel. +39 06 421 601 Fax +39 06 421 606 16
www.invitalia.it

Sole Shareholder, Italian Ministry of Economy and
Finance
Share capital € 836,383,864.02

Rome Business Register
VAT and Tax ID 05678721001

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The Extraordinary Shareholders Meeting, which approved the capital increase reserved for Invitalia, also approved renaming AM InvestCo Italy S.p.A. as Acciaierie d'Italia Holding S.p.A. At the beginning of 2022, meetings and negotiations began, including with the commissioners of ILVA AS, aimed at acknowledging the possible failure to meet the conditions precedent for acquiring the business units leased by Acciaierie d'Italia Holding S.p.A., for the second capital increase by Invitalia, and to define the new date by which such conditions must be met.

- 2.4 As the expiry of the Fund management Agreement (signed in 2012) is approaching, in January of 2021, the Italian Ministry of Economic Development announced the open tender to award the management service. Following the outcome of the tender evaluations, on 6 August 2021, an Agreement was signed between the MED and the subsidiary Mediocredito Centrale, as agent of the temporary grouping of companies established with a deed recorded on 30 July 2021, with Artigiancassa, MPS Capitali Services, Intesa Sanpaolo, BFF Bank and Unicredit as the principals. The contract will be valid for nine years from the date the Agreement is signed, with a maximum estimated contract value of € 432.0 million.
- 2.5 The suitability of the administrative and accounting procedures for preparing the financial statements as at 31 December 2021 was verified by assessing the internal control system. This assessment was carried out taking into consideration the criteria established in the "Internal Controls - Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- 2.6 During 2021, the Financial Reporting Officer for National Agency for the attraction of investments and enterprise development SpA (Invitalia) e lo sviluppo d'impresa S.p.A., with assistance from the Internal Auditing function, verified the suitability and effective application of the existing administrative and accounting procedures, with reference to the internal financial reporting control system.

3. We further certify that:

- 3.1. The consolidated financial statements of National Agency for the attraction of investments and enterprise development S.p.A (Invitalia), as at 31 December 2021:
 - 3.1.1 were prepared in compliance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), as well as the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), with the exception of the exemption from applying these principles used by Invitalia, as provided for by Article 47 of the Italian Decree Law of 19 May 2020, converted by Italian Law no. 77 of 17 July 2020, applying the provisions of section 19 of IAS 1 in exceptional cases;

- 3.1.2 used the compilation format and rules set forth in the Bank of Italy Governor's Decree of 29 October 2021 in their preparation;
- 3.1.3 are consistent with the entries in the accounting books and records;
- 3.1.4 are suitable for providing a true and correct representation of the issuer's equity, economic and financial situation.
- 3.2 The Directors' Report includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer and the group of companies included in the consolidation, together with a description of the main risks and inaccuracies to which they are exposed.

Rome, 30 May 2022

Domenico Arcuri
The Managing Director
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Domenico Tudini
Financial Reporting Manager
Illegible signature

DELOITTE - REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENT

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Sole Shareholder of
Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the consolidated financial statements of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. ("Invitalia" or "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2021, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects related solely to the comparability of the data in our qualified opinion on the consolidated financial statements as of December 31, 2020, described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Qualified Opinion

In the consolidated financial statements as at December 31, 2020, in light of Article 47 of Decree Law no 34 of 19 May 2020, as converted by Law no 77 of 17 July 2020 and supported by an expert opinion commissioned for the purpose, the Directors had recorded reductions in value, totalling around Euro 20,5 million, resulting from the fair value measurement of the real estate assets subject to the agreement signed in December 2020 by Invitalia and publicly controlled company Investimenti Immobiliari Italiani SGR S.p.A. (the "Agreement") and coming under the Plan for the Rationalisation and Disposal of Group Real Estate Assets drawn up by the Directors; the adjustments were recorded in the statement of comprehensive income rather than in the statement of profit or loss as required by the International Financial Reporting Standards adopted by the European Union. In our opinion, this constituted a deviation from those standards as the circumstances required by IAS 1:19 for a departure from their application were not present. Therefore, we expressed a qualified opinion in our audit report on the consolidated financial statements as at December 31, 2020.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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When preparing the consolidated financial statements as at December 31, 2021, the Directors updated the valuations of the real estate assets at fair value at December 31, 2021, also taking account of certain updates made to the Agreement; they recorded the effects of the additional reductions in value at that date – not material – following the same method adopted by them in the prior year consolidated financial statements.

Due to the effects of our qualification on the consolidated financial statements as at December 31, 2020 on the comparability of the information, our opinion on the consolidated financial statements as at December 31, 2021 is also qualified.

“Part A – Accounting Policies – A. 1 General section – Section 1 – Declaration of compliance with International Financial Reporting Standards” of the notes to the consolidated financial statements provides information on the matters described above and the effects of said deviation on the consolidated financial statements of Invitalia.

For the purposes of the audit of the consolidated financial statements as at December 31, 2021, we relied on the results of the work done by us during our audit of the consolidated financial statements at December 31, 2020 and performed the following additional tests:

- review of changes made to the Agreement and to the Plan for the Rationalisation and Disposal of Group Real Estate Assets, as well as of the related accounting effects;
- obtain and review the updated valuations of the real estate assets prepared by the Directors with the support of third party appraisers appointed by the purpose, while also evaluating the qualifications, ability and objectivity of said appraisers;
- meetings and discussions with the Board of Statutory Auditors and with Management;
- assessment of the reasonableness of the updates made to the main assumptions and key variables in the models used for the valuation of said real estate assets, also with support from valuation experts from the Deloitte Network;
- analysis of subsequent events after the Company’s reporting date;
- analysis of disclosures made in the notes to the consolidated financial statements and in the directors’ report on operation with regard to the matters described above.

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Agenzia nazionale per l’attrazione degli investimenti e lo sviluppo d’impresa S.p.A. in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

In addition to the issues described in the *Basis for qualified opinion* section, we have identified the matter described below as key audit matters for inclusion in this report.

Classification of performing client loans measured at amortised cost classified in Stage 2 of subsidiary Mediocredito Centrale S.p.A.

Description of the key audit matter

In the consolidated financial statements as at December 31, 2021, line item “40. Financial assets measured at amortised cost – c) Loans to customers” includes performing client loans measured at amortised cost for an amount of Euro **2.783** million (Euro 2.413 million at December 31, 2020), of which performing client loans measured at amortised cost classified in Stage 2 of subsidiary Mediocredito Centrale S.p.A. (the “Bank”) for a gross amount of Euro **353,2** million (Euro **242,1** million at December 31, 2020); provisions totalling Euro **18,0** million (Euro 14,6 million at December 31, 2020) have been recorded in respect of these loans with a percentage of cover of **5,1** % (**6,0** % at December 31, 2020).

The Bank measures performing loans collectively by dividing them into homogeneous risk categories while also taking in account consideration of the particular situation of macroeconomic uncertainty resulting from the ongoing pandemic emergency; it also considers the effects of legislative moratoria and category-specific measures, as well as other support measures introduced by the Government and monetary authorities.

Considering the complex estimation process adopted by the Bank, also based on a detailed activity of classification into homogeneous risk categories and the circumstances regarding the ongoing Covid-19 pandemic, as well as the effects of the aforementioned support measures, which have rendered critical the identification of positions that have seen a significant increase in credit risk and the resulting classification into the stages required by IFRS 9, exposing them to additional elements of subjectivity, we concluded that the classification of the Bank’s performing client loans measured at amortised cost classified in stage 2 is a key audit matter in relation to the audit of the consolidated financial statements of Invitalia for the year ended December 31, 2021.

Disclosures on the matters described above are contained in the directors’ report on operation in paragraphs “D3) Activities of the subsidiaries” and “G.2 Financial position” and in the notes in “Part A – Accounting Policies - A.2 Section related to the main items of the financial statements”, in “Part B – Information on the balance sheet - Section 4 of Assets – Financial assets measured at amortised cost – Item 40 c) Loans to customers” and in “Part D – Other Information – Section 3 – Information on risks and related hedging policies”.

Audit procedures performed

The main procedures carried out as part of our audit work included the following:

- analysis of the Bank's lending process with particular reference to identifying and understanding the organisational and procedural controls implemented by the Bank and amended to take account of the effect of the Covid-19 pandemic, in order to monitor credit quality and correct classification in accordance with applicable accounting standards and regulatory requirements of the sector;
- verification of the correct flow of data feed and management of electronic databases, also with the support of specialists from the Deloitte network;
- review of the classification criteria adopted by the Bank when dividing the portfolio of performing client loans measured at amortised cost into homogeneous risk categories; this involved analysing the reasonableness of the assumptions and parameters used, also taking account of the emergency situation triggered by the ongoing Covid-19 pandemic;
- checking the correctness of the classification of a sample of the Banks performing client loans measured at amortised cost and classified in stage 2 based on regulatory requirements of the sector and in compliance with applicable accounting standards;
- perform comparative analysis in relation to the most significant variances compared to prior year figures, also by obtaining and reviewing monitoring reports prepared by the Bank and discussing results with those in charge of the business functions and the organisational units involved;
- analysis of subsequent events after the Bank's reporting date;
- verification of the completeness and compliance of the disclosures provided in the consolidated financial statements with applicable statutory reporting requirements and accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. appointed us on September 30, 2020 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Qualified opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Agenzia Nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. are responsible for the preparation of the directors' report on operations and information included in the section concerning the report on corporate governance and ownership structure required by paragraph 2, letter b) of article 123-bis of Italian Legislative Decree No. 58/1998 of the Group as at December 31, 2021, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the directors' report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of the Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the above-mentioned directors' report on operations and the specific information required by paragraph 2, letter b) of article 123-bis of Italian Legislative Decree No. 58/1998 and contained in the section concerning the report on corporate governance and ownership structure are consistent with the consolidated financial statements of the Group as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report in addition to the above.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree December 30, 2016, no. 254

The Directors of Agenzia Nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianfrancesco Rapolla
Partner

Rome, Italy
June 27, 2022

This report has been translated into the English language solely for the convenience of international readers.