

## IMPORTANT NOTICE

### THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES AND WHO ARE NOT U.S. PERSONS.

**IMPORTANT:** You must read the following disclaimer before continuing. The following disclaimer applies to the preliminary prospectus (the "**Preliminary Prospectus**") following this page and to the securities described in the Preliminary Prospectus (the "**Notes**"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Preliminary Prospectus. In accessing the Preliminary Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE PRELIMINARY PROSPECTUS, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE THE PRELIMINARY PROSPECTUS IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE PRELIMINARY PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE OR ANY OTHER APPLICABLE RULES OR REGULATIONS MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**CONFIRMATION OF YOUR REPRESENTATION:** In order to view the Preliminary Prospectus or make an investment decision with respect to the Notes, investors must not be U.S. persons. The Preliminary Prospectus is being sent at your request and by accepting the email and accessing the Preliminary Prospectus, you shall be deemed to have represented to Banca Akros S.p.A. – Gruppo Banco BPM, Banco Santander, S.A., and Goldman Sachs International (together, the "**Joint Lead Managers**") and Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (the "**Issuer**") that: (1) you and any customers which you represent are not U.S. persons, the email address that you have given us is not located in the United States of America, its territories, its possessions and other areas subject to its jurisdiction (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands); and (2) you consent to delivery of the Preliminary Prospectus and any amendments or supplements thereto by electronic transmission.

You are reminded that the Preliminary Prospectus has been delivered to you on the basis that you are a person into whose possession the Preliminary Prospectus may be lawfully delivered in accordance with the laws and regulations of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. If you receive this document by email, you should not reply by email to this announcement. Any reply by email communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected. If you receive this document by email, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The Preliminary Prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law or regulation. No action has been or will be taken by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Preliminary Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliates on behalf of the Issuer in such jurisdiction.

The Preliminary Prospectus has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 1.4 of Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"), in member states of the European Economic Area (each a "**Relevant Member State**"), from the requirement to produce a prospectus for offers of the Notes. Any person making or intending to make any offer in a Relevant Member State or elsewhere of the Notes should only do so in circumstances in which no obligation arises for the Issuer or the Joint Lead Managers to produce a prospectus for such offer. Neither the Issuer nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Lead Managers which constitute the final placement of the Notes contemplated in the Preliminary Prospectus.

This communication is directed only at persons who: (a) are outside the United Kingdom; (b) have professional experience in matters relating to investments; or (c) are persons falling within Article 49(2)(a) to (d) ("*high net worth companies, unincorporated associations, etc.*") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "**relevant persons**"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Preliminary Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

This communication cannot be directed to, or distributed in, the Republic of Italy, except: (a) to qualified investors (*investitori qualificati*), as defined in Article 34-ter, 1st paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999 (the "**Issuers' Regulation**") implementing Article 100 of Legislative Decree No. 58 of 24 February 1998 (also known as the *Testo Unico della Finanza* or "**TUF**"), as integrated by article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended; or (b) in circumstances where an exemption from the rules governing public offers of securities applies, pursuant to Article 100 of the TUF or the Issuers' Regulation.

The Preliminary Prospectus has been sent to you in an electronic format. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently neither the Issuer nor the Joint Lead Managers nor their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Issuer or the Joint Lead Managers or any of their respective affiliates accept any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard-copy version.

This communication is for information purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Any comments or statements made herein do not necessarily reflect those of the Joint Lead Managers or their respective subsidiaries and affiliates.

***Page intentionally left blank***

Preliminary Prospectus dated 20 October 2022  
SUBJECT TO COMPLETION

## Prospectus



### Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A.

(incorporated as a company limited by shares under the laws of the Republic of Italy)

#### €[●] [●] per cent. Notes due [●]

The €[●] [●] per cent. Notes due [●] (the "Notes") of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (the "Issuer") are expected to be issued on [●] 2022 (the "Closing Date") at an issue price of [●] per cent. of their principal amount.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on [●]. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Italy. In addition, each holder of a Note may require the Issuer to redeem such Note at their principal amount upon the occurrence of certain change of control events. The Issuer may also, at its option and at any time on the relevant Optional Redemption Date, redeem the outstanding Notes, in whole or in part, at an amount calculated on a "make-whole" basis, together with accrued interest to (but excluding) the relevant Optional Redemption Date (Make-Whole Call). In addition, the Issuer may, at its option, no earlier than 90 days prior to the Maturity Date, redeem all (but not some only) of the outstanding Notes, at their principal amount, together with accrued interest to (but excluding) the relevant date of redemption (3-Month Par Call). Furthermore, in the event that at least 80 per cent. of the initial aggregate principal amount of the Notes has been purchased and cancelled by the Issuer, the Issuer may, at its option, redeem all (but not some only) of the outstanding Notes, at their principal amount, together with accrued interest to (but excluding) the relevant date of redemption (Clean-up Call). See "Terms and Conditions of the Notes — Redemption and Purchase".

The Notes will bear interest from [●] 2022 at the rate of [●] per cent. per annum, payable annually in arrear on [●] each year commencing on [●] 2023. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "Terms and Conditions of the Notes — Taxation".

This prospectus (the "Prospectus") has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF"), which is the Luxembourg competent authority under Regulation (EU) 2017/1129 (the "EU Prospectus Regulation") as a prospectus for the purpose of giving information with regard to the issue of the Notes. The CSSF assumes no responsibility for the economic and financial soundness of the transaction contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg Act dated 6 July 2019 on prospectuses for securities and has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on its regulated market, which is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments.

This Prospectus is available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)), together with the information incorporated by reference herein. See "Information Incorporated by Reference".

This Prospectus constitutes a prospectus within the meaning of Article 6(3) of the EU Prospectus Regulation.

This Prospectus is valid for 12 months from its date of approval (being [●] 2022) in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "EEA"). The expiry date of the validity of the Prospectus is [●] 2023. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies after the end of the offer or admission to trading of the Notes.

An investment in the Notes involves certain risks. For a discussion of these risks, see "Risk Factors" on page 2.

The Notes will be in bearer form and in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. The Notes will initially be in the form of a temporary global note (the "Temporary Global Note"), which will be deposited on or around the Closing Date with a common safekeeper for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme, Luxembourg ("Clearstream, Luxembourg"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "Permanent Global Note") not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form. See "Overview of Provisions of the Notes in Global Form".

The Issuer has been assigned a rating of "Baa3 with negative outlook" by Moody's Italia S.r.l. ("**Moody's**"), which is established in the European Economic Area and registered as a credit rating agency under Regulation (EU) No. 1060/2009 (the "**EU CRA Regulation**"). The Notes are expected to be rated "Baa3 with negative outlook" by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

*Joint Lead Managers*

**Banca Akros S.p.A. – Gruppo Banco BPM**

**Goldman Sachs International**

**Santander Corporate & Investment Banking**

[•] 2022

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

The Issuer has confirmed to Banca Akros S.p.A. – Gruppo Banco BPM, Banco Santander, S.A. and Goldman Sachs International (together, the "**Joint Lead Managers**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information contained herein (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

This Prospectus should be read in conjunction with all information which is incorporated by reference in and forms part of this Prospectus (see "*Information Incorporated by Reference*").

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved in writing for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer and the Group (as defined below) is correct at any time subsequent to the date hereof or that any other information supplied by the Issuer in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), results of operations, business and prospects of the Issuer and the Group since the date of this Prospectus. The Issuer is under no obligation to update the information contained in this Prospectus after the initial distribution of the Notes and their admission to trading on the regulated market of the Luxembourg Stock Exchange and, save as required by applicable laws or regulations or the rules of any relevant stock exchange, or under the terms and conditions relating to the Notes, the Issuer will not provide any post-issuance information to investors.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. The content of this Prospectus should not be construed as providing any kind of professional advice and each investor contemplating purchasing any Notes should make its own independent investigation of the condition (financial or otherwise), results of operations, business and prospects of the Issuer and the Group and the Issuer's own appraisal of its creditworthiness and of the Group, and should have consulted its own legal, business, accounting, tax and other professional advisers.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Notes. The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. Neither the Issuer nor any of the Joint Lead Managers represents that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold,

directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**") or; (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"); or (iii) not a qualified investor as defined in the EU Prospectus Regulation, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**EU MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purpose of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

*Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables, including percentages, may not be an arithmetic aggregation of the figures which precede them.*

---

## RATING

The Issuer has been assigned a rating of “Baa3 with negative outlook” by Moody’s and the Notes are expected to be rated “Baa3 with negative outlook” by Moody’s.

According to the definitions published by Moody’s on its website as of the date of this Prospectus, long-term obligations rated “Baa” are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Furthermore, a Moody’s rating outlook is an opinion regarding the likely rating direction over the medium term. A stable outlook indicates a low likelihood of a rating change over the medium term. A negative, positive or developing outlook indicates a higher likelihood of a rating change over the medium term.

---

## PRESENTATION OF FINANCIAL INFORMATION

### Historic Financial Information

This Prospectus includes the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2021 and 2020, prepared in accordance with IFRS and audited by Deloitte & Touche S.p.A.

---

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's business strategies, expansion of operations, trends in the Issuer's business and its competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "will", "project", "anticipate", "seek", "estimate" "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Prospectus.

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set out in this Prospectus. Many factors may cause the Issuer's results of operations, financial condition and liquidity, as well as the development of the industries and markets in which it competes, to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors – Material risks that are specific to the Issuer*". In

addition, new risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on its business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

---

## CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

- (i) references to "**billions**" are to thousands of millions;
- (ii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;
- (iii) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (iv) the "**Fiscal Agent**" means BNP PARIBAS, Luxembourg Branch as fiscal agent;
- (v) the "**Group**" means the Issuer and its Subsidiaries, taken as a whole;
- (vi) references to "**IFRS**" are to International Financial Reporting Standards, as endorsed by the European Union;
- (vii) the "**Issuer**" or "**Invitalia**" means Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A.;
- (viii) the "**Joint Lead Managers**" means Banca Akros S.p.A. – Gruppo Banco BPM, Banco Santander, S.A. and Goldman Sachs International as joint lead managers;
- (ix) references to a "**Member State**" are to a Member State of the European Economic Area; and
- (x) "**Subsidiary**" has the meaning given to it in the Conditions.

## TABLE OF CONTENTS

RISK FACTORS.....	2
INFORMATION INCORPORATED BY REFERENCE.....	26
TERMS AND CONDITIONS OF THE NOTES.....	27
OVERVIEW OF PROVISIONS OF THE NOTES IN GLOBAL FORM.....	46
USE OF PROCEEDS.....	49
DESCRIPTION OF THE ISSUER.....	50
OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER.....	98
TAXATION .....	105
SUBSCRIPTION AND SALE .....	113
GENERAL INFORMATION.....	116

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the sectors in which it operates, together with all other information contained in this Prospectus, including, in particular, the risk factors described below and any document incorporated by reference in this Prospectus. Words and expressions defined in “Terms and Conditions of the Notes” or elsewhere in this Prospectus have the same meanings in this section.*

*Prospective investors should note that the risks set out below relating to the Issuer, the sectors in which it operates and the Notes are those which the Issuer believes, based on information currently available to it, to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the Notes. However, the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.*

*The risks that are specific to the Issuer are presented in four categories and those specific to the Notes are presented in two categories, in each case with the most material risk factors presented first in each category. Additional risks and uncertainties relating to the Issuer and the industries in which it operates that are not currently known to the Issuer or which it currently deems immaterial may also, either individually or cumulatively, have a material adverse effect on the business, prospects, operating results and/or financial position of the Issuer and the Group.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus, including any information incorporated by reference in this Prospectus, and reach their own views, based upon their own judgment and upon advice from such financial, legal, tax and other professional advisers as they deem necessary, prior to making any investment decision.*

### MATERIAL RISKS THAT ARE SPECIFIC TO THE ISSUER

*The risks under this heading are divided into the following categories:*

- (a) Risks related to the business activities and industries of the Issuer and the Group*
- (b) Financial risks*
- (c) Legal and regulatory risks*
- (d) Risks relating to macroeconomic conditions*

#### **(a) Risks related to the business activities and industries of the Issuer and the Group**

##### ***Issuer’s status as in-house government entity***

Invitalia is a publicly owned company limited by shares and its sole shareholder is the Ministry of the Economy and Finance (“**MEF**”) which, pursuant to article 2, paragraph 6, of Legislative Decree No. 1 of 9 January 1999, as subsequently amended, (the “**Establishment Decree**”), exercises shareholder rights over it, in concert with the Ministry of Economic Development (“**MED**”). Pursuant to the Establishment Decree, the MED appoints, in concert with the MEF, the Issuer’s management and supervisory bodies and reports back to the Italian Parliament. The Issuer operates as an “instrumental entity of the national Government” under the directive of 27 March 2007 enacted by the MED and, therefore, constitutes an in-house entity within the MED and the Italian Government.

The Ministerial Decree of 18 September 2007 identifies the ordinary and extraordinary management actions of Invitalia and the relevant subsidiaries subject to prior ministerial approval, as well as any other management acts to be performed upon the MED’s request, in order to let the MED exercise its supervisory powers. Such decree provides that certain acts of Invitalia and the relevant subsidiaries are subject to prior approval by the internal department of the MED.

The Prime Minister, the MED and other national and local government and public bodies entrust to Invitalia the planning and implementation of schemes and practices to encourage economic growth in

the country and to strengthen the implementation of cohesion policies, with particular attention focused on the regions of Southern Italy. As such, the Issuer's main client is the MED, although it is expanding collaboration with other central Public Administrations as the Issuer has been enrolled in the register of central procurement authorities pursuant to article 192 of Legislative Decree No. 50 of 18 April 2016, as well as with other public entities. The Issuer manages virtually all national facilitated funding instruments on behalf of the Italian Government, sustaining investment programmes presented by enterprises and focusing special attention on young businesspeople and the territories of the South of Italy.

Investors should be aware that the Issuer's main corporate purpose is not exclusively that of earning margins from its business but rather achieving the country's economic, cultural, social and development goals envisaged by the Italian Government, although the Issuer is required to achieve these goals while applying the principles of efficiency, cost-effectiveness and sound and prudent management. As a company wholly owned and controlled by national government, its strategy and the direction of its business could change, even significantly, as a result of government policy and the Italian Government could even require the Issuer to allocate part of its capital for any other public purposes. Any such change would have an effect on the Issuer's business, financial position and profitability.

In addition, notwithstanding the close links between the Issuer and the Italian Government, the Issuer is a separate legal person incorporated under Italian law as a joint stock company (*società per azioni*) and the Italian Government is under no legal obligation to meet any of the Issuer's financial or other obligations to Noteholders.

#### ***Change of control***

Essentially, all of Invitalia's revenues originate from funds granted by the Italian State, (through the MED, principally, or other central Public Administrations), at both government and European level, covering all the business activities carried out by Invitalia. If the Italian Government sells its shareholding in Invitalia or ceases to control it, the Issuer may no longer be entrusted with the management of the activities and/or programmes currently assigned by the Italian Government or the other central Public Administrations, or such activities and programmes could be assigned to other entities and/or in-house bodies. This would have adverse effect on the Group's business, financial condition and operating results.

#### ***Risks relating to Invitalia's relationship with the Republic of Italy***

The nature of Invitalia's business, as in-house entity of the MED and thereby providing a service of general economic interest, involves bearing the risks associated with its special relationship with the Italian Government, which is Invitalia's main shareholder. The Italian Government, therefore, may exercise a significant influence on the Issuer's operations, which could be substantial in the case of protracted political uncertainty.

The Issuer's credit ratings closely reflect the rating of the Republic of Italy and are therefore exposed to the risk of decline in the sovereign credit rating. Accordingly, on the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a consequential effect on the credit rating of Italian issuers, such as Invitalia. Any downgrade in public ratings assigned to the Republic of Italy usually triggers corresponding changes in Invitalia's public ratings and these events can have a negative impact on Invitalia's funding conditions and consequently an adverse effect on the Group's business, financial condition and operating results.

#### ***Risks relating to the investment in Acciaierie d'Italia Holding***

In December 2020, Invitalia, on the instructions of the Italian Government, concluded its negotiations with ArcelorMittal Group dealing with Ilva in Taranto to enter into an investment agreement with ArcelorMittal Holding S.r.l. and ArcelorMittal SA (the "**Investment Agreement**") and support a new phase of sustainable development of the steel mill.

By implementing the Investment Agreement, in 2021, Invitalia underwrote, with the capital grants made available by the MEF, for an amount of Euro 400 million, ordinary shares of Acciaierie d'Italia Holding S.p.A. (formerly AM InvestCo Italy), the lessee of the business units of Ilva in Extraordinary Administration which operates in the sector of steel production, processing and trading of steel products, and, after underwriting such capital increase, acquired 38% of the share capital. This stake consists of shares which guarantee, in any case, Invitalia to exercise voting rights equal to 50% of the company's share capital.

The Investment Agreement further provides for a second capital increase of Acciaierie d'Italia Holding to be underwritten, in the next years, by Invitalia up to Euro 680 million and by ArcelorMittal up to Euro 70 million. Upon the completion of such capital increase, Invitalia will be the majority shareholder holding 60% of the company's share capital whereas ArcelorMittal will hold the remaining 40%.

Invitalia's investment in Acciaierie d'Italia Holding, upon the Italian Government's direction, is aimed at implementing a comprehensive plan of environmental and industrial investments, including, *inter alia*, the launch of the plant decarbonization process along with the start-up of the electric furnace capable of reaching up to 2.5 million tons of production per year and the full integration, over the course of the plan, of 10,700 workers employed at the plant. In particular, the plan aims to achieve a complete decarbonisation of Taranto's plant in ten years and provides for a total investment of Euro 4.7 billion by pursuing four objectives: full employment, environmental sustainability, economic sustainability and growth. For each of these objectives, intermediate steps are set, and alternative solutions are being studied to better define a positive relaunching of Acciaierie d'Italia Holding and Taranto's plant.

In this context, the Italian Government, by issuing Law Decree No. 103 of 20 July 2021 as converted with modifications by Law No. 125 of 16 September 2021, has authorised Invitalia to:

- subscribe further capital contributions and grant shareholder loans, up to a maximum limit of Euro 705 million, to ensure the continuity of the production operation of former Ilva. The agreements signed by the Issuer, concerning the contributions of capital or shareholder loans, are qualified as financial transactions in support of business and employment, referred to in article 1, paragraph 1, of Law Decree no. 142 of 16 December 2019, converted with amendments by Law No. 5 of 7 February 2020; and
- set up a company with a share capital up to a maximum limit of Euro 70 million, dealing with the carrying-out of feasibility studies for the design, creation, construction and management of iron pre-reduced production plants (so called, direct reduced iron), from an industrial, environmental, economic and financial perspective.

In February 2022, Invitalia incorporated a wholly-owned joint stock company named DRI d'Italia S.p.A. to pursue the abovementioned purposes, with an initial share capital of Euro 35 million through funds made available by the MEF.

Under this framework, Invitalia is assuming a strategic role to convert the former Ilva in Taranto into the biggest production plant of "green" steel in Europe and, consequently, relaunch and redevelop, in a green key, the Italian steel sector, in line with the strategy set by the European Commission for ensuring "zero emissions" to the European Union by 2050.

The targets and goals described above are of a particular complexity and unprecedented, requiring the coordination of several entities (private and public) on the same project. Consequently, there can be no assurance that all the decisions, solutions and activities adopted by Invitalia will satisfy the intermediate steps and final goals provided for the conversion of the former Ilva in Taranto; any delay and/or ineffective activity in implementing the abovementioned plan may create a negative perception adversely affecting the image or reputation of Invitalia, a consequential loss of the public's trust in the Group and a negative impact on the business prospects, revenues, operating results and financial condition of the Group, which, in turn, could have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

### ***Risks relating to the implementation of the Group's strategy***

On 30 May 2022, Invitalia's Board of Directors integrated the strategic plan previously approved on 12 October 2021 which includes the strategic guidelines for the period 2021-2023 as subsequently approved by the MED and the MEF (the "**Business Plan**"), factoring in some objectives provided by the National Recovery and Resilience Plan ("**PNRR**") with respect to which Invitalia and its Group play an important role in supporting the Italian Government and various Public Administrations.

According to the Business Plan, Invitalia's goal is to become an in-house and "institutionally qualified" entity for the definition and implementation of the investments envisaged by the PNRR and the new programming cycle in the following areas: (i) digital transition, (ii) environmental transition, (iii) social inclusion and (iv) technological transfer and innovation. To achieve the goal in the abovementioned areas, Invitalia is to adapt its offer by innovating processes and services for the Public Administration, thereby becoming a main hub of specialized skills capable of managing complex investment programs to improve the standards of public services and responding effectively to the needs of the territories and production sectors.

Invitalia will aim at (i) carrying out the technical-operational coordination of projects that involve institutional investors and strategic partners in a structured manner through dialogue and partnership platforms and (ii) representing the cardinal link between the real economy and a part of sustainable finance, thereby acting as a catalyst for public and private finance for the realization of sustainable investments. To this purpose, Invitalia is called to intervene, within the tasks assigned by the Italian Government and the Public Administration, in the following 4 areas: (1) strategic repositioning of industrial chains, (2) redevelopment of territories with a view of integrated and sustainable development, (3) increase in the resilience of the production and social system and (4) support for the digitization of the country system within the parameters fixed by the Convention entered into, on 6 October 2021, by and between the Minister for Technological Innovation and Digital Transition - Department for Digital Transformation, Invitalia and Infratel and according to the milestone and target set out by the PNRR over the period 2022-2026.

Therefore, the Business Plan demands Invitalia Group and its management to carry out highly complex interventions and projects and to achieve challenging goals for the sustainable development and the social needs of the territories and production sectors in the Republic of Italy. This requires the involvement and coordination of several actors (for examples, various Public Administrations, central and local entities and private third companies). Consequently, the Business Plan contains some estimates and assumptions based on the occurrence of future external events and on the actions that Invitalia will have to take in the period 2021-2023, which are subject to risks and uncertainties deriving from the current macroeconomic context and relating to future events and actions over which the Issuer may not exercise any control or a partial control only to a limited extent.

In consideration of the above, there is no guarantee that Invitalia will achieve all the objectives under its Business Plan also because of events outside of Invitalia's control (for example, but not limited to, new regulations, future legal claims or proceedings and adverse market conditions). If any of the events and circumstances taken into account in preparing the Business Plan do not occur and/or if the assumptions underlying its strategy and/or the relevant development actions taken by Invitalia's management are found to be incorrect, the future business, financial condition, cash flow and/or operating results of the Issuer could be different from those envisaged and the Issuer might not achieve, or partially achieve, the objectives set out in its Business Plan. The achievement of strategic targets may be adversely affected by events outside of the Group's control. To finance the implementation of its business strategy, the Group may need to incur additional debt or issue additional equity if cash flows and capital resources prove to be insufficient, and the Group may not be able to structure any additional financing on favourable economic terms. If the Group experiences difficulties in carrying out or financing its business strategy, its business, financial condition and operating results could be materially impaired.

As a result, the Group may fail, or partially fail, to achieve its strategy and to support the Italian Government and/or various Public Administrations, or to meet the objectives within the time period initially envisaged, thereby not achieving the intended benefits for the country. Any of the foregoing could have a negative impact on the Group's reputation and/or business, prospects, financial position and operating results and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

### ***Risks relating to the disposal of assets under the 2020 Rationalisation Plan***

In 2020, the Issuer's Board of Directors drew up a plan for the rationalisation and disposal of real estate assets (the "**2020 Rationalisation Plan**") - to be finalised in subsequent periods - held by Invitalia and the subsidiaries Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A., which are no longer strategic.

These real-estate assets, inherited from different managements prior to 2007, are partially or totally unproductive, not instrumental to the exercise of the Group's activities, respond to allocative choices which are no longer current and do not correspond with Invitalia's institutional responsibilities. Furthermore, these assets are generally characterized by an over-pricing compared to the market and by non-negligible management, administration, and maintenance costs.

The Issuer adjusted, in the context of the 2020 Rationalisation Plan, the carrying amount of its equity investments in Invitalia Partecipazioni and Italia Turismo due to the decrease in the recoverable value relating to Invitalia Partecipazioni and in the fair value relating to Italia Turismo, essentially due to aligning the book value of the real estate assets held by these subsidiaries to their relevant fair value (which was lower than the book value). The feasibility of the 2020 Rationalisation Plan found an important confirmation in article 47 of Law Decree No. 34 of 19 May 2020.

Besides, in execution of the 2020 Rationalisation Plan, on 8 July 2022 Invitalia disposed of certain real-estate assets held by Italia Turismo to a real estate alternative investment fund, named “i3-Sviluppo Italia” (the “**i3-Fund**”), managed by Investimenti Immobiliari Italiani SGR S.p.A. (“**Invimit SGR**”), a company wholly controlled by the MEF, for the consideration of becoming investors/quotaholders of the i3-Fund.

Invitalia, as a quotaholder, will not be able to exercise any influence over the management of the i3-Fund and on the relevant business decisions which will be taken only by Invimit SGR. The investment in the quotas of the i3-Fund is considered an illiquid investment with a long-term time horizon. The value of the quotas is subject to several elements among which the fluctuation of the value of the assets in which the fund has invested (including the real-estate assets already sold by the Group to the i3-Fund), the trends and conditions of the real-estate sector, the macroeconomic conditions and the management ability of Invimit SGR.

The investment in the i3-Fund involves a high level of risk and the asset management company does not guarantee the achievement of the fund’s objective or the return of the investment. Therefore, the quotas held in i3-Fund may undergo a decrease as a result of the fund fluctuation and even face the loss of the entire value of the investment the occurrence of which may have an adverse impact on its business, financial condition and operating results and, consequently, on the market value of the Notes and/or on the Issuer’s ability to fulfil its obligations under the Notes.

The ongoing decline or stagnation of Italian GDP, the continuation or worsening of the current adverse Italian economic conditions and financial markets, exacerbated by the pandemic and the war in Ukraine, and/or any changes in the real-estate sector or fluctuations in the real-estate market performance may adversely affect the disposal and/or the liquidation of the above-mentioned shareholdings and assets and, consequently, have a material adverse effect on the Group’s business, financial condition and operating results.

#### **Banca del Mezzogiorno’s capital adequacy assessment and non-performing loans**

The capital adequacy assessment of Banca del Mezzogiorno - Medio Credito Centrale (“**MCC-BdM**” or the “**Bank**”) is, *inter alia*, influenced by several potential variables, including the need to deal with the impacts deriving from the new and stricter regulatory requirements and the non-performing loans (“**NPLs**”) and/or future adverse market scenarios, which will require sufficient capital resources to support the activities and investments of the Bank.

As at 31 December 2021, MCC-BdM recorded approximately non-performing loans (for a gross value of Euro 56 million and provisions for Euro 36.5 million) amounted to Euro 19.5 million (compared to Euro 34.2 million in 2020), with an impact on the total financial receivables equal to 0.8% (compared to 1.7% in 2020). In particular, the loans classified as bad loans (“*sofferenze*”) are equal to Euro 5.5 million (0.2% of the loans to customers), with a coverage rate of 73.9%; unlikely to pay loans (“*inadempienze probabili*”) are equal to Euro 13.6 million (0.6% of the loans to customers) with a coverage rate of 60.7%; the impaired past due exposures (“*esposizioni scadute deteriorate*”) are equal to Euro 0.5 million with a coverage rate of 17%. The impact of the non-performing loans, calculated instead on the total amount of the net loans to customers, is equal to 0.8% (from 1.6% as of 31 December 2020).

In general, the potential losses that MCC-BdM could incur with respect to the exposure of the portfolio to the relevant credit risk may depend, under the applicable regulations and legal framework, on various circumstances. These include macroeconomic conditions, the performance of specific sectors of the economy, the deterioration of the competitive position of the borrowers, the downgrading of individual counterparties, the level of indebtedness of families, the performance of the real estate market and other circumstances that may have an impact on the creditworthiness of MCC-BdM’s counterparties and reduce the value of the collateral securing the credits.

Historically, credit risks increase in recession and stagnation periods, characterised by higher rates of insolvency and bankruptcy. In particular, the health crisis and the necessary containment actions adopted by the Italian Government to limit the spread of COVID-19 have had significant implications for the entire economy, such as lower consumption in some sectors, production disruption in certain areas and a decrease in international trade, with the consequent immediate decline in financial liquidity for affected companies, thereby exacerbating credit risks. Notwithstanding the package of measures adopted by the Italian Government to provide support for companies and households, the decrease in production and sales induced by the crisis has significant consequences for the companies’ economic results with further effects on their ability to remain in the market and to invest. These adverse economic

conditions could result in a further significant reduction of the value of security received by the Bank's clients and/or the inability of clients to supplement the security received.

As a result, a deterioration in credit quality and the consequent significant increase of non-performing loans due to the borrowers' reduced ability to meet their repayment obligations may adversely affect MCC-BdM's liquidity position by increasing the relevant provisions and the funds required to cover non-performing loans, which would in turn adversely affect the ability to finance through the Bank's own funds and its business, financial condition and operating results.

Moreover, Regulation (EU) No. 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No. 575/2013 as regards minimum loss coverage for non-performing exposures, has been adopted and has introduced a "statutory prudential backstop" to prevent the risk of under-provisioning of future non-performing loans, following principles similar to those already included in the ECB guidance and the relevant addendum. This regulation requires banks to have sufficient loan loss coverage (i.e. common minimum coverage levels) for newly originated loans if these become non-performing exposures. In case a bank does not meet the applicable minimum coverage level, it has to deduct the shortfall from its own funds. The regulation's purpose is to encourage a timely and proactive management of the non-performing exposures.

These banking reforms as well as other laws and regulations that may be adopted in the future could adversely affect the Bank's business, financial condition, operating results and cash flow. The continuous implementation of these measures may have a considerable impact on the Bank's capital and on its assets and liabilities management because new regulations may restrict or limit the type or volume of transactions in which the Bank participates thereby incurring additional costs for compliance and adaption or renovation of the relevant business. The occurrence of these events may have a negative impact on the Bank's business, performance, financial condition and operating results and, consequently, on the Group.

Moreover, by execution of Law Decree 142/2019, on 29 June 2020 MCC-BdM acquired Banca Popolare di Bari under Extraordinary Administration and on 15 October 2020, a new Board of Directors of BPB, as an expression of the majority shareholder, was appointed so that the commissioner's management ended. On 11 March 2021, the Bank of Italy authorised the establishment of Mediocredito Centrale Banking Group with MCC-BdM as the banking parent company. Upon the acquisition, MCC-BdM owns 96.8% of the share capital of Banca Popolare di Bari. The bank's 2021 financial year closed with a net loss of Euro 170.76 million and the Extraordinary Shareholders' meeting of 28 October 2021 approved the share capital decrease of Banca Popolare di Bari as a result of such losses, by using the available reserves and reducing the shareholders' equity to Euro 554.8 million (Euro 705 million at 31 December 2020).

As Banca Popolare di Bari belongs to Mediocredito Centrale Banking Group, any material loss suffered by the bank could have a material adverse effect on the Group's business, financial condition and operating results.

***Risk relating to the shareholdings in Acciaierie Italia Holding, Banca Popolare di Bari, Dri d'Italia, Reithera and TLS Sviluppo***

Invitalia has, in the past, made some equity investments in execution of specific regulatory provisions (upon the instructions of the Italian Government or the MED) by using public resources or third-party funds: for example, the shareholdings acquired in Acciaierie Italia Holding S.p.A., Dri d'Italia, Reithera S.p.A., TLS Sviluppo S.p.A. and, indirectly, Banca Popolare di Bari S.p.A..

The regulatory provisions establish specific rights for the entity providing the grants/third-party funds and specific obligations for Invitalia with respect to the equity investments acquired with such grants/funds which essentially do not provide Invitalia with the economic effects typical of any equity instruments (dividends, impairment, etc.), which by contrast (whether involving a minority interest, a joint control or control) represent a residual interest in the assets of an entity after deducting all its liabilities, nor does Invitalia have the power to establish specific actions typical of ownership in connection with the abovementioned shareholdings (e.g. selling the equity investment acquired using the grant/third-party funds received), despite legally owning such shareholdings.

With respect to those shareholdings the relevant control, as described in the Group's audited consolidated financial statements as at and for the year ended 31 December 2021, is not attributable to Invitalia as the Issuer is not exposed to the risk of losses from such investments nor can it make a profit. Therefore, these companies are excluded from the scope of the Group consolidation.

However, it cannot be ruled out that any future change or construction of laws and regulations (including accounting rules and principles) or further mandates or instructions by the Italian Government or the MED may expose Invitalia to the risks and losses relating to those investments, thereby also changing the accounting treatment of the shareholdings. The occurrence of these events may have an adverse effect on the Group's business, financial condition and operating results and a consequential adverse impact on the market value of the Notes and on the Issuer's ability to fulfil its obligations under the Notes.

### **Risks relating to acquisitions**

The Group in the past made equity investments in execution of specific regulatory provisions, by using public resources or third-party funds, in, *inter alia*, Sider Alloys Italia S.p.A., Industria Italiana Autobus and Acciaierie Italiane S.p.A. to support the Italian Government in overcoming the industrial and employment crisis, and may in the future, always on the basis and in execution of specific laws and regulations, as an in-house entity of the MED and the Italian Government, make strategic business acquisitions in order to expand or complement its existing business, achieve synergies and cost savings, and improve operating efficiencies.

Any such acquisition initiative is inherently risky and the Group could face any of the following unintended consequences: (i) inability to achieve strategic objectives, cost savings and other benefits from the acquisition; (ii) lack of success by the acquired business in its markets; (iii) difficulty in integrating the newly-acquired business and operations in an efficient and effective manner; (iv) loss of key employees of the acquired business; (v) difficulty in integrating human resources and operating and inventory management systems of the acquired business with those of the Group; (vi) cultural differences between the Group's organisation and that of the acquired business; (vii) difficulty in overcoming any environmental issues and/or any social problems stemming from companies in distressed situations or located in disadvantaged areas and (viii) liabilities that were not known at the time of acquisition or the need to address unexpected tax or accounting issues.

As a result, the Group may fail to achieve its strategy, the support to the Italian Government and/or the intended benefits of any acquisition or fail to do so within the period of time initially envisaged. Any of the foregoing could have a negative impact on the Group's reputation and/or business, prospects, financial position and operating results and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

### **Risks related to the Group's reputation**

Invitalia has gone through a significant change with respect to its structure and mission by (i) implementing the 2020 Reorganisation Plan, (ii) consolidating its position in managing national and EU incentive measures, the development agreements and the institutional development agreements, (iii) acting as implementing body to carry out programmes in very critical areas affected by industrial crisis (for example, the Bagnoli-Coroglio, Piombino and Ilva areas), (iv) by taking hold as cornerstone investor in the Italian venture capital industry and (v) co-operating with a growing number of regional and local governments and/or public entities which resort to Invitalia as purchasing body and contracting authority for the execution of strategic actions at local level.

Moreover, Invitalia has been directly involved in managing specific measures implemented during the pandemic for the purposes of industrial development and economic support (including those provided by Law Decree No. 18 of 17 March 2020, so called "*Decreto Cura Italia*").

The Issuer is therefore developing its business model in areas compatible with the financing for economic development: one of the Group's current objectives is to be able to satisfy the new tasks assigned by the Italian Government by taking advantage of its expertise and knowledge and consolidating its standard of service. In relation to this objective and the Group's activities, there is a risk that an inadequate response in terms of strategies could have an adverse impact on the perception of Invitalia in the eyes of the public, which could have an adverse effect on the Group's business, financial position and operating results.

In addition, any inconsistency between the Group's announced objectives and actions carried out by the Group or any circulation of negative news in relation to the Issuer may create a negative perception which could adversely affect the image or reputation of Invitalia. Any negative impact on the Group's reputation and a consequential loss of the public's trust in the Group, and/or its credibility or reliability being compromised could have a negative impact on the Group's business, financial position and

operating results, and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

### ***The Group is subject to operating risk***

The Group is exposed to many types of risks related to the operational processes, from the organisation of the project management structures to the planning of the activities envisaged by the contracts, up to the implementation of these activities. These risks deal with the ability to plan the timely definition of the organisational structure necessary for the purpose and execution of the contract. The main operating risks may derive from internal fraud, external fraud, employment practices, clients and products, damage to physical assets, business disruption and system failure, and execution and process management.

Besides, there are IT risks connected to proper execution of the activities, in terms of both system integrity and proper management of the IT platforms used to develop and manage, over time, such activities. Among the risks the Issuer faces relating to the management of IT systems, there are the possible violations of the Group's systems due to violation of the Issuer's IT system by outsiders' intent on extracting or corrupting information or disrupting business processes (like attempted hacking), the introduction of viruses into computers or any other form of abuse carried out via internet. Such violations have become more frequent over recent years and therefore can threaten the protection of information relating to us and our clients and can have negative effects on the integrity of the Issuer's IT systems, as well as on the confidence of the clients and on the Issuer's reputation.

It should be noted that the reliance on the IT systems in the Issuer's business is fundamental: Invitalia, by virtue of its role as purchasing body ("*Centrale di Committenza*") and contracting authority ("*Stazione Appaltante*"), supports the Public Administration in implementing and accelerating investments of particular complexity and strategic importance, specifically in those cases for development and territorial cohesion, financed with national and EU resources, and all tenders are mainly handled by Invitalia by using e-procurement platforms characterized by strong IT elements in order to achieve efficiency, safety and transparency.

There is no guarantee that the measures implemented to mitigate operational risk and/or IT risks relating to digital platforms set up for handling the tenders are effective and sufficient to mitigate such risks for Invitalia, and any failure or weakness in these measures could adversely affect the Group's reputation, business, financial position and operating results and, consequently, affect the Issuer's ability to fulfil its obligations under the Notes.

### ***Risks relating to the acquisition of the Bagnoli area***

Under *ad hoc* legislation<sup>1</sup> issued by the Italian Government, the Bagnoli-Coroglio area and the relevant properties, formerly owned by Bagnoli Futura S.p.A. in Liquidation (now in bankruptcy), have been transferred to Invitalia, as implementing entity of the programme for the redevelopment of this former industrial area, previously the site of a steelworks.

The property has been classified as an area of significant national interest by a decree of the Italian Ministry of the Environment and Protection of Land and Sea, as it is affected by severe environmental degradation. Pursuant to *ad hoc* legislation<sup>2</sup>, Invitalia, as an in-house entity of the Italian Government, has been appointed as implementing body to carry out a programme, through joint action between central government and the region, aimed at revitalising industrial activities in the Bagnoli-Coroglio area, safeguarding employment levels, supporting development, attracting new investments and redeveloping and restoring the environment.

Moreover, the value of the assignment is to be determined, pursuant to article 11-*bis* of Law Decree No. 210 of 30 December 2015, converted by Law No. 21 of 25 February 2016, by the State Property Office (*Agenzia del Demanio*), which evaluated the area for Euro 80,570,000.00.

However, Invitalia have brought an action before the Court of Appeal of Naples to oppose the abovementioned evaluation made by the State Property Office with the aim of reducing the estimated value to approximately Euro 68 million.

---

<sup>1</sup> The Prime Ministerial Decree of 15 October 2015 enacted pursuant to article 33 of Law Decree No. 133 of 12 September 2014.

<sup>2</sup> Article 33 of Law Decree No. 133 of 12 September 2014.

Bagnoli Futura S.p.A. and Fintecna S.p.A., as effective co-owners of the area, have also brought an action to oppose the determination made by the State Property Office, and these actions have been joined to the Issuer's proceedings.

Once the value has been judicially determined, the consideration may be paid, according to the cited legislation, by Invitalia through proceeds arising from the issue of financial instruments to be listed on regulated markets with a maturity of up to fifteen years. Those proceeds may also be used to cover further requirements relating to the implementation of the programme. The Issuer is not currently able to determine the nature and size of the financial instruments that may need to be issued and the relevant terms and conditions. Invitalia cannot rule out the possibility that the financial instruments are secured and, if they are, their holders will take priority over any other creditors of Invitalia with respect to the secured assets, including the Noteholders.

Given the complexity of the intervention, the Issuer will be required to carry out activities which may expose Invitalia to certain risks (including those relating to environmental issues) which are currently unforeseeable and that could have a material adverse effect on the Issuer's reputation, business, financial condition and operating results. See also "(a) *Risks relating to the Notes – The Notes are unsecured and do not limit the amount of indebtedness incurred by the Group*" below.

***Risk relating to the auditors' qualified opinion issued in connection with the consolidated financial statements as at 31 December 2020 and as at 31 December 2021***

The Issuer's consolidated financial statements as at 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (the "IFRS") and audited by Deloitte & Touche S.p.A. with qualification because of the solely effects of the unresolved matter on the comparability of the 31 December 2021 period's figures and the corresponding 31 December 2020 period's figures with respect to which the audit company issued, on 1 July 2021, a report with qualification.

In the audit firm's opinion (with respect only to the financial data as of 31 December 2020), Invitalia's application of article 47 of Decree Law No 34 of 19 May 2020, as converted by Law No 77 of 17 July 2020 (the "**Relaunch Decree**", so called *Decreto Rilancio*) constituted a deviation from those IFRS standards as the circumstances provided by IAS 1, paragraph 19, for a departure from their application are not applicable in this case.

By contrast, Invitalia's position, along with its Board of Statutory Auditors, was in favour of the applicability of the abovementioned provision: indeed, article 47 of the Relaunch Decree regulates certain accounting aspects connected with any decrease resulting from real estate evaluation, rationalisation and disposal transactions specifically 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 current legislation, by establishing that the effects of these operations be recognised, in 2020, in the Statement of Comprehensive Income rather than in the Income Statement.

The 2020 Rationalisation Plan, prepared and approved by Invitalia and the MED and being applicable to the entire Group, provides for certain disposal actions to be implemented by Invitalia and Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A, subsidiaries which own most of the assets involved in the reorganisation. Pursuant to article 47 of the Relaunch Decree, Invitalia recognised, in its consolidated financial statements as at 31 December 2020, the reduction in value of around Euro 20.5 million, resulting from the fair value measurement of the real estate assets included in the 2020 Rationalisation Plan (*id est*, write-downs deriving from aligning the book value of the real estate assets being disposed of to the relevant market value less selling costs, if lower), in the Statement of Comprehensive Income rather than in the Income Statement as required by the IFRS applied in the European Union (For additional information, see also the section headed "*Overview of financial information of the issuer - Qualified opinion issued by the auditors in connection with the Consolidated Financial Statements as at 31 December 2020 and 31 December 2021*").

There can be no assurance that, with respect to the Issuer's future financial statements, the construction and application of article 47 of the Relaunch Decree will not still be subject to further differences of opinion between the Issuer and the auditors, which may create a negative perception adversely affecting the image or reputation of Invitalia. Any negative impact on the Group's reputation and a consequential loss of the public's trust in the Group, and/or its credibility or reliability being compromised, could have a negative impact on the business prospects, revenues, operating results and financial

condition of the Group and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

***Risks relating to the failure to attract and retain key personnel***

The Issuer's ability to operate its business effectively depends on the skills and expertise of its employees and, particularly, its key senior personnel and those with technical know-how, education and skills, considering the growing demand by Invitalia's clients with respect to sectors such as research, high-tech services and digitalisation.

If the Issuer loses any of its key personnel or is unable to recruit, retain and/or replace sufficiently qualified and skilled personnel, it may be unable to implement its business strategy and achieve its objectives, which could have a negative impact on the Issuer's business, financial position and operating results and have a consequential adverse impact on the market value of the Notes and on the Issuer's ability to fulfil its obligations under the Notes.

**(b) Financial risks**

***Risks related to Invitalia's status as a holding company***

Invitalia, in its capacity as holding company of the Group, conducts a part of its operations through its subsidiaries (such as MCC-BdM, Infratel Italia, Italia Turismo, Invitalia Partecipazioni and Dri d'Italia), and, in this regard, depends on the earnings and cash flows of, and the distribution of funds and/or dividends from, these subsidiaries. If the Issuer does not receive any dividends from its subsidiaries, this may adversely affect its financial condition.

In addition, the Issuer's subsidiaries have no obligation, contingent or otherwise, to pay any amounts due under the Notes or to make funds available to the Issuer to enable it to pay any amounts due under the Notes. Those subsidiaries may at any time have other liabilities, actual or contingent, including indebtedness owing to creditors or to secured and unsecured lenders or to the beneficiaries of guarantees given by those subsidiaries. If the Group became insolvent and a liquidation ensued, creditors of a subsidiary would be entitled to the cash proceeds from the liquidation of that subsidiary's assets (including any revenues) before any of those assets could be used to make a distribution upwards to its shareholders (i.e. the Issuer). As a result, in a liquidation scenario the revenues generated by a subsidiary of the Issuer will first be applied to pay that subsidiary's creditors rather than to satisfy the Issuer's obligations in respect of the Notes.

***Risks related to ratings***

The Issuer has been rated "Baa3 with negative outlook" (the same rating assigned to the Republic of Italy) by Moody's, which is established in the European Union and registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") and, as such, is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The Notes are expected to be rated "Baa3 with negative outlook" by Moody's.

Credit ratings play a critical role in determining the costs for entities accessing the capital market to borrow funds and the rate of interest they can achieve. A rating downgrade may increase borrowing costs or even jeopardise further issues of debt instruments, and the prices of existing bonds may deteriorate. In addition, Invitalia's role as the Italian Government's investment and economic development agency makes it susceptible to politically and socially motivated decisions, which could affect its financial profile. The Issuer's credit ratings are exposed to risks from downgrades in the sovereign credit rating of the Republic of Italy, which could have a knock-on effect on the credit rating of Italian companies, especially publicly owned companies such as the Issuer. Any downgrade in the credit rating assigned to the Issuer or the Notes may have an adverse effect on the ability of the Issuer to obtain financing on favourable terms or at all and on the market value of the Notes.

***Risks relating to late payments by the Italian public administration***

The Group operates with national and local public administrations, which are involved in the relevant projects assigned by the MED and/or the Italian Government by procuring goods and services. Generally, in paying amounts owed, the public administration in Italy takes far longer than the European average and the provisions set out in the regulatory European framework, which envisages binding payment times of 30 days for commercial credit (or 60 days in some cases).

Although the Italian situation has slightly improved in recent years, delays in payments by the public administration are still excessive. As at 31 December 2021, Invitalia has an exposure to the Italian public administration for late payments and activity performed amounting to approximately Euro 311 million<sup>3</sup> and almost all past due receivables are towards the public administration, with the consequent difficulty in implementing effective action for their collection. There is no situation in which the right to collect the receivable appears to be prescribed, however, if clearly not recoverable or considered bad debt, the Issuer will write down or write off the related receivable. Therefore, late payments and/or write-off may have an adverse impact on the Group's business by affecting its liquidity and cash flow, increasing financial expenses impeding growth.

### ***Liquidity risk***

The liquidity risk primarily stems from potential delays in payments by the public administration with which Invitalia mainly operates, given that most of its receivables are due from such public administration.

Further liquidity risk might stem from MCC-BdM being potentially unable to finance new loans and/or comply with its own payment commitments. This depends on the specific business model of MCC-BdM (as second level bank focused on loans granted to business), characterised by limited amounts of low-cost retail being stable over the medium/long-term, which instead requires greater use of maturity transformation and forms of secured financing to contain the cost of funding. The main categories of liquidity risk with high significance have been identified as mismatch liquidity risk, funding liquidity risk (in terms of the funding structure and concentration by counterparty, technical form and maturity) and asset encumbrance risk (connected to the portion of restricted assets involved in secured funding operations). There can be no assurance that the system of procedures put in place by MCC-BdM, according to the applicable regulations, to manage and monitor the liquidity risk would be deemed adequate by any competent authority with regulatory oversight over the Bank's operations and any flaw or ineffectiveness of the system may have a negative impact on the Bank's business, financial condition and results of operation and, consequently, on the Group.

### ***Market risk and price risk***

Market risk is defined by the Issuer as the risk that the fair value or future cash flows of a financial instrument may undergo adverse fluctuations due to changes in market prices whereas the price risk is considered 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 those determined by interest rate risk or currency risk. These risks mainly deal with the Group's equity investment activities in (i) the context of creditor arrangement procedures (ii) new entrepreneurial initiatives to incentivize re-industrialization projects and relaunch of industrial areas in crisis, in any case capable of producing new occupation, (iii) companies currently suffering economic or financial difficulties or (iv) SMEs operating in certain regions of Southern Italy.

The Group has implemented internal procedures to periodically monitor these risks and have in place, in connection with equity investments, shareholders' agreements, including exit clauses, guarantee mechanisms and/or disincentives in relation to non-performance of certain obligations. However, also given the current negative economic condition at both international and domestic levels, exacerbated by the COVID-19 pandemic and the war in Ukraine, there can be no assurance that such procedures and/or mechanisms prove to be adequate and the inability of the Group's risk management procedures to prevent such risks may have an adverse effect on the Group's business, financial condition and operating results.

### ***Risks relating to the use of estimates***

The determination of provisions and strategies to monitor and mitigate the different risks to which the Group's business is exposed involves the use of estimates and assumptions which could influence the amounts recognised in the financial statements 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 and the Issuer's knowledge of events. Due to their nature, the estimates and assumptions used may change over time and it therefore cannot be excluded that in subsequent years the actual values recognised in the financial statements may differ, even

---

<sup>3</sup> *Source:* Data elaborated by the Issuer based on its internal sources.

significantly, due to changes in the subjective assessments used and the determination of provisions and strategies may result in significantly different outcomes.

Some areas in which the Issuer's management used subjective assessments are: (i) quantification of losses relating to receivables, securities, equity investments and, more generally, other financial assets, (ii) quantification of the provisions for risks and charges, deferred tax assets, (iii) the use of measurement models to determine the fair value of financial instruments not listed on financial exchanges and (iv) the determination of fair value when measuring non-current assets and asset groups in the process of being divested.

Consequently, the Group's financial condition and operating results may be adversely affected if, due to the occurrence of unexpected events and factors, such estimates and assumptions prove to be significantly inaccurate.

### **Historical Information**

The historical, financial and other information set out in the sections below headed "*Description of the Issuer*" and "*Overview of financial information of the Issuer*" sets out the financial history of the Issuer. The Issuer's audited consolidated financial statements as at and for the years ended 31 December 2021 and 2020 are incorporated by reference in this Prospectus. Historical financial and operating results are not indicative of future performance and there can be no assurance of the Issuer's profitability in future periods. Accordingly, each potential investor should consult its own financial and legal advisers about the risks entailed by an investment in any Notes linked to a relevant risk factor and the suitability of such Notes in light of its particular circumstances.

### **(c) Legal and regulatory risks**

#### ***Risk relating to any breaches of the organisation and management model***

The Group's risk management system is designed to assist with the assessment, avoidance and reduction of risks which jeopardise its business. There are, however, inherent limitations on the effectiveness of any risk management system. These limitations include the possibility of human error and the circumvention or overriding of the system or possible instances of manipulation (acceptance or provision of advantages, fraud, deception, corruption or other infringements of the law).

Italian Legislative Decree No. 231 of 8 June 2001 as subsequently amended ("**Legislative Decree 231/2001**") imposes direct liability on a company for certain unlawful actions taken by its executives, directors, agents and/or employees. The list of offences under Legislative Decree 231/2001 currently covers, among other things, bribery, theft of public funds, unlawful influence of public officials, corporate crimes (such as false accounting), fraudulent acts and market abuse, as well as health and safety and environmental hazards. Pursuant to Legislative Decree 231/2001, the Issuer and the main companies of the Group have put in place an organisational and operational model, with the aim of establishing a system of rules to prevent unlawful conduct by employees and management. In the past decade, there have been three historic instances of individual employees breaching applicable laws and regulations, including anti-corruption laws, to Invitalia's detriment and/or for the employees' exclusive personal interest. Nonetheless, there can be no assurance that the model would be deemed adequate by any legal authority competent to evaluate events of the kind the legislation addresses.

Under the terms of the legislation, if that occurred and the Issuer were found liable, including in the case of unlawful conduct by its subsidiaries, the Issuer could be ordered to pay a fine in each case (and for each offence) and, in the most serious cases, it may have authorisations, licences or concessions suspended or revoked, or be banned from participating in future tenders or be prohibited from conducting its business, from contracting with governmental entities and/or central or local administrations or from advertising services. It should be noted that the Group's authorisations and its ability to take part in public tenders or to contract with governmental entities and/or central or local administrations are a key part of its business. Furthermore, in certain circumstances, the Issuer, in its role of parent company, may be found jointly liable with the subsidiary involved in the unlawful conduct. Any of the above scenarios could have a material adverse effect on the Group's business, financial condition and operating results.

In addition, there may be legal proceedings brought against Invitalia's employees in relation to breaches of applicable anti-corruption laws or other laws in the course of their employment. This may result in Invitalia being a victim of the relevant alleged crime, which may create a negative perception that

adversely affects the Issuer's image or reputation. (See also "*Risk relating to breaches of the plan for the prevention of corruption and for transparency*" below).

### ***Risk relating to breaches of the plan for the prevention of corruption and for transparency***

Law No. 190 of 6 November 2012 ("**Law 190/2012**") has introduced a comprehensive set of measures designed to prevent and eliminate corruption and illegality in the public administration to which Invitalia is subject by requiring the adoption of a plan for the prevention of corruption and for transparency (the "**Corruption Prevention Plan**"). The Corruption Prevention Plan identifies and addresses the areas of activity with a potential corruption risk. In line with the determination of the Italian anti-corruption authority ("**ANAC**"), the Corruption Prevention Plan covers: (i) identification and mapping of areas at risk of crime and "sensitive" activities; (ii) analysis of the risk profile for each "sensitive" activity, through the identification of potential criminal offences and the methods through which unlawful conduct could be engaged in; and (iii) definition of prevention and control measures to safeguard against the identified risks.

The Issuer has adopted the Corruption Prevention Plan to be updated on an annual basis as well as a procedure enabling whistle-blowers to report wrongdoing.

However, the transparency provisions under Legislative Decree No. 33 of 14 March 2013 no longer apply to Invitalia having issued, in 2017, a debt instrument listed on a regulated market pursuant to the same decree and article 26, paragraph 5, of Legislative Decree 175/2016, also considering the new issuance of the Notes being made in continuity (through the signing of the Bridge to Bond) with such previous instrument (for further information see the section "*Regulatory Framework - Transparency activities in connection with Public Administration*" below).

Notwithstanding the adoption of these measures, employees could nevertheless take actions that expose the Issuer to potential liability under applicable anti-corruption laws. In particular, in certain circumstances, the Issuer may be held liable for actions taken by its employees, local partners, agents and consultants, even though such parties are not always subject to its control.

Should the Issuer be found liable for (i) the unlawful actions of its officers or employees if, in the relevant authority's opinion, Law 190/2012 has not been complied with and/or (ii) violations of anti-corruption compliance laws or regulations (either due to the Issuer's acts or omissions, or due to the acts or omissions of others), the Issuer could suffer from civil and criminal penalties or other sanctions which, together with any adverse publicity generated by such results, could have a material adverse effect on the Issuer's business, financial condition and operating results with a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

### ***Risks related to the application of Italian and European public procurement rules***

Invitalia is subject to Italian and European regulations regarding public procurement, such as the obligation to carry out public tenders pursuant to Italian Legislative Decree No. 50 of 18 April 2016 (the "**Public Procurement Code**"), which provides that the award of contracts for works, services and supplies by an awarding authority must, as a general rule, be preceded by a tender for the selection of the contracting party.

Moreover, under the Public Procurement Code, Invitalia is one of the entities that is automatically registered by law in the list of qualified contracting authorities ("*Stazione Appaltante*") and purchasing bodies ("*Centrale di Committenza*") held by ANAC.

Calls for tenders, their results and the criteria applied by the awarding authority may be challenged before the Regional Administrative Court by the potential contracting party, who may claim damages from Invitalia for loss of opportunity (for example, because of Invitalia's decision to exclude some applicants from a tender or award of contracts, as the case may be). Furthermore, public procurement rules are strongly affected by any changes in the relevant European legislation, administrative case law and ANAC's guidelines.

The applicability of the relevant Italian and European public procurement rules could be expanded in the future, causing Invitalia to incur additional costs in the performance of its activities. Such provisions and/or any resulting lawsuits from the tender procedures could have an adverse impact on Invitalia's business, financial condition and operating results.

### ***The Group may be exposed to legal disputes***

In the ordinary course of their business, companies within the Group may be party to several administrative, civil and tax proceedings and actions. The Issuer had a provision in its consolidated financial statements for legal proceedings which amounted to Euro 1.9 million as at 31 December 2021. However, amounts set aside by the Group are based on estimates of the effect of the litigation outcome and a number of expectations, beliefs and assumptions on future developments that are subject to inherent uncertainties, and it cannot be ruled out that the Group will in future years incur significant losses in addition to the amounts already provided for in connection with pending legal claims and proceedings or future claims or investigations which may be brought, as a result of:

- (i) uncertainty regarding the outcome of such proceedings, claims or investigations; and/or
- (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of such proceedings, claims or investigations to make appropriate provisions as at the date of the latest financial statements; and/or
- (iii) the emergence of new evidence and information; and/or
- (iv) the underestimation of likely future losses.

Accordingly, there can be no assurance that provisions relating to litigation will be sufficient to cover the Group's ultimate loss or expenditure in full and/or that the results of certain legal proceedings will not harm the Group's reputation. An unfavourable outcome of one or more of these proceedings or any future proceedings of which the Issuer is currently unaware may have an adverse effect on the Group's reputation, business, financial condition and operating results.

### ***Risks relating to regular inspections by MED and Corte dei Conti***

Invitalia is subject to the supervisory powers of the MED and the *Corte dei Conti* which may carry out inspections respectively on the Issuer's financial reporting and its business to investigate any potential damage to the treasury. As a result of such inspections these authorities may require the Group to implement measures or new initiatives set out by the regulators. If the Issuer is forced to implement new initiatives or those initiatives are insufficient to cure any shortcomings, it could have a material adverse effect on the Group's business, financial condition and operating results.

### ***The Group is subject to compliance risk***

While the Group is committed to complying with applicable regulations, it is not possible to rule out future episodes of non-compliance or violations of laws, regulations, procedures or codes of conduct by those performing activities on the Group's behalf, which could result in sanctions, fines or reputational damage. Furthermore, future changes to legislation and regulations may complicate operational procedures and increase compliance costs. All of the above circumstances could have a material adverse effect on the Group's business, financial condition and operating results.

### ***Risks relating to collecting, storing and processing of personal data***

In carrying out its activities, the Group collects, stores and processes the personal data of clients in accordance with the UE Regulation 2016/679 and the rules and regulations in force at any given time. The Issuer and the Group are exposed to the risk that the procedures implemented, the measures adopted and the activities performed prove to be inadequate and/or not to be in compliance with the laws and regulations in force from time to time on data protection, and that the necessary privacy safeguards are not correctly implemented by employees and associates (possibly due in part to continuous changes in the rules and procedures themselves).

This is a material risk since the Group collects, stores and processes, for commercial purposes, personal data (including economic data such as IBAN code or payment details) of clients (including individuals or public and private entities taking part in tenders managed by Invitalia and those receiving subsidies and contributions). As a result, the data could be lost, stolen, disclosed or processed for purposes other than those disclosed or authorized by the interested parties, or even used by unauthorised parties (whether third parties or employees of the Group's companies).

The abovementioned circumstances could (i) have material adverse effects on the Group's business, including its reputation, (ii) result in the imposition of fines or sanctions on the Group by the Data Protection Authority, with material adverse effects on the Group's business and its financial position, and (iii) run the risk of legal action by interested parties who may have suffered damage as a result of such circumstances.

#### **(d) Risks relating to macroeconomic conditions**

##### ***Risks arising from the sovereign debt crisis***

The Issuer is affected by disruptions and volatility in the global financial markets including, in recent years, the sovereign debt crisis in the Eurozone. Creditworthiness has generally declined, as reflected by downgrades suffered by several countries in the Eurozone, including Italy. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Eurozone institutions with exposure to such countries.

In particular, the total exposure of the Issuer to the Republic of Italy was Euro 417.2 million as at 31 December 2021 (compared with Euro 405.9 million as at 31 December 2020). This exposure to the Italian state comprises both debt securities (in an amount as at 31 December 2021 equal to Euro 68.2 million as compared with Euro 73.2 million as at 31 December 2020) and receivables due from other public entities (in an amount equal to Euro 349 million as at 31 December 2021 as compared with Euro 332.7 million as at 31 December 2020), which are mainly of fees matured and not yet received or to be invoiced for the management of public subsidies and activities performed. The Issuer is therefore exposed to changes in the price of Italian public debt securities and, accordingly, any tensions in or volatility affecting the Italian sovereign bond market could have a material adverse effect on the Issuer's business, financial condition and operating results.

##### ***Risks associated with the Covid-19 pandemic***

The outbreak of the respiratory disease caused by a new coronavirus ("COVID-19") was detected in Italy in March 2020 and has been characterised by the World Health Organisation as a pandemic. The crisis has had serious health, social and economic consequences worldwide, including in Italy, and may continue to do so for an unforeseeable period. In addition to the worsening of the global macroeconomic scenario and the risk of deterioration of the credit profile of a considerable number of countries (including Italy), the pandemic has led to significant slowdowns in many business activities. The COVID-19 pandemic and governmental responses to the pandemic have had, and continue to have, a severe impact on global economic conditions, including: (i) significant disruption and volatility in the financial markets; and (ii) temporary closures of many businesses, leading to loss of revenues and increased unemployment.

The consequences of the coronavirus crisis that are relevant to the business of the Group include the following: stringent health and safety measures, including the costs incurred in implementing them and the restrictions on the Issuer's activities, and financial market instability.

The ultimate severity and related consequences of the coronavirus emergency are causing significant uncertainty in both domestic and global financial markets and could have an impact on the business environment as well as on the legal, tax and regulatory framework. If the COVID-19 pandemic is prolonged or there are further surges in the spread of COVID-19, the adverse impact on the global economy could deepen. To the extent the COVID-19 pandemic adversely affects the Group's business, financial condition and operating results, it may also have the effect of heightening many of the other risks to which it is subject (for example, the potential insolvency and/or decreased dividend payments of any companies in which the Issuer is a shareholder and the increased risk of cyber-attacks due to the extensive use of the remote working).

##### ***Risks relating to macroeconomic conditions***

The Group's operations are concentrated in Italy and its business, financial condition and operating results are significantly affected by the general economic situation in Italy which, in turn, is closely linked to the state of the wider economy, both at EU level and worldwide. A number of uncertainties remain in the current macroeconomic environment, namely:

- (a) the Russian-Ukrainian war: the Russia-Ukraine war, started on 24 February 2022, has triggered a series of sanctions against Russia by the European Union which in fact place the two countries in a climate of economic conflict. The EU, heavily dependent on energy supplies of gas and oil from the Russian federation, has to manage a sharp reduction in the supply and the consequent rise in prices. The extreme uncertainty of this context has led to a considerable increase in the volatility of these commodities in the market and has triggered speculative mechanisms that have brought the cost of the raw materials to extremely high levels. This price level has an immediate impact on the cost of energy that households and industry will have to bear in the next period, until the energy dependence on Russian supplies is interrupted, or at least limited. The concrete risk that many

companies may face serious economic problems could reflect on their ability to fulfil the loan commitments and therefore on their ability to repay those loans (grants) managed by Invitalia, from the government budget. Furthermore, in this context, the uncertainties arise from the conflict's duration, the extent of sanctions and the consequent climate of distrust, and the rising inflation, all of which impact on the economic climate. Moreover, considering the continuous evolution of the situation, predicting the effects of the conflict on the macroeconomic scenario in the short-and-medium term period and the relevant impacts on the Group's activities and prospects appears particularly complex.

- (b) The lack of supply for goods and services such as energy commodities, agri-commodities and food, could determinate a material shortage in the production chain worldwide: in the current macroeconomic context, energy supplies are not the only element subject to contraction and speculation. The supply of raw materials for human and animal nutrition such as, wheat and corn from the war zones in Russia and Ukraine, also suffered a sharp reduction in supply as a result of the conflict, causing a consequent increase in prices. Such increase, if not calmed by an increase in supply from other producers, could generate generalized price increases throughout the production chain, significantly impacting the spending of households and business enterprises receiving grants and financing managed by Invitalia, from the government budget.
- (c) The COVID-19 impact on the global growth in each individual countries: the COVID-19 pandemic and governmental responses to the pandemic have had, and continue to have, a severe impact on global economic conditions, including: (i) significant disruption and volatility in the financial markets; and (ii) temporary closures of many businesses, leading to loss of revenues and increased unemployment. The consequences of the coronavirus crisis that are relevant to the business of the Group include significant uncertainty in both domestic and global financial markets and could have an impact on the business environment as well as on the legal, tax and regulatory framework. If the COVID-19 pandemic is prolonged or there are further surges in the spread of COVID-19, the adverse impact on the global economy could deepen. To the extent the COVID-19 pandemic adversely affects the Group's business, financial condition and operating results, it may also have the effect of heightening many of the other risks to which it is subject (for example, the potential insolvency and/or decreased dividend payments of any companies in which the Issuer is a shareholder).
- (d) The raising of the inflation which may not be followed by the clients' expenditure budgets and spending power and the impacts of the inflation growth on interest rates markets. This could represent a serious stagflation risk for European economies: the risks of stagflation are concrete, a context where inflation grows, mainly influenced by exogenous phenomena (energy prices) while the economy is at a standstill. Although in Europe the inflation phenomena are not linked to the increase in demand but to the increase in the cost of energy, the European Central Bank could continue to raise interest rates. This situation could weaken even more the companies already in debt and tried by the crises over the last two years, putting at risk the repayment programs of the loans managed and disbursed by Invitalia, from the government budget.
- (e) Economy trend and the prospects of recovery and consolidation of the economies of developed countries such as the US and China: the scenario of rising inflation necessarily leads to an upward revision of all costs related to the supply chain, including labour costs which have a very significant impact on companies' financials. If situations of discontinuity or criticality in the supply chain persist, the risk for companies of finding themselves in situations of economic/financial unsustainability would be high and would affect their ability to meet existing financial commitments.
- (f) The trend towards protectionism driven by U.S. government policy and the outcome of the trade dispute between the US and China: the protectionist policies implemented by the previous U.S. administration, and the renewed political and commercial tensions between the Chinese government and the current U.S. administration, risk to jeopardize the global growth with a consequent slowdown in exports and industry orders. In a globalized context, even Italian companies, recipients of funding and grants from the state for the previous economic / health crisis, could affect their ability to repay loans and grants managed by Invitalia, from the government budget.
- (g) Future development of the monetary policy of the European Central Bank in the Euro area and the Federal Reserve System in the Dollar area, and the policies implemented by other countries aimed at promoting competitive devaluations of their currencies: both the U.S. and the European central

banks pursue the same objective of growth and contained inflation. The U.S. central bank (FED) seems to be much more active anticipating economic phenomena and guiding the monetary policy of raising rates with a speed that the ECB cannot follow. This phenomenon has already brought the dollar back to par with the euro and it cannot be excluded that, if monetary policy remains the same, future increases in US interest rates may be more substantial than those implemented by the ECB. In this context, the main risks are attributable to importing companies to the extent that exchange rates are used as a leverage for competitiveness.

- (h) Concerns over the long-term sustainability of the European single currency: The recent rise in nationalist parties within the euro area, question the single currency and the European institutions themselves. The risk that these drifts, for now a minority, could become acts of coarse policy of the individual countries, calls into question the single currency with the consequence that the economically weaker and more indebted member states such as Italy, may find themselves without the protection of a single currency and a supranational guaranteed body for the repayment of its debt and therefore subject to speculation with consequent economic and financial damage at the country level.
- (i) The consequences and potential lingering uncertainties caused by the UK's withdrawal from the European Union: Brexit has affected the economic balances within the euro area and trade relations of the EU with the UK. For exporting companies based in the EU, there is a risk of having to deal with a narrower market and with possible phenomena of protectionism that do not facilitate export and commercial exchange which could limit their competitiveness.

In light of the uncertainties described above, the condition of the financial markets, adverse macroeconomic developments and any future sovereign debt crisis in Europe may all significantly influence the Group's operations and revenue capacity and stability. Moreover, the economy in Italy, the Group's principal market, has been affected in recent years by a significant slowdown as well as an increased focus in terms of legislative and regulatory policies. More recently, the containment measures taken in Italy to tackle the COVID-19 outbreak have significantly reduced economic activity and a substantial prolongation of such measures could result in local, regional or national recessions.

All of these factors, in particular in times of economic and financial crisis, could result in a reduction of, or reduced growth in the Group's ordinary business, in the decline in the Group's asset values, which could have an adverse impact on the Group's business, financial condition and operating results.

## **MATERIAL RISKS THAT ARE SPECIFIC TO THE NOTES**

*The risks under this heading are divided into the following categories:*

- (a) *Risks relating to the Notes*
- (b) *Risks relating to the market generally*

### **(a) Risks relating to the Notes**

#### ***The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates***

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security moves in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls whereas, if the Market Interest Rate falls, its price typically increases, in each case until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

#### ***The Notes are unsecured and do not limit the amount of indebtedness incurred by the Group***

The Notes constitute unsecured obligations of the Issuer do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries may from time to time incur or, save as provided in Condition 4 (*Negative Pledge*), on the giving of security by the Issuer and its subsidiaries over present

and future indebtedness. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, as the Notes are unsecured, where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and the other unsecured indebtedness of the Issuer. Furthermore, as set out in further detail in the Terms and Conditions of the Notes, the scope of Condition 4 (*Negative Pledge*) is limited to indebtedness in the form of, or represented by instruments which are capable of being traded, quoted, listed or dealt in on a securities market and are subject to a number of exceptions, including security granted in the context of securitisations and similar transactions and security that the Issuer or any of its subsidiaries is required to give under legislative measures issued from time to time in the Republic of Italy. See also "(a) *Risks related to the business activities and industries of the Issuer and the Group - Risks relating to the acquisition of the Bagnoli area*" above.

***The claims of Noteholders are structurally subordinated with respect to the Issuer's subsidiaries***

The Group conducts a significant part of its operations through its subsidiaries and expects to continue to do so in the future. Noteholders will have no claim against any Subsidiary of the Issuer and the assets of those Subsidiaries will be subject to prior claims by their creditors, regardless of whether such creditors are secured or unsecured.

***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of any investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact that the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact that the investment will have on the potential investor's overall investment portfolio.

***The Notes may be redeemed for tax reasons***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Notes.

### ***The Notes are subject to optional redemption by the Issuer***

The Notes contain an optional redemption feature, as set out in Condition 7(d) (*Redemption and Purchase - Redemption at the option of the Issuer (Make-Whole Call)*) which is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Notes may also be redeemed at the option of the Issuer pursuant to the 3 Month Par Call, as described in Condition 7(e) (*Redemption and Purchase - Redemption at the option of the Issuer (3 Month Par Call)*). If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in securities offering a comparable yield.

In addition, the Issuer may redeem or purchase the Notes at its option if 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased, as described in Condition 7(f) (*Redemption and Purchase - Redemption at the option of the Issuer (Clean-up Call)*).

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### ***The exercise of a put option by Noteholders following a Change of Control may adversely affect the Issuer's financial position***

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 7(c) (*Redemption and Purchase – Redemption at the option of the Noteholders upon a Change of Control*), under certain circumstances the Noteholders will have the right to require the Issuer to redeem their outstanding Notes in whole (but not in part) at their principal amount. However, it is possible that the Issuer will not have sufficient funds at the time of the Change of Control to make the required redemption of Notes. If there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount of the Notes if they elect to exercise such right. Furthermore, if such provisions were exercised by some or all of the Noteholders, this might adversely affect the Issuer's financial position.

### ***Investors must rely on the procedures of the clearing systems***

The Notes will be deposited with a common safekeeper for Euroclear and Clearstream (the "ICSDs"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. While the Notes are represented by one or more Global Notes, the ICSDs will maintain records of the beneficial interests in the Global Notes and investors will be able to trade their beneficial interests only through the ICSDs. Similarly, the Issuer will discharge its payment obligations under the Notes by making payments to the ICSDs for distribution to their accountholders and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. A holder of a beneficial interest in a Global Note must therefore rely on the procedures of the ICSDs to receive payments under the relevant Notes.

In addition, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs to appoint appropriate proxies or receive a voting certificate.

### ***Minimum denomination of the Notes***

The Notes will be issued in denominations of €100,000 or higher integral multiples of €1,000, up to and including a maximum denomination of €199,000. Although Notes cannot be traded in amounts of less than their minimum denomination of €100,000, they may nonetheless be traded in amounts that will result in a Noteholder holding a principal amount of less than €100,000. Any such principal amount would not be tradeable while the Notes are in the form of a Global Note and, if definitive Notes were issued, such Noteholder would not receive a definitive Note in respect of its holding and, consequently,

would need to purchase a principal amount of Notes so as to increase such holding to at least €100,000. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

***Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax***

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes. Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any national, regional or local tax laws of any country or territory. See also the section of this Prospectus entitled "*Taxation*".

***U.S. Foreign Account Tax Compliance Act ("FATCA") Withholding***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions, including the Republic of Italy, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

***The tax regime applicable to the Notes is subject to a listing requirement***

No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that such listing will satisfy the listing requirement under Decree No. 239 in order for the Notes to be eligible to benefit from the exemption from the requirement to apply withholding tax. If the Notes are not listed or that listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax currently at a rate of 26 per cent. and the Issuer would be required to pay additional amounts with respect to such withholding taxes such that Noteholders receive a net amount that is not less than the amount that they would have received in the absence of such withholding.

No assurance can be given that the Italian tax authorities will not interpret the applicable legislation to require that listing be effective at closing or that listing can be achieved by the Issue Date. The possible imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to holders of Notes could have a material adverse effect on the Issuer's financial condition and results of operations.

### ***Change of law or administrative practice***

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus. See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

### ***Decisions at Noteholders' meetings bind all Noteholders***

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 14(a) (*Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders' rights and on the market value of the Notes.

### ***Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances***

As mentioned in "*Change of law or administrative practice*" above, the provisions relating to Noteholders' meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders' meetings are intended to follow mandatory provisions of Italian law that apply to Noteholders' meetings where the issuer is an Italian unlisted company. As at the date of this Prospectus, the Issuer is an unlisted company but, if its shares were listed on a securities market while the Notes are still outstanding, then the mandatory provisions of Italian law that apply to Noteholders' meetings would be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders' meeting provisions could change as a result of amendments to the Issuer's By-laws. Accordingly, Noteholders should not assume that the provisions relating to Noteholders' meetings contained in the Agency Agreement and summarised in the Conditions will correctly reflect mandatory provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes.

### ***Notes issued as Social Bonds with a specific use of proceeds may not meet investor expectations or requirements***

It is the Issuer's intention to apply an amount equivalent to the proceeds of the Notes to finance and/or refinance projects that have a positive social impact in accordance with the Issuer's social bond framework (the "**Social Bond Framework**") such as the Eligible Projects as defined in the section entitled "*Use of Proceeds*" below and detailed in the Social Bond Framework. A prospective investor should have regard to the information set out in the "*Use of Proceeds*" section and determine for itself the relevance of such information for the purpose of an investment in such Notes together with any other investigation it deems necessary.

No assurance is given that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses, the subject of or related to, the Social Bond Framework.

No assurance can be given that Eligible Projects will meet investor expectations or requirements regarding such "social" or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "EU Taxonomy") or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the EUWA). Each

prospective investor should have regard to the factors described in the Issuer's Social Bond Framework and the relevant information contained in this Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest. The Issuer's Social Bond Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Prospectus. The Issuer's Social Bond Framework does not form part of, nor is incorporated by reference, in this Prospectus.

In the event that the Notes are listed or admitted to trading on a dedicated "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given that such listing or admission satisfies any present or future investment criteria or guidelines with which such investor is required, or intends, to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by that any such listing or admission to trading will be obtained in respect of any such Notes or that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of the Notes and to report on the use of proceeds or Eligible Projects as described in "*Use of Proceeds*", there is no contractual obligation to do so. There can be no assurance that any such Eligible Projects will be available or capable of being implemented in the manner anticipated and, accordingly, that the Issuer will be able to use the proceeds for such Eligible Projects as intended. In addition, there can be no assurance that Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. None of a failure by the Issuer to allocate the proceeds of the Notes or to report on the use of proceeds or Eligible Projects as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Notes or the failure of the Notes to meet investors' expectations requirements regarding any "social" or similar labels will constitute an Event of Default or breach of contract with respect to any of the Notes.

A failure of the Notes to meet investor expectations or requirements as to their "social" or equivalent characteristics including the failure to apply proceeds for Eligible Projects, the failure to provide, or the withdrawal of, a third party opinion or certification, the Notes ceasing to be listed or admitted to trading on any dedicated stock exchange or securities market as aforesaid or the failure by the Issuer to report on the use of proceeds or Eligible Projects as anticipated may have a material adverse effect on the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in "social" assets (which consequences may include the need to sell the Notes as a result of the Notes not falling within the investor's investment criteria or mandate).

#### **(b) Risks related to the market generally**

##### ***There is no active trading market for the Notes and one cannot be assured***

Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on its regulated market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Noteholders might not be able to sell their Notes or to do so at fair market prices. There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Notes.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and (if any) interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Issuer and the Group.

### ***Delisting of the Notes***

Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on its regulated market. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market. See also "*The tax regime applicable to the Notes is subject to a listing requirement*" above.

### ***Transfers of the Notes may be restricted***

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws in the U.S. or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*".

### ***Credit ratings may not reflect all risks***

The Issuer has been rated "Baa3 with negative outlook" by Moody's, which is established in the European Economic Area and registered as a credit rating agency under the CRA Regulation, and the Notes are expected to be rated "Baa3 with negative outlook" by Moody's. Noteholders should be aware that:

- (a) a rating will reflect only the views of the rating agency and may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Prospectus and other factors that may affect the value of the Notes;
- (b) a rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency; and
- (c) notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, this Prospectus:

- (i) the English translation of the Italian audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 ([file:///C:/Users/GPA266/Downloads/Invitalia%20Consolidated%20Financial%20Statements%202021%20\(1\).pdf](file:///C:/Users/GPA266/Downloads/Invitalia%20Consolidated%20Financial%20Statements%202021%20(1).pdf)); and
- (ii) the English translation of the Italian audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 ([file:///C:/Users/GPA266/Downloads/Invitalia%20Financial%20Report%202020%20\(7\).pdf](file:///C:/Users/GPA266/Downloads/Invitalia%20Financial%20Report%202020%20(7).pdf)),

in each case together with the accompanying notes and external auditors' reports.

The Issuer's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as endorsed by the European Union.

### Access to documents

The Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents containing information incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. Such documents will also be available, without charge, at the specified office of the Fiscal Agent, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and, with respect to the Issuer's consolidated annual financial statements, on the Issuer's website ([www.invitalia.it](http://www.invitalia.it)).

### Cross-reference list

The following table shows where to find the information in the above-mentioned documents that is required to be disclosed under the Commission Delegated Regulation (EU) 2019/980 (the "Prospectus Delegated Regulation").

#### *English translation of the audited consolidated annual financial statements of the Issuer*

Section	Page number(s)	
	2021	2020
Directors' report on operations	4-52	4-75
Consolidated balance sheet	54-55	77-78
Consolidated income statement	56	79-80
Consolidated statement of comprehensive income	57	81
Statement of changes in consolidated equity	58-59	82
Consolidated statement of cash flows	60-61	83-84
Notes to the consolidated financial statements	62-371	85-272
Attachments to the Notes to the Consolidated Financial Statements	372-380	273-285
Report of the Board of Statutory Auditors	381-386	352-355
Independent Auditors' Report	390-397	356-364

Any information contained in or incorporated by reference in any of the documents specified above which is not included in the cross-reference list in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the website does not form part of this Prospectus.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to Notes in definitive form to the extent described in the next section of this Prospectus entitled "Overview of Provisions of the Notes in Global Form".

The €[•] [•] per cent. notes due [•] (the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith) of Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. (the "**Issuer**") are the subject of a fiscal agency agreement dated [•] 2022 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer and BNP PARIBAS, Luxembourg Branch, as fiscal agent (in such capacity, the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (in such capacity, the "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. **Definitions and Interpretation**

#### (a) **Definitions**

In these Conditions:

**"Acquired Debt Transaction"** means any transaction entered into after the Issue Date by which:

- (i) any asset or undertaking over which a Security Interest subsists is transferred, sold, contributed or assigned to or otherwise vested in the Issuer or a Subsidiary; or
- (ii) any Person that is liable for Indebtedness and/or is subject to a Security Interest (as the case may be) becomes a Subsidiary of the Issuer or is merged into the Issuer or any of its Subsidiaries,

in both cases, where such Indebtedness and/or Security Interest already exists at the time when such transaction is entered into;

**"acting in concert"** means, in relation to two or more Persons, any event or circumstances whereby, pursuant to an agreement, arrangement or understanding (whether formal or informal), such Persons co-operate, through the acquisition or holding of voting rights exercisable at a shareholders' or equivalent meeting of the Issuer by any of them, either directly or indirectly, for the purposes of obtaining or consolidating control of the Issuer;

**"Affiliate"** means, at any time, and with respect to any Person (the "first Person"), any other Person that at such time directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the first Person;

**"Business Day"** means:

- (i) for the purposes of Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*), a TARGET Settlement Day; or
- (ii) for any other purpose:

- (A) in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place; or
- (B) in the case of payment by credit or transfer to a Euro account, a TARGET Settlement Day;

**"Calculation Amount"** means €1,000 in principal amount of Notes;

**"Certification Date"** means a date falling not later than 30 days after the approval by the Issuer's shareholders of the relevant consolidated financial statements and, in any event, no later than six months after the end of the Financial Period;

a **"Change of Control"** means any event or circumstance in which any Person or Persons acting in concert (in each case, other than one or more Permitted Holders), together with any of their Affiliates, has or gains control of the Issuer;

**"Change of Control Notice"** means a notice from the Issuer to Noteholders describing the relevant Change of Control and indicating the start and end dates of the relevant Put Option Exercise Period and the Put Option Redemption Date;

**"Compliance Certificate"** means a certificate of the Issuer duly signed by the Chief Executive Officer of the Issuer, substantially in the form annexed to the Agency Agreement, confirming as at the Certification Date:

- (i) the number of shares held by Permitted Holders (as far as the Issuer is aware) and the percentage of the Issuer's share capital (excluding treasury shares) represented by such shares;
- (ii) that, as far as the Issuer is aware, no Change of Control has occurred;
- (iii) which of the Subsidiaries of the Issuer are Material Subsidiaries;
- (iv) that its audited consolidated financial statements in respect of the last Financial Period give a true and fair view of the financial condition of the Group as at the end of such Financial Period and of the results of its operations during such period; and
- (v) either:
  - (A) that such financial statements have been prepared using accounting policies, practices and procedures consistent with those applied in the preparation of its immediately preceding annual consolidated financial statements; or
  - (B) that the Issuer has made available to Noteholders all such descriptions and information as are required pursuant to Condition 5(b) (*Preparation of financial statements*);

**"control"** means, for all purposes in connection with Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*), in respect of any Person:

- (i) the acquisition and/or holding of more than 50 per cent. of the share capital of such Person; or
- (ii) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
  - (A) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a shareholders' or equivalent meeting of such Person; or

- (B) appoint or remove all or a majority of the members of the Board of Directors (or other equivalent body) of such Person; or
- (iii) the ability to exercise dominant influence over such Person or a company controlling such Person, whether by reason of voting rights at a shareholders' or equivalent meeting or by virtue of contractual relationships;

and the expressions "**controlling**", "**controlled**" and "**controlled by**" shall be construed accordingly;

"**Day Count Fraction**" means (i) the actual number of days in the period from and including the date from which interest begins to accrue (the "Accrual Date") to but excluding the date on which it falls due divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date;

"**Decree No. 239**" means Italian Legislative Decree No. 239 of 1 April 1996 and related implementing regulations, as amended, supplemented or re-enacted from time to time;

"**Event of Default**" means any of the events described in Condition 10 (*Events of Default*);

"**Excluded Subsidiary**" means any of the following Subsidiaries of the Issuer: Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A.;

"**Extraordinary Resolution**" has the meaning given to it in the Agency Agreement;

"**Financial Period**" means each of the periods to which the Issuer's annual consolidated financial statements relate, the first such period being the 12-month period ending 31 December 2022;

"**Fitch**" means Fitch Italia S.p.A. and any of its Affiliates or successors carrying on the business of assigning credit ratings to Persons in Italy;

"**Group**" means the Issuer and its Subsidiaries (taken as a whole);

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised, whether or not contingent, including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having substantially the same commercial effect of a borrowing;

"**Interest Payment Date**" means [•] in each year;

"**Intermediate Holding Company**" means a Subsidiary of the Issuer which itself has Subsidiaries;

"**Investment Grade Rating**" means any credit rating assigned by a Rating Agency which is, or is equivalent to, any of the following categories:

- (i) with respect to S&P and Fitch, from and including AAA to and including BBB-;

(ii) with respect to Moody's, from and including Aaa to and including Baa3, or, in each case, any equivalent successor categories;

**"Issue Date"** means [•] 2022;

**"Material Subsidiary"** means, at any time, any Subsidiary of the Issuer which is not an Excluded Subsidiary and which (consolidated with its own Subsidiaries, if any) accounts for 7 per cent. or more of the Group's consolidated total assets and, for these purposes:

- (i) the Group's consolidated total assets will be determined by reference to its then latest audited consolidated annual financial statements (the **"Relevant Consolidated Financial Statements"**); and
- (ii) the total assets of each Subsidiary will be determined by reference to the annual financial statements (whether or not audited) of such Subsidiary and those of its own Subsidiaries (if any), in each case upon which the relevant consolidated financial statements of the Issuer have been based,

*provided that:* (A) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the total revenues or total assets of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited) and will be consolidated if that Subsidiary itself has Subsidiaries; (B) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the total revenues or total assets of, or represented by, any Person, business or assets subsequently acquired or disposed of; and (C) where an Intermediate Holding Company has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary;

**"Moody's"** means Moody's Italia S.r.l. and any of its Affiliates or successors carrying on the business of assigning credit ratings to Persons in Italy;

**"Permitted Holders"** means:

- (i) the Ministry of Economics and Finance of the Republic of Italy;
- (ii) any authority, agency, ministry, department, statutory corporation or other entity, arm or body of or pertaining to, or controlled by, the Republic of Italy or the central government thereof, whether autonomous or not (excluding, for the avoidance of doubt, any authority, agency, department, statutory corporation or other entity, arm or body of or pertaining to, or controlled by, one or more Italian regions, provinces or municipalities); or
- (iii) any Person directly or indirectly controlled by any of the foregoing;

**"Permitted Reorganisation"** means:

- (i) in respect of the Issuer, any *"fusione"* or *"scissione"* (such expressions having the meanings ascribed to them by the laws of the Republic of Italy) or any other amalgamation, merger, demerger, reconstruction or similar arrangement of the Issuer whilst solvent, whether as a transaction or as part of a related sequence of events whereby, upon completion of the transaction or sequence, all or substantially all of the assets and liabilities of the Issuer, including all its rights and obligations under or in respect of the Notes will be assumed in accordance with applicable law by a Person (the "relevant entity") which, immediately after such assumption, is a member of the group consisting of the Issuer and its consolidated Subsidiaries, *provided that* the following conditions are satisfied:
  - (A) the relevant entity enters into a supplemental agency agreement and such other documents (if any) as are necessary to give effect to the substitution of

the relevant entity for the Issuer (all such documents, the "**relevant documents**");

- (B) the relevant entity obtains opinions addressed to it from legal advisers of recognised international standing as to matters of English law and the law of the jurisdiction of the relevant entity, in each case in a form consistent with the standards of Eurobond transactions, confirming (1) that the Notes represent legal, valid, binding and enforceable obligations of the relevant entity, (2) that the relevant documents (if any) represent legal, valid, binding and enforceable obligations of the relevant entity and (3) all actions, conditions and things required to be taken, fulfilled and done to ensure that such is the case (including any necessary approvals, consents, filings and/or registrations) have been taken, fulfilled and done, and such opinions are made available to Noteholders at the specified office of the Fiscal Agent; and
- (C) upon completion of such transaction or sequence, no Rating Event occurs or has occurred,

and, following satisfaction of the above conditions, all references to the "Issuer" in these Conditions shall be read as references to the relevant entity;

- (ii) in respect of any Subsidiary:
  - (A) any "*fusione*" or "*scissione*" (such expressions having the meanings ascribed to them by the laws of the Republic of Italy) or any other amalgamation, merger, demerger or reconstruction of the relevant Subsidiary whilst solvent, under which all or substantially all of its assets and liabilities are transferred, sold, contributed, assigned or otherwise vested in the Issuer or any of the Issuer's other Subsidiaries (other than an Excluded Subsidiary) in accordance with applicable law; or
  - (B) any amalgamation, merger, demerger or restructuring, whilst solvent, which the Issuer is required to carry out under legislative measures binding upon the Issuer which may be issued from time to time after the Issue Date by the Republic of Italy; or
- (iii) any divestment of any Excluded Subsidiary;

**"Permitted Security Interest"** means:

- (i) any Security Interest arising by operation of law in the ordinary course of business of the Issuer or a Material Subsidiary, provided that such Security Interest is not (and does not become capable of being) enforced;
- (ii) any Security Interest to which the assets or undertaking of the Issuer or any of its Material Subsidiaries are subject as a result of an Acquired Debt Transaction, *provided that*:
  - (A) such Security Interest was not created in connection with or in contemplation of such Acquired Debt Transaction; and
  - (B) the aggregate principal amount of Indebtedness secured by such Security Interest is not increased and no additional assets become subject to such Security Interest, either in connection with or in contemplation of the Acquired Debt Transaction or at any time thereafter;
- (iii) any Security Interest (a "**New Security Interest**") created in substitution for any existing Security Interest permitted under paragraph (ii) above (an "**Existing Security Interest**"), *provided that*:

- (A) the principal amount of Indebtedness secured by the New Security Interest does not at any time exceed the principal amount of Indebtedness secured by the Existing Security Interest; and
- (B) other than by reason of general market trends beyond the control of the Issuer, the value of the assets over which the New Security Interest subsists does not at any time exceed the value of the assets over which the Existing Security Interest subsisted; or
- (iv) any Security Interest to secure indebtedness represented by notes or similar instruments, issued by consolidated or non-consolidated special purpose vehicles in connection with the securitisation of assets, and in respect of which recourse is limited to such assets; or
- (v) any Security Interest created or permitted to secure any Relevant Indebtedness or any guarantee and/or indemnity in relation to any Relevant Indebtedness which the Issuer is required to create or permit under Article 33, paragraph 12, of Law Decree No. 133 of 12 September 2014, as subsequently amended, and implemented by the Prime Ministerial Decree of 15 October 2015, or any other legislative measures binding upon the Issuer which may be issued from time to time by the Republic of Italy after the Issue Date;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Put Option Exercise Period"** means, in respect of any Change of Control, a period of 20 Business Days following the date on which the relevant Change of Control Notice is given to the Noteholders in accordance with Condition 16 (*Notices*);

**"Put Option Notice"** means a notice from a Noteholder to the Issuer in a form obtainable from any Paying Agent and substantially in the form annexed to the Agency Agreement, stating that such Noteholder requires early redemption of all or some of its Notes pursuant to Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*);

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a Noteholder depositing a Put Option Notice, substantially in the form annexed to the Agency Agreement;

**"Put Option Redemption Date"** means, in respect of any Change of Control, the date specified in the relevant Change of Control Notice by the Issuer, being a date not earlier than five nor later than 20 Business Days after expiry of the Put Option Exercise Period;

**"Rate of Interest"** means [•] per cent. per annum;

**"Rating Agency"** means Moody's, S&P or Fitch;

a **"Rating Event"** will be deemed to have occurred following an event if:

- (i) at the beginning of the Rating Event Period, the Notes carry from a Rating Agency an Investment Grade Rating and:
  - (A) during the Rating Event Period, any such rating is either downgraded by the relevant Rating Agency below an Investment Grade Rating or withdrawn; and
  - (B) subsequently, but in any event within the Rating Event Period, such rating is not (in the case of a downgrade) upgraded to an Investment Grade Rating by such Rating Agency or (in the case of a withdrawal) replaced by an Investment Grade Rating from any other Rating Agency; and/or
- (ii) at the beginning of the Rating Event Period, the Notes carry a credit rating assigned by a Rating Agency that is not an Investment Grade Rating and:

- (A) during the Rating Event Period, any such rating is downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch); and
- (B) subsequently, but in any event within the Rating Event Period, such rating is not upgraded to its earlier credit rating or better by such Rating Agency; or
- (iii) at the beginning of the Rating Event Period, the Notes do not carry a credit rating assigned by a Rating Agency and, during the Rating Event Period, no Rating Agency assigns an Investment Grade Rating to the Notes,

and, in the case of (i) and (ii) above, in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the subject matter of the relevant event;

**"Rating Event Period"** means, in relation to any particular event, the period between:

- (i) the occurrence of that event or, if earlier, the first public announcement of that event to be made either (A) by, or with the consent of, the Issuer or (B) in accordance with any legal obligation; and
- (ii) either:
  - (A) where the Notes carry a credit rating assigned by a Rating Agency, 180 days after the occurrence of that event; or
  - (B) where the Notes carry no credit rating assigned by a Rating Agency, 90 days after the occurrence of that event;

**"Relevant Date"** means, in relation to any Note or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 16 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation;

**"Relevant Indebtedness"** means any present or future Indebtedness which is in the form of, or represented by, any bond, note, debenture, certificate or other securities and which is, or is capable of being, traded, quoted, listed or dealt in on any stock exchange or any over-the-counter or other securities market;

**"Reserved Matter"** has the meaning given to it in the Agency Agreement and includes any proposal to modify the Terms and Conditions of the Notes falling within the scope of Article 2415, paragraph 2 of the Italian Civil Code (including, but not limited to, any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes);

**"S&P"** means Standard & Poor's Credit Market Services Italy S.r.l. and any of its Affiliates or successors carrying on the business of assigning credit ratings to Persons in Italy;

**"Security Interest"** means any mortgage, charge, pledge, lien or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any applicable jurisdiction;

**"Subsidiary"** means, in respect of the Issuer at any particular time, any *società controllata*, as defined in Article 2359 of the Italian Civil Code;

a **"Substantial Part"** of the business, undertaking, assets and/or revenues of the Issuer or any of its Material Subsidiaries shall mean (as the case may be):

- (i) such business, undertaking and/or assets as account for at least 30 per cent. of the total assets of the Group; or
  - (ii) such revenues as account for at least 30 per cent. of the total revenues of the Group,
- in each case determined at any particular time by reference to the Group's then latest audited consolidated annual financial statements;

**"TARGET Settlement Day"** means any day on which the TARGET System is open for the settlement of payments in euro; and

**"TARGET System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (TARGET2).

(b) *Interpretation*

In these Conditions:

- (i) **"outstanding"** has the meaning given to it in the Agency Agreement;
- (ii) any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under Condition 9 (*Taxation*); and
- (iii) any reference to the Notes includes (unless the context requires otherwise) any other securities issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes.

2. **Form, Denomination and Title**

The Notes are in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. **Status**

The Notes and the Coupons constitute direct, general, unconditional and, subject to the provisions of Condition 4 (*Negative pledge*), unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. **Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of their present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Relevant Indebtedness or (ii) any guarantee and/or indemnity in relation to any Relevant Indebtedness, without (a) at the same time or prior thereto securing the Notes and the Coupons equally and rateably therewith or (b) providing such other security for the Notes and the Coupons as may be approved by an Extraordinary Resolution of Noteholders.

## 5. **Covenants**

### (a) **Certification**

For so long as the Notes remain outstanding, the Issuer shall, on each Certification Date, make available for inspection free of charge by any Noteholder or Couponholder on its website ([www.invitalia.it](http://www.invitalia.it)), at its own registered office and at all reasonable times during normal business hours at the specified office of each Paying Agent:

- (i) a Compliance Certificate;
- (ii) the Group's audited consolidated annual financial statements translated into English (for the first time in respect of the 12-month period ending 31 December 2022); and
- (iii) where applicable, such description and other information referred to in Condition 5(b) (*Preparation of financial statements*) as may be necessary.

### (b) **Preparation of financial statements**

The Issuer shall ensure that each set of financial statements delivered pursuant to Condition 5(a) (*Certification*) is:

- (i) audited by independent auditors; and
- (ii) prepared using accounting policies, practices and procedures consistent with those applied in the preparation of the immediately preceding annual consolidated financial statements of the Group unless that set of financial statements includes, or the Issuer otherwise makes available to Noteholders and Couponholders in the manner described in Condition 5(a) (*Certification*):
  - (A) a description of any changes in accounting policies, practices and procedures; and
  - (B) sufficient information to make an accurate comparison between such financial statements and the previous financial statements.

### (c) **Maintenance of rating**

For so long as any Notes remain outstanding, the Issuer shall at all times use its best endeavours to maintain at least one credit rating from a Rating Agency for the Notes.

## 6. **Interest**

The Notes bear interest from the Issue Date at the Rate of Interest, payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). The first Interest Payment Date will be [•] 2022.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be €[•] per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

7. **Redemption and Purchase**

(a) **Scheduled redemption**

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on [•], subject as provided in Condition 8 (*Payments*).

(b) **Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of either:
  - (A) any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction); or
  - (B) the listing of the Notes not satisfying the relevant requirements under Decree No. 239, including where such non-compliance results from any official interpretation of any authority or of a holding by a court; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided, however, that* no such notice of redemption shall be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due and (ii) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

- (A) a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(b).

(c) **Redemption at the option of Noteholders upon a Change of Control**

In the event of a Change of Control, each Noteholder may, during the Put Option Exercise Period, serve a Put Option Notice upon the Issuer. The Issuer will redeem in whole (but not in part) the Notes that are the subject of such Put Option Notice on the Put Option Redemption Date at their principal amount together with accrued interest from, and including, the preceding Interest Payment Date (or the Issue Date, if applicable) to, but excluding, the Put Option Redemption Date.

Promptly and in any event within ten Business Days from the Issuer becoming aware of the occurrence of a Change of Control, a Change of Control Notice shall be given by the Issuer to Noteholders in accordance with Condition 16 (*Notices*). For so long as the Notes are listed on

a securities market of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Luxembourg Stock Exchange promptly of any such Change of Control, providing information equivalent to that required to be given in a Change of Control Notice under this Condition 7(c).

In order to exercise the option contained in this Condition 7(c), the holder of a Note must, on any Business Day during the Put Option Exercise Period, deposit with any Paying Agent such Note, together with all unmatured Coupons relating thereto and a duly completed Put Option Notice. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt for such Note to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 7(c), may be withdrawn, *provided, however, that* if, prior to the Put Option Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Option Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall give notification thereof to the depositing Noteholder in such manner and/or at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 7(c), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(d) ***Redemption at the option of the Issuer (Make-Whole Call)***

Unless (i) a Put Option Notice has been given pursuant to Condition 7(c) above and (ii) the Issuer has not redeemed the Notes in respect of which such Put Option has been validly exercised, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (Notices) (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")), redeem all or, from time to time, part of the Notes at a redemption price per Note equal to the higher of the following, in each case together with any interest accrued to but excluding the Optional Redemption Date:

- (i) 100 per cent. of the principal amount of the Notes to be redeemed; or
- (ii) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Dealer Rate plus the Redemption Margin, in each case as determined by the Reference Dealer.

The amount determined according to this Condition 7(d) will be calculated by a calculation agent, being an international leading investment, merchant or commercial bank appointed by the Issuer for this purpose. For the avoidance of doubt, none of the Fiscal Agent nor the Paying Agents shall be required to calculate, determine, confirm or verify any redemption amounts, make-whole amounts, or any amounts payable in relation to redemptions.

In the case of a partial redemption, the redemption may be effected, at the option of the Issuer in accordance with the current practices, rules and regulations of the clearing system by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed (pro rata pool factor). In case of partial redemption, the notice of redemption given under this Conditions 7(d) shall also specify the method of partial redemption and the outstanding amount of the Notes following such redemption.

In this Condition 7 (*Redemption and Purchase*)

**Where:**

"**Redemption Margin**" shall be [ $\bullet$ ] per cent above the Reference Bond;

"**Reference Dealer**" means Goldman Sachs International or its successor; and

**"Reference Dealer Rate"** means the average of the quotations given by the Reference Dealer on the third Business Day prior to the Optional Redemption Date (the **"Calculation Date"**) at 11.00 a.m. (Central European time) of the mid-market annual yield to maturity of the [German government bond DBR 0.000%] [•] with ISIN [•] (the **"Reference Bond"**). If the Reference Bond is no longer outstanding, a similar security will be chosen by the Reference Dealer at 11.00 a.m. (Central European time) on the Calculation Date, quoted in writing by the Reference Dealer to the Issuer.

(e) ***Redemption at the option of the Issuer (3 Month Par Call)***

Unless (i) a Put Option Notice has been given pursuant to Condition 7(c) above and (ii) the Issuer has not redeemed the Notes in respect of which such Put Option has been validly exercised, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all the Notes, but not some only, at their principal amount together with interest accrued but unpaid to but excluding the date of redemption, provided that the date for such redemption does not fall earlier than 90 days prior to the Maturity Date.

Any notice of redemption given under this Condition 7(e) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 7(b) above.

(f) ***Redemption following a Substantial Purchase Event (Clean-Up Call)***

In the event that 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased and cancelled pursuant to this Condition 7, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

(g) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7(a) (*Scheduled Redemption*) to (c) (*Redemption at the option of Noteholders upon a Change of Control*) above.

(h) ***Purchase***

The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith. Subject to the requirements (if any) of any stock exchange or securities market on which the Notes are admitted to listing and/or trading at the relevant time and subject to compliance with all applicable laws, regulations and accounting standards, any such Notes may be held or resold by the Issuer or its Subsidiaries (as the case may be) or surrendered to the Fiscal Agent for cancellation, in each case at the Issuer's discretion.

(i) ***Cancellation***

All Notes which are (i) purchased by the Issuer or any of its Subsidiaries and surrendered to the Fiscal Agent for cancellation or (ii) redeemed and, in each case, any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

8. ***Payments***

(a) ***Principal***

Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which

Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) **Interest**

Payments of interest shall, subject to Condition 8(f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 8(a) (*Principal*) above.

(c) **Payments subject to applicable laws**

All payments in respect of the Notes shall be subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto, but in any case without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged by or on behalf of the Issuer or any of its agents to the Noteholders or Couponholders in respect of such payments.

(d) **Deduction for unmatured Coupons**

If a Note is presented without all unmatured Coupons relating thereto, then:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment, *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment, *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment, *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 8(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(e) **Payments on business days**

If the due date for payment of any amount in respect of any Note or Coupon is not a Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) **Payments other than in respect of matured Coupons**

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(g) **Partial payments**

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9. **Taxation**

(a) **Gross-up**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of the Note or Coupon; or
- (ii) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva*, pursuant to Decree No. 239 (as defined below) and in all circumstances in which the procedures set forth in Decree No. 239 (as defined below) in order to benefit from a tax exemption have not been met or complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents; or
- (iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for an exemption but has failed to do so; or
- (iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

For the avoidance of doubt, the Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any amounts required to be withheld or deducted pursuant to Sections 1471 through 1474 of the Code, any regulation or agreement thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof or any law implementing an intergovernmental approach thereto to be deducted or withheld by the Issuer, any Paying Agent or any other party.

(b) **Taxing jurisdiction**

If the Issuer becomes subject at any time to any taxing jurisdictions other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdictions.

10. **Events of Default**

If any of the following events occurs and is continuing:

(a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes within five days from the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within ten days from the due date for payment thereof; or

(b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer, has been delivered by or on behalf of any Noteholder either to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) **Cross-default of Issuer or Material Subsidiary:**

(i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and payable prior to its stated maturity by reason of default (however described); or

(iii) the Issuer or any of its Material Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee and/or indemnity given by it in relation to any Indebtedness,

*provided that* the amount of Indebtedness referred to in sub-paragraph (i), (ii) and/or (iii) above and/or the amount payable under any guarantee and/or indemnity referred to in sub-paragraph (iv) above individually or in the aggregate exceeds €25,000,000 (or its equivalent in any other currency or currencies); or

(d) **Unsatisfied judgment:** one or more judgment(s) or order(s) for the payment of any amount in excess of €20,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Material Subsidiaries and either (i) no appeal to contest such judgment(s) or order(s) is filed within the period prescribed by applicable law and such judgment(s) or order(s) continue(s) unsatisfied and unstayed upon expiry of the period prescribed for such payment or (ii) an appeal to contest such judgment(s) is filed but no order to suspend or stay such judgment(s) is obtained and such judgment(s) thereby becomes enforceable and continue(s) unsatisfied and unstayed upon expiry of the period prescribed for such payment; or

(e) **Security enforced:** a secured party takes possession of, or a receiver, manager or other similar officer is appointed (or application for any such appointment is made) in respect of all or any Substantial Part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or any Substantial Part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or

(f) **Insolvency, etc:** (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator, liquidator or other similar officer is appointed in respect of the Issuer or any of its Material Subsidiaries or the whole or any Substantial Part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries (or application for any such appointment is made, unless such application is dismissed within 90 days), (iii) the Issuer or any of its Material Subsidiaries takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or any class of its creditors, or (iv) the Issuer or any of its Material Subsidiaries declares or proposes a moratorium in respect

of any of its Indebtedness or any guarantee and/or indemnity given by it in relation to any Indebtedness;

- (g) **Cessation of business:** the Issuer ceases or threatens to cease to carry on all or a Substantial Part of its business or any of its Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business, in each case otherwise than (i) for the purposes of, or pursuant to, a Permitted Reorganisation or (ii) on terms previously approved by an Extraordinary Resolution of the Noteholders;
- (h) **Winding up, etc:** an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries, otherwise than (i) for the purposes of, or pursuant to, a Permitted Reorganisation or (ii) on terms previously approved by an Extraordinary Resolution of the Noteholders; or
- (i) **Analogous event:** any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or
- (j) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

#### 11. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

#### 12. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Paying Agent may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

#### 13. Paying Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents, *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and (b) for so long as the Notes are listed on the Luxembourg Stock Exchange and it is a requirement of applicable laws and regulations, a paying agent in Luxembourg and (c) a paying agent in a jurisdiction within the European Union other than the Republic of Italy or (if different) the jurisdiction(s) to which the Issuer is subject for the purpose of Condition 9(b) (*Taxing jurisdiction*).

Notice of any change in any of the Paying Agents or in their Specified Offices shall forthwith be given to the Noteholders.

#### 14. Meetings of Noteholders; Noteholders' Representative; Modification

##### (a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation by Extraordinary Resolution of the Notes or of the provisions of the Agency Agreement. Such provisions for convening meetings of Noteholders are subject to compliance with mandatory laws, legislation, rules and regulations of Italy applicable to the Issuer in force from time to time and, where applicable Italian law so requires, the Issuer's By-laws (*statuto*), including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's By-laws) taking effect at any time on or after the Issue Date.

Subject to the above, in relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution at a meeting of Noteholders:

- (i) any such meeting may be convened by the board of directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon a request in writing by Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being outstanding, in each case in accordance with Article 2415 of the Italian Civil Code, or, in default of such request, by a decision of the competent court in accordance with Article 2367, paragraph 2, of the Italian Civil Code;
- (ii) every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code and the Issuer's By-laws (*statuto*);
- (iii) such a meeting will be validly convened if:
  - (A) in the case of the initial meeting, there are one or more persons present holding or representing more than one-half of the aggregate principal amount of the Notes for the time being outstanding; or
  - (B) in the case of a second meeting (*seconda convocazione*) or of any subsequent meeting (*convocazioni successive*) convened following adjournment for want of quorum, there are one or more persons present holding or representing more than one-third of the aggregate principal amount of the Notes for the time being outstanding,

*provided that* the Issuer's By-laws (*statuto*) may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for higher quorums;

- (iv) the majority required to pass an Extraordinary Resolution at any meeting (including any adjourned meeting) convened to vote on any Extraordinary Resolution will be:
  - (A) for voting on any matter other than a Reserved Matter:
    - (1) in the case of the initial meeting, one or more persons holding or representing more than one-half of the aggregate principal amount of the Notes for the time being outstanding; or
    - (2) in the case of a second meeting (*seconda convocazione*) or of any subsequent meeting (*convocazioni successive*) convened following adjournment for want of quorum, one or more persons holding or representing at least two-thirds of the aggregate principal amount of the Notes for the time being outstanding represented at the relevant meeting; or
  - (B) for voting on a Reserved Matter, the higher of:
    - (1) one or more persons holding or representing at least one-half of the aggregate principal amount of the Notes for the time being outstanding; and

- (2) one or more persons holding or representing at least two-thirds of the aggregate principal amount of the Notes for the time being outstanding represented at the relevant meeting,

*provided that* the Issuer's By-laws (*statuto*) may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for higher majorities.

Any Extraordinary Resolution duly passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting and irrespective of how their vote was cast (provided that their vote was cast in accordance with the provisions of the Agency Agreement) and on all Couponholders.

(b) **Noteholders' Representative**

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or "Noteholders' Representative") is appointed, *inter alia*, to represent the interests of Noteholders, such appointment to be made by an Extraordinary Resolution to be passed by a meeting of Noteholders or by an order of a competent court at the request of one or more Noteholders or by the directors of the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

(c) **Modification**

The Notes, the Coupons and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless (i) it is of a formal, minor or technical nature, (ii) it is made to correct a manifest error or (iii) it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply with mandatory laws, legislation, rules and regulations of the Republic of Italy and the Issuer's By-laws (*statuto*), entered into force at any time while the Notes remain outstanding, applicable to the convening of meetings, quorums and the majorities required to pass any Extraordinary Resolution at a meeting of Noteholders.

15. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except with regard to the first payment of interest) so as to form a single series with the Notes.

16. **Notices**

Notices to the Noteholders shall be valid if published in a reputable leading English language daily newspaper published in London with an international circulation (which is expected to be the *Financial Times*) and, for so long as the Notes are admitted to trading on a securities market of the Luxembourg Stock Exchange and it is a requirement of applicable laws and regulations or the rules of that stock exchange, a leading newspaper having general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe as the Issuer may decide. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the

same is payable under these Conditions or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 18. **Governing Law and Jurisdiction**

### (a) **Governing law**

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Condition 14 (*Meetings of Noteholders; Noteholders' Representative; Modification*) and the provisions of the Agency Agreement concerning the meetings of Noteholders are subject to compliance with mandatory provisions of Italian law.

### (b) **Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute") arising out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with the Notes). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

### (c) **Proceedings outside England**

Condition 18(b) (*Jurisdiction*) is for the benefit of Noteholders only. To the extent allowed by law, any Noteholder may take (i) proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction and (ii) concurrent Proceedings in any number of jurisdictions.

### (d) **Process agent**

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Italian Chamber of Commerce and Industry for the UK at 1 Princes Street, London W1B 2AY or, if different, at its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or it ceases to be registered in England or, for any other reason, is unable or unwilling to act in such capacity, the Issuer shall immediately appoint a further Person in England to accept service of process on its behalf and give notice to Noteholders of such appointment. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

*There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.*

## OVERVIEW OF PROVISIONS OF THE NOTES IN GLOBAL FORM

The following is an overview of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together, the "**Global Notes**") which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

### Form of Notes

#### **Temporary Global Note**

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

#### **Eligibility of the Notes for Eurosystem monetary policy**

The Notes will be issued in new global note form and, as such, are intended to be held in a manner which will allow for them to be eligible as collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. This means that the Notes are upon issue deposited with one of the international central securities depositories (ICSDs) as common safekeeper but does not necessarily mean that the Notes will actually be recognised as eligible, either upon issue or at any time during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations, as specified by the European Central Bank from time to time.

#### **Exchange for Permanent Global Notes**

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date, upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

#### **Tradeable amounts**

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in (i) the minimum authorised denomination of €100,000 and (ii) higher denominations which are integral multiples of €1,000, up to and including €199,000.

#### **Exchange for Definitive Notes**

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached (in respect of interest which has not already been paid in full on the Permanent Global Note), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (i) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (ii) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not

been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of the Permanent Global Note will have no further rights thereunder, but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant executed by the Issuer dated [●] 2022 (the "**Deed of Covenant**"). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes that they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

### **Modifications to the Terms and Conditions of the Notes**

In addition, the Global Notes will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Notes. The following is an overview of certain of those provisions:

#### ***Payments***

All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

#### ***Payments on business days***

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**Business Day**" means any day which is a TARGET Settlement Day.

#### ***Exercise of put option***

In order to exercise the option contained in Condition 7(c) (*Redemption and Purchase – Redemption at the option of Noteholders upon a Change of Control*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent, in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and/or other relevant clearing system, specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

#### ***Redemption of the option of the Issuer (Make-Whole Call)***

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Notes to be redeemed will be required under Condition 7(d) (*Redemption and Purchase - Redemption at the option of the Issuer (Make-Whole Call)*) in the event that the Issuer exercises its call option pursuant to Condition 7(d) (*Redemption and Purchase - Redemption at the option of the Issuer (Make-Whole Call)*) in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the partial redemption will be effected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In order to exercise the option contained in Condition 7(d) (*Redemption and Purchase - Redemption at the option of the Issuer (Make-Whole Call)*), the Issuer shall give notice to the Noteholders and the relevant clearing system (or procure that such notice is given on its behalf) within the time limits set out in and containing the information required by that condition.

**Notices**

Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by the Permanent Global Note and/or the Temporary Global Note, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on a securities market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations or the rules of that Stock Exchange, such notices shall also be published in a leading newspaper having general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## USE OF PROCEEDS

The net proceeds of the Notes are expected to amount to EUR [●].

An amount equivalent to the net proceeds of the Notes will be used:

- (i) for general corporate purposes of Invitalia including the repayment of the unsecured bridge financing granted, in July 2022, to the Issuer by some of the Joint Lead Managers (for further information, see “*Business – Key Contracts – Material Financing of Invitalia*”); and
- (ii) to finance or refinance, in whole or in part, from time to time, new or existing business and projects whose activities have positive social results and meet the eligibility criteria detailed in the Issuer’s Social Bond Framework (such businesses and projects being the “**Eligible Projects**”), such as covering the structural costs deriving from the management of the orders entrusted by the Italian Government and/or by the public administrations thereby pursuing purposes of social interest.

Invitalia has established its social bond framework which may be amended from time to time at its sole discretion (the “**Social Bond Framework**”) and may issue social bonds to finance and/or refinance new or existing Eligible Projects under such Social Bond Framework.

In accordance with the Social Bond Framework, Invitalia intends to allocate an amount equivalent to the net proceeds of the Notes to Eligible Projects within 24 months of the Issue Date. A look-back period of up to 36 months prior to the Issue Date will apply.

For more information Invitalia makes available the Social Bond Framework on its website (<https://www.invitalia.it/eng>) on or before the issue of the Notes along with any second party opinion and/or any public reporting by or on behalf of the Issuer in respect of the application of proceeds. The Issuer will apply processes for project evaluation and selection, management of proceeds and reporting consistent with guidelines set out in the applicable social bond principles published by the International Capital Markets Association.

Information on the Issuer’s website (including the Social Bond Framework) does not form part of, and will not be incorporated by reference into, this Prospectus.

## DESCRIPTION OF THE ISSUER

### 1. General Overview

Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. – Invitalia S.p.A., formerly known as Sviluppo Italia S.p.A. (“**Invitalia**”), is a publicly owned joint stock company, with its sole shareholder being the Ministry of the Economy and Finance (“**MEF**”).

Invitalia is incorporated under Italian law and has its registered office at Via Calabria, 46/48, Rome, and its tax code, registration number with the Companies' Registry of Rome and VAT code is 05678721001. The telephone number of Invitalia's registered office is +39 06 421601.

Invitalia was established through Legislative Decree No. 1 of 9 January 1999 as subsequently amended (the “**Establishment Decree**”) for the purpose of: (i) promoting enterprise, attracting investments, promoting employment initiatives and start-ups/new businesses, developing demand for innovation and the development of local business systems; (ii) supporting national and local governments and public entities in managing national and EU incentives, with particular reference to Southern Italy and other economically disadvantaged areas; and (iii) consolidating and reorganising the businesses of certain publicly owned companies.

Pursuant to the Establishment Decree, Invitalia was then established on 26 January 1999, following the enactment, on the same date, of the directive of the Prime Minister (envisaged under the Establishment Decree), which set forth provisions on the establishment, share capital, corporate purpose and composition of the Board of Directors of Invitalia. Invitalia's corporate term is scheduled to expire on 31 December 2100 and may be extended through a resolution by its extraordinary Shareholders' Meeting.

Invitalia operates as an “instrumental entity of the national government” under directive 27 March 2007 of the Ministry of Economic Development (“**MED**”) and, particularly, constitutes an in-house entity within the MED. Its priorities and objectives are defined through specific directives issued by the MED, which sets out the industrial guidelines, Invitalia's acts subject to prior approval by an internal department within the MED and any updates thereto and, in concert with the MEF, to its by-laws.

In particular, Invitalia's corporate purpose is to carry out mainly financial activities with the objective of promoting Italy's development and competitiveness, and, especially, fostering Southern Italy's alignment with more advanced regions by acting in accordance with applicable law. To achieve such objectives, Invitalia operates consistently within a framework of institutional cooperation among local, regional and national administrative entities, taking into account the industrial policy strategies oriented towards innovation and new technological paradigms. Invitalia's activities focus on the achievement of the following priorities, especially with respect to Southern Italy: (i) fostering high-quality foreign investment, able to contribute to the development of the national economic and productive system; (ii) developing innovation and industrial and business competitiveness in production sectors and territorial systems; and (iii) promoting competitiveness and the territories' attraction potentials. In this regard, Invitalia *inter alia*:

- promotes direct foreign investment in high-tech areas and in sectors that are strategic for development, such as research, the high-tech service sector and tourism;
- carries out financial activities aiming to sustain development of innovation and competitiveness of the production system;
- purchases shareholdings, promotes and supports productive activities and services, initiatives to create jobs and new businesses and advanced education and training;
- provides support, as an “instrumental entity” of the national Public Administration and in the context of negotiation programmes and instruments, for plans and projects, including project finance, for the development and competitiveness of the territories, especially in Southern Italy and in other under-utilised areas, as defined under EU and national law.

Although Invitalia has the nature of financial intermediary, it is exempt, pursuant to article 114, paragraph 2, of Legislative Decree No. 385 of 1 September 1993 as subsequently amended (the “**Consolidated Banking Act**”), from application of Title V of the Consolidated Banking Act as it is an entity already subject by law to regulatory oversight of its financial operations.

Invitalia has been assigned a long-term debt rating of “Baa3 with negative outlook” by Moody's, which is an agency established in the territory of the European Union and registered pursuant to EC Regulation No. 1060/2009 of the European Parliament and Council of 16 September 2009 on rating

agencies. Consequently, Moody's is registered in the list of rating agencies published by ESMA on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the above-mentioned legal framework.

### **1.1 Sources of Financial Data**

Financial data contained in this section consist mainly of amounts allocated or disbursed as part of Invitalia's business of providing incentives and other types of funding. All such amounts are derived from internal management data of the Group and are unaudited.

## **2. History and Development**

### ***Origins (1999-2006)***

Invitalia, under the name of Sviluppo Italia S.p.A., was established on 26 January 1999, pursuant to the Establishment Decree, with the purpose of performing coordination, reorganisation, guidance and control functions over the activities concerning the promotion of industrial development and employment in economically disadvantaged areas of Italy and attracting investment.

In January 2000, Invitalia's Board of Directors resolved to proceed with the merger by incorporation of the companies SPI (Promozione e sviluppo imprenditoriale S.p.A.), Itainvest S.p.A., Società per l'Imprenditorialità Giovanile – IG S.p.A., Insud S.p.A., Ribs S.p.A. and Finagra S.p.A., as well as Progetto Italia S.p.A. and Investire Italia S.p.A.. Following the merger, which was completed in June 2000, Invitalia took over operations that had previously been handled by those companies.

The change of name from Sviluppo Italia S.p.A. to Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. was provided under art. 1, paragraph 460, of Law No. 296 of 27 December 2006 (the "**2007 Finance Law**").

### ***Reorganisation Plan (2007-2011)***

Article 1, paragraphs 460 and 461, of the 2007 Finance Law provided for a plan for corporate reorganisation and divestment of shareholdings held in non-strategic sectors, approved by the MED on 31 July 2007 (the "**2007 Reorganisation Plan**"), and the internal reorganisation of Invitalia, on the terms set out in the MED directive dated 27 March 2007, by which the MED was granted certain powers of control over Invitalia.

The implementation of the 2007 Reorganisation Plan led to (i) the simplification of the operating structures and their concentration in line with Invitalia's objectives; and (ii) the concentration of human resources within areas that produce revenues and margins, increasing the percentage of human resources allocated to business line operations from 33% to 66%, in line with what might be expected of ordinary companies and with only 34% performing support functions.

The 2007 Reorganisation Plan was implemented by the sale or liquidation of the seventeen regional companies. The divestment plan was essentially concluded by the end of 2011 and, as a result, Invitalia held, directly or indirectly, 216 shareholdings:

- 64 of which were not transferable since they had been acquired pursuant to Law No. 181 of 15 May 1989 or were considered strategic under the 2007 Reorganisation Plan; and
- as to the remaining 152 shareholdings (62 of which were held by regional companies), 97 were sold and/or liquidated while 55, held both directly and indirectly, were transferred to Invitalia Partecipazioni.

### ***2012-2016***

The shareholdings in Nuova Cantieri Apuania, a shipyard located in Marina di Carrara, were sold to Tecnomar.

Article 55-*bis* of Law Decree No. 1 of 24 January 2012, converted by Law No. 27 of 24 March 2012, provided that the Central Government Entities (Government and Ministries) may use Invitalia for all economic, financial and technical activities necessary to accelerate strategic interventions and, in particular, those aimed at territorial development and cohesion. Moreover, Invitalia was qualified as a "purchasing body" ("*Centrale di Committenza*") to be used by all Government and Public Entities interested in making investments funded through national and EU resources pursuant to the relevant legal framework on tender contracts.

The MEF, through a decree dated 10 October 2012, pursuant to the provisions of Legislative Decree No. 141 of 3 August 2010, which implemented EC Directive No. 48/2008 concerning an overhaul of the legal framework for financial intermediaries and other operators in the financial sector, exempted Invitalia from the application of Title V of the Consolidated Banking Act and, on 16 January 2013, the Bank of Italy informed Invitalia of its removal from the registers of financial intermediaries pursuant to articles 106 and 107 of the Consolidated Banking Act.

In 2013, the Italian Parliament asked Invitalia to conclude the transfer of the business component of Promuovi Italia S.p.A. pertaining to activities in favour of the MED, as provided under the relevant legal framework. Within the scope of the Group, the few remaining shareholdings were also transferred to Invitalia Partecipazioni in order to complete the activities related to the liquidation/divestment process.

Actions over the course of 2014 were aimed at containing the costs of operations and the realisation of the Group's structure in order to bring it into line with the trend in policy indications determined by the Government and the Parliament. In particular, Invitalia reconsidered the strategic interest in continuing its activities in the tourist port sector and, consequently, approved by resolution the liquidation of its subsidiary Italia Navigando, which was concluded in September 2014.

Over the course of 2015, under the limits imposed by the legal framework on the number of operating subsidiaries and in order to improve efficiency, partly in light of the expansion of certain specific areas of operations within Invitalia, a restructuring of the controlling shareholdings also became necessary, which entailed the following:

- the sale of shareholdings in tourist ports through a public tender organised in five segments, following which tenders were awarded in respect of two segments (Porto Turistico di Capri and Marina delle Grazie – Roccella Jonica) and, in relation to the remainder, actions were taken with a view to selling them at a later date;
- the re-launch of the subsidiary Invitalia Ventures SGR S.p.A. which was put in charge of managing a closed-end securities investment mutual fund aimed at sustaining risk capital investments in enterprises with high growth potential, for which the MED earmarked the related resources from the public fund for sustainable growth; and
- the settlement agreement reached with CDP Immobiliare, for the repurchase by Invitalia of a 42% stake in Italia Turismo S.p.A. ("**Italia Turismo**") held by CDP Immobiliare, and the liquidation of Invitalia Attività Produttive S.p.A. which took place in 2015, due to difficulty in pursuing the business plan for real estate enhancement that had been agreed between CDP Immobiliare and Invitalia, with CDP Immobiliare buying back the properties it had previously sold to Italia Turismo at the same purchase price and Invitalia taking back the shares previously sold to CDP Immobiliare.

The year 2016 saw the renewal of the management bodies of Invitalia and a number of its subsidiaries. The new composition of the Board of Directors brought new energy to the operations of Invitalia which, in December 2016, adopted a new business plan for the three-year period 2017 – 2019 which redefined the parameters of Invitalia's business operations, providing, *inter alia*: the acquisition of Banca del Mezzogiorno, the establishment of an Italian fund for the development, the gradual transfer of management of incentive instruments from the MED to Invitalia, the launch of market transactions aimed at optimising Italia Turismo's assets and the management operations of touristic ports and the final liquidation of the alternative investment fund denominated "Fondo Nord Ovest" managed by Invitalia Ventures SGR.

#### **Set-up of Italian Development Fund (2017)**

On 24 March 2017, the Minister for Territorial Cohesion and Southern Italy passed guidelines which assign to Invitalia the task of establishing and ensuring the functioning of an Italian fund for development, denominated "*Fondo Italiano per lo Sviluppo*". The guidelines formally assign to Invitalia the role of fund manager and allow for the relevant establishment with the goal to promote the use of financial instruments as a specific channel for the grant of structural funds and investment resources, promoting financially sustainable strategic interventions, and overcoming the current market gaps, by remedying them and attracting private capital, including through the promotion of public-private partnerships.

#### **Purchase of Banca del Mezzogiorno (2017)**

Invitalia, along with Poste Italiane, received, in 2014, from their common shareholder (the MEF) a letter of guidance instructing them to verify the terms and procedures for Invitalia's acquisition of the entire shareholding of Poste Italiane in Banca del Mezzogiorno - Medio Credito Centrale (now Medio Credito Centrale - Banca del Mezzogiorno S.p.A., "**MCC-BdM**" or the "**Bank**") with a view to re-launching the

activities of the Bank as a support for the development policies implemented by the Government through Invitalia.

Through this acquisition, Invitalia planned to reinforce its mandate from the Government to improve the competitiveness of Italy and, in particular, Southern Italy and to sustain sectors that are considered strategic for development.

Upon due diligence, in 2017 Invitalia and Poste Italiane agreed upon the sale of MCC-BdM's entire share capital held by Poste Italiane to Invitalia. The purchase became effective on 7 August 2017, following authorisation by the MED and the competent authorities. The purchase price of Euro 390 million was determined to be payable, subject to certain conditions, in instalments between 2017 and 2021, which were fully paid.

#### ***Issuing of the first Invitalia bond (2017)***

In July 2017 Invitalia made the first issuance of a bond, senior, non-convertible and unsubordinated, equal to Euro 350,000,000.00 with a maturity of 5 years (the “**2017 Notes**”); the 2017 Notes were offered and placed to qualified investors only and listed on the Luxembourg Stock Exchange. The issuance was made with the purpose to support the acquisition of MCC-BdM and optimise the working capital.

#### ***Invitalia's Downgrading (2018)***

In October 2018 Moody's lowered Invitalia's long-term issuer and senior unsecured debt rating to “Baa3 Stable” from “Baa2” following the corresponding action on the Republic of Italy's rating taken by the same agency.

#### ***Sale of a majority shareholding in Invitalia Ventures SGR (2019)***

In execution of Article 1, paragraph 116 *et seq.*, of Law No. 145 of 30 December 2018 and the related directive of the MED of 20 February 2019, in 2019 Invitalia sold a shareholding equal to 70% of the share capital held in the asset management company Invitalia Ventures SGR S.p.A. to Cassa Depositi e Prestiti S.p.A. in its capacity as an Italian promotional institute as defined pursuant to Article 1, paragraph 826, of Law No. 208 of 28 December 2015.

The MED, through the abovementioned directive, authorised the disposal by which the Italian lawmaker intends to simplify and strengthen the venture capital sector and the economic and productive system of the Republic of Italy. In this scenario, Invitalia Venture SGR managed closed-end mutual investment funds which aim at supporting the realisation of investments in risk capital of companies with high development potential. Invitalia Venture SGR then changed its name to CDP Venture Capital SGR S.p.A..

#### ***Invitalia's significant role during the pandemic (2020-2021)***

With a decree of the President of the Council of Ministers of 18 March 2020, by execution of article 122 of Law Decree No. 18 of 17 March 2020, the Managing Director of Invitalia was appointed as the Special Commissioner to implement and coordinate measures to limit and fight the COVID-19 epidemiological emergency, pursuant to the Council of Ministers' resolution of 31 January 2020. In exercising his powers, the Special Commissioner was authorised to make use of, *inter alia*, the in-house companies of the Public Administration, thereby involving in the Special Commissioner's activities the offices and certain employees of Invitalia and the subsidiary MCC-BdM.

Additionally, over the pandemic Invitalia was directly involved in managing specific measures with industrial development and economic support objectives and in granting subsidised finance with the goal of stimulating the strengthening of the Italian SMEs' capitalisation. In the same context, MCC-BdM carried out projects intended to achieve its purpose, taking advantage of the instruments made available by the Italian Government to support businesses.

Although Invitalia's Managing Director was then replaced in his role as Special Commissioner by Decree of the President of the Council of Ministers of 1 March 2021, Invitalia and MCC-BdM have carried on implementing the measures for industrial development and economic support.

#### ***Breakdown of negotiations for the divestment of some assets of Italia Turismo (2019-2021)***

Over the period 2019-2021 Invitalia started negotiations with a major Italian operator for the divestment of some assets of its subsidiary Italia Turismo S.p.A., but the negotiations broke down as the potential buyer withdrew its offer due to increased difficulties in the tourism sector associated with the pandemic.

### **Acquisition of Banca Popolare di Bari under Extraordinary Administration (2020)**

Pursuant to Italian Law Decree No. 142 of 16 December 2019, converted with amendments by Law No. 5 of 7 February 2020, as amended by Law Decree No. 104 of 14 August 2020, (“**Law Decree 142/2019**”) through which the MEF, by decrees, issued capital grants to Invitalia up to a maximum of Euro 900 million for 2020, Invitalia, through MCC-BdM, acquired Banca Popolare di Bari under Extraordinary Administration (“**BPB**”). The funds for the acquisition (Euro 430 million) were disbursed to Invitalia by the MEF and then allocated to MCC-BdM as a capital payment. In particular, on 29 June 2020, BPB under Extraordinary Administration approved, *inter alia*:

- (i) acknowledgement of the equity situation as at 31 March 2020, the share capital reduction to zero due to losses accrued as of that date and the re-establishment of the shareholders’ equity in the amount of Euro 10 million thanks to deposits made by the Interbank Deposit Protection Fund, subject to the conditions described under the points (ii) and (iii) below;
- (ii) transformation of BPB into a joint stock company and adoption of new by-laws;
- (iii) an indivisible share capital increase for payment without option rights pursuant to article 2441, paragraph 5 and 6, Civil Code for a total amount of Euro 933,246,586 to be offered for subscription to the Interbank Deposit Protection Fund and MCC-BdM.

Upon the acquisition, MCC-BdM owns 96.8% of the share capital of BPB.

### **Real estate rationalisation plan (2020-2021)**

In 2020, the Board of Directors drew up a plan for the rationalisation and disposal of real estate assets (the “**2020 Rationalisation Plan**”) - to be finalised in subsequent periods - held by Invitalia and the subsidiaries Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A., which are no longer strategic. The 2020 Rationalisation Plan provides for the contribution of these assets to a real estate fund managed by Investimenti Immobiliari Italiani SGR S.p.A. (“**Invimit Sgr**”), a company wholly controlled by the MEF. Consequently, Invitalia and Invimit Sgr signed an agreement as part of the 2020 Rationalisation Plan and, during the initial months of 2021, due diligence was carried out with the aim of determining the scope and the parameters of the portfolio, being the closing expected to occur during 2022.

### **National Recovery and Resilience Plan (2020-2021)**

With regard to the systemic health crisis caused by the pandemic and the extraordinary economic measures adopted at the European level, on 30 April 2020 the National Recovery and Resilience Plan (“**PNRR**”) was presented to the European institutions, which outlines the objectives, reforms and investments that Italy plans to achieve using the Next Generation EU funds. The Italian Government has issued a specific decree regarding policy governance, so as to definitively establish who will be responsible for spending the funds and reporting on the same to the European institutions.

The PNRR includes 6 missions which can be summarised as follows: (1) digitalisation, innovation, competitiveness and culture (Euro 46.3 billion), (2) green revolution and ecological transition (Euro 69.8 billion), (3) sustainability and mobility infrastructure (Euro 31.9 billion), (4) education and research (Euro 28.4 billion), (5) inclusion and social (Euro 27.6 billion) and (6) health (Euro 19.7 billion). For the 6 macro-missions the PNRR has linked three cross-sectional priorities: women, young people and the South.

The PNRR is to be managed at the central level, but various Public Administrations are in charge of supervising projects. In this context, Invitalia and its Group plays an important role, taking into consideration their experience in managing public funds and all the economic dynamics regarding development and support for the South, young people and digital infrastructures.

On 6 October 2021 the Minister for Technological Innovation and Digital Transition - Department for Digital Transformation signed a Convention with Invitalia and Infratel in the context of Component 2 of Mission 1 (which aims at supporting the competitiveness of the production system by strengthening the rate of digitization, technological innovation and internationalization through a series of complementary interventions) fixed by the PNRR. The Convention deals with the realization of the following sub-investments included in investment 3 “Ultra-fast Networks (ultra-broadband and 5G)” set out by the PNRR:

- 3.1 - Italy 1 Giga Plan for a total amount of Euro 3,863.5 million;
- 3.2 - Italy 5G for a total amount of Euro 2,020 million;
- 3.3 - Connected School for a total amount of Euro 261 million;

- 3.4 - Connected healthcare for a total amount of Euro 501.5 million;
- 3.5 - Connection of the Minor Islands for a total amount of Euro 60.5 million.

Invitalia, as the parent company, carries out the appropriate surveillance activities and ensures that the activities entrusted to Infratel are carried out according to the methods and timing agreed with the Convention and is jointly responsible for the obligations assumed by its subsidiary. The Convention provides for a time frame from 2022 to 2026.

Infratel Italia has been identified as the implementing body of the sub-investments listed above within the milestone and target of the PNRR.

#### ***Sale of Marina di Portisco, Trieste Navigando and Marina di Arechi (2020-2021)***

Trieste Navigando was fully owned by Invitalia and its mission was to construct the “Porto Lido” project in the city of Trieste, including redeveloping a historic part of the city waterfront by constructing a marina. For this purpose, it obtained a forty-year state maritime concession. On 2 October 2020, a sale agreement was signed by and between Invitalia and the CCIA Trieste (Chamber of Commerce).

Marina di Portisco, fully owned by Invitalia, has managed the tourist port located in the Gulf of Cugnana, between Porto Cervo and Porto Rotondo, through a thirty-year state maritime concession expiring in September 2029. The port offers 589 boat berths, of which 16 for maxi-yachts for lengths of up to 90 metres and quay depths of up to 10 metres, with parking for 315 vehicles, located next to the quays and in the area behind them.

In 2020 Invitalia started a public procedure to sell the entire equity stake held in Marina di Portisco and the tender was provisionally awarded to RTI Transport s.a.s. di Taula V. & C – IGY Services UK Limited which presented a definitive offer of Euro 20,300,000.00 requesting an extension in the terms for closing the operation of 90 days after notice that the tender was definitively awarded. After authorisation was received from the MED, the sale of Marina di Portisco was completed on 21 October 2021.

Marina d’Arechi was established in Salerno in 2010 in order to take over the original holder of the maritime concession to build and manage the Marina d’Arechi located in the Gulf of Salerno, through an 80-year government concession, valid until 18 February 2091. The company is controlled by the Gallozzi group, with Invitalia Group holding a direct equity share via the Agency (13.3%) and its subsidiary Invitalia Partecipazioni (26%).

On 30 December 2020, Invitalia, Invitalia Partecipazioni S.p.A. and Giuseppe Gallozzi & Figli signed an agreement to sell all the shares held in Marina di Arechi and, after the MED authorisation, the sale was made effective on 14 April 2021. The consideration payment (including interest) is expected to be made over a ten-year period. As of 31 December 2021 Invitalia maintains a minimal shareholding of 1%.

#### ***Underwriting of the capital increase of AM InvestCo Italy (2021)***

In April 2021, Invitalia subscribed for the capital increase of AM InvestCo Italy S.p.A., the lessee of the business units of Ilva in Extraordinary Administration. Such subscription was made in accordance with the co-investment agreement signed, in December 2020, by and between ArcelorMittal Holding S.r.l., ArcelorMittal SA and Invitalia, aimed at launching a new phase of sustainable development dealing with Ilva in Taranto.

In particular, Invitalia, by carrying out the task assigned by the Italian Government, subscribed for ordinary shares of AM InvestCo Italy for an amount of Euro 400 million by using the capital grants made available by the MEF according to the Law Decree 142/2019 and, after underwriting such capital increase, acquired 38% of the share capital. The Company then changed its corporate name to “Acciaierie d’Italia Holding S.p.A.”. This stake consists of shares which guarantee, in any case, Invitalia to exercise voting rights equal to 50% of the company’s share capital.

The co-investment agreement further provides:

- a second capital increase of AM InvestCo Italy S.p.A. to be underwritten, within the agreed timeline, by Invitalia up to Euro 680 million and by ArcelorMittal up to Euro 70 million. Upon the completion of such capital increase Invitalia will be the majority shareholder, holding 60% of the company’s share capital whereas ArcelorMittal will hold the remaining 40%;
- a comprehensive plan of environmental and industrial investments which includes, *inter alia*, the launch of the plant decarbonization process along with the start-up of the electric furnace capable of reaching up to 2.5 million tons of production per year. The target of the investment plan in the

South of Italy is to convert the former Ilva in Taranto into the biggest production plant of “green” steel in Europe; and

- the full integration, over the course of the plan, of 10,700 workers employed at the plant.

Acciaierie d'Italia Holding S.p.A. manages, in addition to Ilva in Taranto, the plants located in Genoa and Novi Ligure as well.

For further developments, see “*Recent Developments - Extension of the investment agreement between Invitalia and ArcelorMittal Group*” below.

### **3. Business Overview**

Invitalia operates as in-house company of the Italian Government and the Public Administration. In particular, the MED or the lawmakers directly entrust to Invitalia mandates and specific activities within its areas of competence. The Prime Minister, the MED and the other national and local government and public bodies entrust to Invitalia the planning and implementation of strategies to encourage economic growth in Italy and to bolster the implementation of cohesion policies, with particular attention on Southern Italy.

Invitalia's activities are defined on the basis of legal provisions or contracts and agreements when expressly required by the Public Administration. In fact, also pursuant to Invitalia's by-laws and in accordance with in-house regulations, 80% of Invitalia's turnover should derive from the activities assigned, pursuant to the Establishment Decree and the relevant laws in force from time to time, by the MED and any other Public Administration of the Italian State. Residual activities are allowed only on the proviso that they achieve economies of scale and other efficiencies with respect to Invitalia's activities as a whole.

Its main client is the MED but Invitalia is expanding collaboration with numerous other ministries and with local government and other public entities.

In pursuing its mission, Invitalia's main operations include:

- distributing grants, subsidies and incentives to stimulate and support economic growth;
- facilitating the building of public infrastructure (e.g. broadband networks for low population density areas) and acting for the Italian state to monitor and oversee the investment of national and European funds used for specified infrastructure projects (e.g. roads);
- supporting strategic assets in distress and/or difficulty;
- undertaking environmental recovery and urban renewal (e.g. the Bagnoli-Coroglio area in Naples and conversion of Piombino steel plant);
- supporting investments in projects of national cultural significance (e.g. the National Operational Program “Culture and Development” (“*PON Cultura e Sviluppo*”) and Pompei project);
- supporting Public Administration (through the provision of know-how and experience) to access national and European funds; and
- supporting the reconstruction of businesses affected by natural disasters (e.g. the earthquakes in Emilia Romagna and Central Italy).

It manages, on behalf of the Italian Government, almost all national facilitated funding instruments, through which it sustains investment programmes presented by new or existing enterprises, focusing special attention on young businesspeople and the territories of Southern Italy. Invitalia typically approves, disburses and manages national and European grants, subsidies, incentives and soft loans.

Therefore, Invitalia's main corporate purpose is not exclusively that of profits but rather achieving economic, cultural, social and development goals of the country and the territory envisaged by the Italian Government, within the criteria of efficiency, cost-effectiveness and sound and prudent management.

Supporting the country's development represents Invitalia's *raison d'être* and the ultimate goal of all its actions. This goal implies to address its efforts to guarantee investments for the development of the entire country and disadvantaged populations by (i) contributing to the creation of quality and stable employment over time with focus on lagging areas, (ii) encouraging the entry of young people and women into the production system (also through the dissemination of business culture), (iii) supporting the development of infrastructure and connectivity in the territories of the South of the country, inland areas or areas affected by natural disasters or undergoing complex industrial crisis (with focus on

underdeveloped areas), (iv) accelerating the implementation of investments aimed at enhancing the artistic and cultural heritage of the country and (v) paying attention to environmental impact.

Therefore, Invitalia is inherently social-minded, with the core of its activities centred around forging tangible paths to make the country a more attractive place to do business, especially in areas where it is more difficult to invest.

Invitalia's main outgoings are the structural costs instrumental in carrying out its business and the personnel expenditure. For the remuneration of its activities, Invitalia enters into specific agreements with the relevant Public Administration which, in addition to providing for and governing methods of implementing and reporting on interventions, regulate the use of public funds earmarked for the relevant purposes by *ad hoc* legislative measures or assigned to the competent ministries. The remuneration consists of (i) reimbursement of costs and (ii) payment of a percentage contribution (a mark-of 20% on average) toward general expenses.

Essentially, Invitalia's revenues can be broken down into two different cases:

- contracts for the sale/execution of goods/services: the fees from the Public Administration are directly commensurate with the sustained costs which are reported to, and approved by, the same. This occurs when Invitalia carries out a service mainly through its own labour and by accounting for the same. The fees received by Invitalia cover external costs to acquire goods and services, internal costs for personnel who provide such services and general expenses calculated as a percentage of direct costs (external and internal); and
- contracts with respect to which Invitalia acts as "Delegated Contracting Authority": the Public Administration mandates Invitalia to carry out the call for tender to execute a work or service by a third supplier. This occurs when Invitalia acts as an agent and the performance obligation consists in acting so as to ensure a third party executes a specific task for or provides a specific service to the Public Administration. The fees cover two types of costs: (i) the external costs of the supplier to whom the contract was awarded (costs passing through Invitalia); and (ii) the internal costs of personnel who handle the administrative/bureaucratic management of the contract.

Invitalia has supported large investments through incentives managed directly and indirectly and through loans supported by the SME Guarantee Fund ("*Fondo di Garanzia per le PMI*", managed by MCC-BdM).

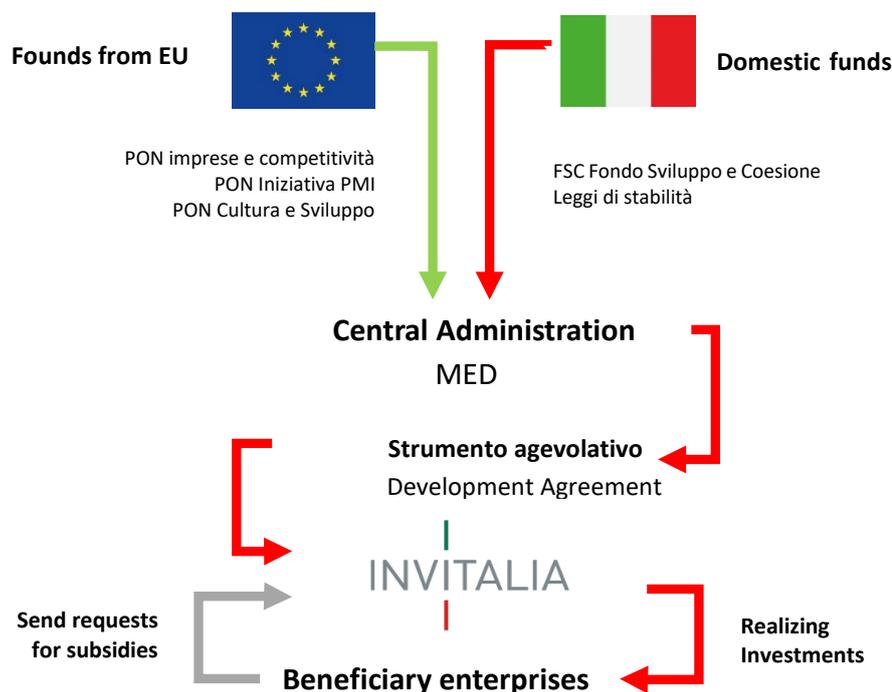
Subsidies can be provided in the form of soft loans and/or grants and Invitalia never makes a commitment for the full amount of an investment but requires the beneficiary to contribute through self-raised debt or equity.

In general, the process for the allocation and management of the incentives is as follows:

- (i) Invitalia receives the government and/or European funds through legislative measures specifying strategies, objectives and requirements that beneficiaries must meet in order to benefit from such funds. Given that Invitalia is an agency of the Italian Government, the assignment of funds to Invitalia does not require any auction procedure and such funds will be allocated directly to the beneficiaries in accordance with the procedure described below;
- (ii) once the funds have been received, Invitalia:
  - publishes on its website key criteria against which applications will be assessed;
  - receives and reviews the requests for incentives from interested parties in chronological order, in accordance with the financial restrictions imposed by the relevant central government entities;
  - assesses the business plan of each party and its feasibility and the applicant's capacity to obtain other financing not being provided by Invitalia;
  - following the above-mentioned assessment, assigns the incentives to the beneficiaries; and
  - upon approval, monitors compliance of the investments with respect to the business plan of the beneficiary companies.

Set forth below is an indicative outline of the entire fund allocation process followed by Invitalia:

## INVITALIA'S Flow of Funds\*



\*Lines show the flow of funds for the Development Agreement, as an example of the allocation of Government funds.

As of 31 December 2021 Invitalia showed:

- a consolidated net interest margin of Euro 27.6 million (Euro 21.6 million in 2020 and Euro 23.3 in 2019), mainly generated by MCC-BdM, with the Compounded Average Growth Rate (CAGR) over the period 2019-2021 of 9%;
- net commissions of Euro 320.9 million (Euro 252.3 million in 2020 and Euro 195.8 million in 2019) with a 28% CAGR over the period 2019-2021. In 2021 the growth was mainly due to commissions related to Infratel's ultra-wideband installations and the SME Guarantee Fund managed by MCC-BdM;
- the operating result of Euro 145.4 million (Euro 102.8 million in 2020 and Euro 56.4 million in 2019) with a 61% CAGR over the period 2019-2021. Such growth mainly reflects the results of Invitalia, Infratel and MCC-BdM's guarantee fund while operating costs increased by a smaller degree because of economies of scale;
- a net income of Euro 84.5 million (Euro 36.9 million in 2020 and Euro 14.2 million in 2019) with a 144% CAGR over the period 2019-2021. The growth was particularly strong in spite of non-recurring charges and write-downs (albeit smaller than in 2020), which also derived from provisions linked to equity investments and MCC-BdM's loans.

For the above figures, CAGRs are computed according to the following standard formula:

$$(2021 \text{ value} / 2019 \text{ value})^{(1/2\text{yr})} - 1$$

All spending commitments taken on by Invitalia in connection with public funds under management are published, pursuant to article 52 of Law No. 234 of 24 December 2012, in the Aid National Register ("*Registro Nazionale degli aiuti di Stato*"), in the transparency section established therein.

It should be noted that Invitalia adopts a scheme which classifies its activities in three categories:

- Incentives and Innovation;
- Public Investments;
- Operating Plans,

which reflect purely organisational distinctions but do not characterise the nature of the operations, which are all attributable to “in-house” assignments made by the Public Administration and whose remuneration, notwithstanding being subject to different conventional mechanisms, is always determined on a mere cost-compensation basis. So, Invitalia does not present actual operational sectors (i.e., different elementary corporate units capable of generating distinguishable effects on the consolidated results and having discretionary decisions in the allocation of resources related to risks and returns) and this approach also works for Invitalia’s other subsidiaries, save for MCC-BdM which is organised according to two business lines.

In any case, for illustrative purposes only, Invitalia’s main operating activities are summarised below within the abovementioned categories.

### **Incentives and Innovation**

Invitalia has strengthened its role as a multiplier of resources that support the Italian industrial system. The following table shows the data relating to the incentives which, in addition to those managed directly by Invitalia Group, also include those made by supporting the Public Administrations, mainly the MED (Source: data set out in Invitalia’s 2021 consolidated non-financial statement, prepared pursuant to Legislative Decree 254/2016).

<b>Indicator</b>	<b>2021</b>	<b>2020</b>
<b>Value of activated investments</b>	€24,835,957,323	€14,818,291,778
<b>Public Investments</b>	€1,085,260,524	€2,231,160,287
<b>Private Investments</b>	€23.750.696.799	€12.587.131.490
<b>Liquidity injected into the system (guaranteed financing and disbursement of subsidized financing)</b>	€95,122,402,989	€124,907,084,850
<b>Number of businesses supported by Invitalia</b>	673,049	1,218,553
<b>Number of financed or guaranteed enterprises</b>	599,677	1,185,366
<b>Number of created or safeguarded jobs</b>	26,899	28,294
<b>Number of created or safeguarded jobs – Southern Italy</b>	18,070	11,015
<b>Number of new businesses of young people</b>	2,889	1,973
<b>Number of new businesses of young people – Southern Italy</b>	2,716	1,783
<b>Ultra-broadband</b>	-	-
<b>Ultra-broadband – Optical fiber cables installed</b>	318 km	231 km
<b>Ultra-broadband – Optical fiber cables installed indirectly</b>	18,000	13,700

Considering the value of activated investments in 2019 (Euro 14.5 billion) the CAGR over the period 2019-2021 equals to 31% and such growth has been triggered by investments through incentives and guarantees. The value of activated investments in 2021 corresponds to 1.4% of 2021 Italian GDP.

With particular respect to the regions of Southern Italy, as of 31 December 2021 Invitalia has achieved the following results<sup>4</sup>:

	<b>Financed Activities</b>	<b>Investments (€/000)</b>	<b>Concessions (€/000)</b>	<b>Newly Employed</b>
<b>Italy</b>	4,002	1,362,356	615,617	24,602
<b>Southern Italy</b>	3,839	309,570	245,742	13,427
<b>of which</b>				

<sup>4</sup> Source: data elaborated by Invitalia based on its internal sources.

<b>Business Creation</b> (Smart & Start Italy, NITO, Selfie, Remain in the South ("Resto al Sud"), Create Culture ("Cultura Crea"))	3,972	359,477	286,007	14,128
<b>Large Investments and Competitive Strengthening</b> (Tender Identification Code (CDS) Law 181)*	30	1,002,879	329,611	10,474

(\*) The data relating to the item "Large Investments and Competitive Strengthening" mainly refer to the projects accepted and activated by Invitalia with respect to the tool of the Development Agreements (CDS), as of 31 December 2021.

Whilst in 2020 Invitalia's actions were mainly aimed at combating the credit crunch phenomena resulting from the pandemic, in 2021 Invitalia's activities provided support for the start of the economy's recovery and, consequently, of the relaunching of public and private investments.

As set out in the table above, in 2021, a total of Euro 24.8 billion in investments was activated, corresponding to 1.4% of Italy's 2021 GDP. Investments triggered through incentives experienced an increase of c.90% in the period, while a 50% growth was recorded in investments initiated through guarantees on loans to businesses granted by the SME Guarantee Fund ("*Fondo di Garanzia per le PMI*"). On the other hand, investments activated through public tenders decreased by c.60% compared to 2020, a year that was strongly influenced by the support provided to the management of COVID-19.

Invitalia also gives particular importance to the injection of liquidity into the Italian industrial system, through the acceleration of disbursement of funds, to support private investments. This commitment has contributed to supporting the industrial system strongly tested by the pandemic in 2020 and has continued, albeit in a naturally smaller size, in 2021 when Invitalia injected Euro 95,1 billion of liquidity into the Italian economy through guaranteed financing for investments, and disbursement of subsidised financing (Euro 124,9 billion in 2020 and Euro 20 billion in 2019). The CAGR over the period 2019-2021 equals to 118%<sup>5</sup>.

Similar to the trend observed for the value of the liquidity injected into the Italian industrial system, the number of companies supported in 2020 was also strongly influenced by requests for guarantees from companies that needed financing at a time of decline or hindered production. In 2021, the companies that requested this type of financing decreased by about 50% while an increase of requests for financing for new investments was recorded. 2021 figures are: 673,049 enterprises supported (about 1,200,000 in 2020) and 601 economic operators who have been awarded contracts for the realization of public investments supported.

The main incentive schemes set up under legislative instruments and operated by Invitalia are summarised below.

#### *Development Agreements (CDS)*

This incentive is provided for under miscellaneous legislation. Through the Development Agreements, Invitalia sustains large investments in the industrial, agro-industrial, tourism and environmental protection sectors out of European and domestic funds (i.e., Fund for Sustainable Growth, the National Operational Programme Enterprises and Competitiveness ("*PON Imprese e Competitività*"), and Complementary Operational Programme Enterprises and Competitiveness ("*POC Imprese e Competitività*").

In particular, the Development Agreements are composed of one or more investment projects for research, development and innovation, which are interconnected and interdependent and provide for a number of facilitated funding instruments (a non-refundable grant for plants/systems, a non-refundable grant for expenses, facilitated loan and contributions toward interest). The amount of the incentives depends on the type of project (investment or research, development and innovation), the location of the initiative and the size of the enterprise. The incentives are different for projects with environmental aims. In general, the beneficiaries of the funding are:

- the applicant, i.e. the enterprise that promotes the business initiative and is responsible for the technical and economic consistency of the Development Agreement;

<sup>5</sup> Source: data elaborated by Invitalia based on its internal sources.

- possible enterprises taking part to such business initiative that realise investment projects in the context of the Development Agreement;
- entities participating in any research, development and innovation projects.

The applicant is the contact point with Invitalia, including as spokesperson for the other enterprises taking part in the business initiative. Invitalia manages the Development Agreements by receiving applications, assessing projects, granting and disbursing facilitated funding. The minimum total investment required is Euro 20 million or, for businesses operating in the transformation and sale of agricultural products, Euro 7.5 million.

The Development Agreements have been, furthermore, subject to two important legislative amendments: (i) investments in tourism can be carried out with a minimum amount lower than the threshold of Euro 20 million, provided that the investment is located in one of the municipalities falling under the so-called "Internal Areas" ("*Aree Interne*"), or if the proposed investment makes use of disused facilities; and (ii) for projects that develop agricultural products, the execution of tourism hospitality projects is allowed, in correlation with a food/agricultural investment, to encourage the integration of food production and experiential tourism.

Moreover, by the MED decree of 2 November 2021, the selection criteria for signing the Development Agreements (fast track procedure) were strengthened and new criteria for the simplification of the administrative process were introduced.

Some examples of Development Agreements are "AdP Termini Imerese" (a programme agreement dealing with the reconversion and retraining of Termini Imerese industrial site), "CDS PON I&C Asse I Innovazione" (aimed at, *inter alia*, directly increasing the distribution of energy produced from renewable sources and introducing equipment incorporating digital communications systems), "CDS PON I&C Asse III Competitività PMI" (for the support of large investments in the industry, tourism and environmental protection sectors), "POC Imprese e Competitività 2014-2020" (to finance intervention in the most disadvantaged areas of Italy, through the attraction of investments capable of ensuring a regional impact on SMEs and significant investments linked to the expansion of production capacity in companies of any size), "CDS Fondo Crescita Sostenibile" (to finance industrial investment and environmental protection projects in the Centre/North of Italy) and "DM 09 MARZO 2018 - Investimenti Innovativi PON I&C Asse III 2014-2020" (to support innovative investment programmes with the aim of improving efficiency and/or flexibility for economic activity and the transition of the manufacturing sector towards the "Smart Factory" model).

This instrument has become important in local industrial policies and development, also due to the increase of the financial resources made available by the Italian Government. Law Decree No. 18 of 17 March 2020 (so called "*Decreto Cura Italia*", the "**Cure Italy Decree**") allocated for the Development Agreements Euro 600 million which, according to the MED Directive of 15 April 2020, should be addressed to finance strategic and innovative programmes in the territorial areas, prioritising investments to produce healthcare devices and biomedical material instrumental to dealing with the emergency caused by COVID-19.

Additionally, Invitalia supports initiatives for environmental protection through specific incentives referred to as Development Agreements for environmental protection. These finance projects comprising over Euro 20 million of investments and aimed at:

- (a) increasing the level of environmental protection of the proposing company beyond the thresholds set by current EU legislation or, in the absence of specific EU legislation, emission levels beyond the best available techniques (BAT);
- (b) anticipating the adaptation to new EU standards, not yet in force, which increase the level of environmental protection (emission levels beyond the BAT);
- (c) allowing greater energy efficiency (amount of energy saved in the production process before and after intervention);
- (d) building high-efficiency cogeneration plants (capacity recently installed or modernized);
- (e) carrying out waste recycling and reusing activities (adoption of a process that goes beyond the current industry practice, limited to special waste of industrial and commercial origin).

Finally, also due to the health and economic emergency caused by the pandemic, three new support measures were assigned to Invitalia:

- the Company Protection Fund (“Fondo Salvaguardia”): the Fund, managed by Invitalia, was established in 2020 with the aim of safeguarding employment levels by relaunching historical brands with over 250 employees in economic or financial crisis. This tool is applicable to the context of business crisis as a financial manoeuvre, also with regards to reorganization plans, debt restructuring agreements and arrangements with creditors. For the applicant that meets a range of criteria, among which the opening of financial crisis discussions at the MED, a variable contribution based on the size of the company can be granted. This tool also allows the disbursement of non-repayable contributions based on the number of employees who are guaranteed employment protection. Invitalia, in addition to the acquisition of the shareholding, can underwrite bonds and warrants. The Company Protection Fund has financial resources of Euro 300 million: as of 31 December 2021, the Company Protection Fund received 18 applications, of which 5 were from historical brands, for a total of Euro 94.3 million to safeguard 5,397 jobs<sup>6</sup>;
- the Fund for the Growth in the South (“Fondo Cresci al Sud”): the Fund, managed by Invitalia, was established in 2019 with the aim of strengthening the competitiveness and the size growth of SMEs located in Southern Italy (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily). The Fund is intended to operate for twelve years with a financial endowment of Euro 150 million, investing in the capital of target SMEs together with independent private investors selected by Invitalia through an open and transparent procedure, with equal conditions applied to both the Fund and those independent investors. Invitalia operates by investing the financial resources of the Fund (for an amount not exceeding 15% of the Fund’s endowment for each investment) in combination with independent private investors who contribute at least 50% of the resources required. The duration of direct investments is generally equal to 5 years, also with the aim of achieving the objectives indicated in the relevant development plan;
- the SME Asset Fund (“Fondo Patrimonio PMI”): this Fund was established in 2020, originally with a financial endowment of Euro 4 billion, then reduced to Euro 1 billion in 2020, with the aim of supporting SMEs following the pandemic. The goal is to stimulate the strengthening of the Italian SMEs’ capitalisation, by granting subsidised finance following capital increases carried out under specific conditions, through the underwriting of debt securities by Invitalia. In particular, Invitalia, in the management of such Fund, can subscribe for bonds or debt securities newly issued by medium equity companies or cooperatives that have suffered economic losses due to the pandemic and carried out a capital increase of at least Euro 250,000 during such period. As of 31 December 2021, Invitalia underwrote debt securities issued by 151 beneficiary companies for a total of Euro 251.16 million<sup>7</sup>. Starting from 2022, the activities to be carried out essentially concern controls.

In this business framework, it should be noted that the Group finances investments in the green reconversion and environmental remediation, some of which, made in 2021, are highlighted below<sup>8</sup>: Euro 1.3 billion invested in green activities (through CDS for environmental protection and Ecobonus), Euro 54 million invested in circular economy projects and Euro 203 million of public investments for projects aimed at environmental remediation, energy efficiency or infrastructures designed with low environmental impact criteria.

#### *2014-2020 Development and Cohesion Fund (“Fondo Sviluppo e Coesione”)*

“Fondo Sviluppo e Coesione”, whose funds are used by Invitalia, is the financial tool through which development policies are being implemented for the economic, social and territorial cohesion and the removal of economic and social imbalances, in order to implement the provisions of the Italian Constitution and the European Union Treaty.

#### *Digital Transformation and Circular Economy incentives*

Since 2020, Invitalia has further extended its range of tools and services dedicated to innovation and to strengthening the competitiveness of companies by activating two new subsidy tools which focus on innovation and sustainability. In particular:

- Digital Transformation: this tool is intended to encourage technological and digital transformation projects for production processes in Italian SMEs, operating in the manufacturing sector and/or

<sup>6</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>7</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>8</sup> Source: data elaborated by Invitalia based on its internal sources.

providing services directly to manufacturing companies, as well as in the tourism sector for companies aimed at digitalising the use of cultural assets and the commerce sector.

- Circular Economy (“Economia Circolare”): this tool supports research, development and experimentation of 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.

#### “Resto al Sud” Incentive

“Resto al Sud” incentive supports the set-up and development of new entrepreneurial and freelance activities in eight Italian regions (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily), in the areas of the seismic crater of Central Italy (Lazio, Marche, Umbria) and in the smaller marine, lagoon and lake islands of the Italian Center-North. The incentive is intended for those aged between 18 and 55 and the available funds amount to Euro 1,250 million.

The incentive can finance the following sectors: industry, crafts, processing of agricultural products, fishing and aquaculture, supply of services to businesses and individuals, tourism, self-employment activities (both individually and as a company). Agricultural activities are excluded.

The incentive covers up to 100% of the eligible expenses and are made up as follows: (i) 50% of grants; and (ii) 50% of banking loans guaranteed by the SME Guarantee Fund (“Fondo di Garanzia per le PMI”).

As of 31 December 2021, an aggregate amount of Euro 741 million was financed under this incentive by providing grants and soft loans for 427 million<sup>9</sup>.

#### “Cultura Crea 2.0” Incentive

“Cultura Crea 2.0” is the incentive that supports the set-up and growth of entrepreneurial and non-profit initiatives in the cultural, creative and tourism industry sector, which aim to enhance the cultural resources in the regions of Basilicata, Calabria, Campania, Puglia and Sicily. This incentive is promoted by the Ministry of Cultural Heritage and Activities and Tourism to support the cultural and creative supply chain of the abovementioned Italian regions and consolidate the related production sectors, by strengthening the competitiveness of micro, small and medium-sized enterprises pursuant to the national operating programme called “Asse Prioritario II - PON FESR 2014-2020 - *Cultura e Sviluppo*”.

The allocated financial resources amount to approximately Euro 107 million, with an additional budget of Euro 7 million set aside. The incentives for the beneficiaries consist of subsidized loans at zero interest rate and non-repayable grants with respect to admitted expenses, with an additional bonus for young people, women and companies with a legality rating.

As of 31 December 2021, an aggregate amount of Euro 72 million was financed under this incentive by providing grants and soft loans for 62 million<sup>10</sup>.

#### “Smart&Start Italia” Incentive

“Smart&Start Italia” is the incentive that supports the set-up and growth of innovative start-ups with a high technological content in all Italian regions. The aim is to stimulate a new entrepreneurial culture connected to the digital economy, enhance the results of scientific and technological research and reverse the brain drain afflicting Italy. The projects with costs between Euro 0.1 million and Euro 1.5 million can be financed.

Italian Law Decree No. 34 of 19 May 2020 (so called “Decreto Rilancio”) allocated Euro 100 million to Smart & Start Italia Incentive for 2020.

As of 31 December 2021, an aggregate amount of Euro 624 million were financed under this incentive by providing grants and soft loans for 474 million.

#### “Smart Money” Incentive

“Smart Money” is the incentive that supports young innovative start-ups in the development of new business ideas and accelerates their ability to enter the market through meeting with incubators, accelerators, innovation hubs, research organizations and other innovation actors.

<sup>9</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>10</sup> Source: data elaborated by Invitalia based on its internal sources.

Innovative start-ups, in the initial phase of their activity, can request a grant up to a maximum of Euro 10,000 to purchase the services from authorized entities, such as incubators, accelerators, research organizations and innovation hubs. The goal is to facilitate access to specialized services to develop and test solutions, create a prototype (Minimum Viable Product) or carry out the first industrial test of the product/service provided by the start-up. After completing the activity plan admitted to the incentives, start-ups can request a second grant, if they produce development plans providing for equity financing by authorized entities, business angels and qualified investors.

This incentive has been promoted by the MED and managed by Invitalia with a financial endowment of Euro 9.5 million.

As of 31 December 2021, an aggregate amount of Euro 5 million was financed under this incentive by providing grants and soft loans for the total amount of the investment<sup>11</sup>.

#### *“ON - Oltre Nuove Imprese A Tasso Zero” Incentive*

“ON - Oltre Nuove Imprese A Tasso Zero” is the incentive promoted by the MED to support micro and small businesses made up, mostly or totally, by young people between 18 and 35 years old or by women of all ages.

It finances companies with investment projects that aim to implement new initiatives or expand, diversify or transform existing activities in the manufacturing, services, trade and tourism sectors. This tool provides for a combination of zero-interest financing and non-repayable grants for business projects with costs of up to Euro 3 million, which can cover up to 90% of total eligible expenses. The business plans of the eligible businesses must be concluded within 24 months of the date of entering into the financing agreement.

As of 31 December 2021, an aggregate amount of Euro 190 million was financed under this incentive by providing grants and soft loans for 132 million<sup>12</sup>.

#### *“Nuovo SELFIEmployment” Incentive*

“Nuovo SELFIEmployment” finances, by zero-interest loans, the start-up of small business initiatives, promoted by NEETs (Not in Education, Employment or Training), inactive women and long-term unemployed, throughout the Italian territory. These businesses can operate in all sectors of the production of goods, provision of services and trade, including in the form of franchising.

The incentive financially supports, through different types of loans, up to 100% of the investment projects for an amount between Euro 5,000 and 50,000 and provides subsidized loans without interest, without guarantees, repayable in 7 years and with monthly instalments starting twelve months after the loan is made. The eligible applicant must undertake to set up the company and identify an operational headquarters within 3 months after the loan is made and the investment programme must be completed within 18 months of signing the loan agreement.

As of 31 December 2021, an aggregate amount of Euro 59 million was financed under this incentive<sup>13</sup>.

#### *“Sistema Invitalia Startup” network*

“Sistema Invitalia Startup” is the network created by Invitalia as a place for connection and discussion on the important topics dealing with innovation, territories’ needs and sharing of skills, to be a connection between the various actors and help facilitate development policies.

It includes the main players in the Italian innovation ecosystem: incubators, business accelerators, business angels, trade associations and venture capital funds.

To support this network Invitalia may also use incentives such as Smart&Smart Italia, ON - Oltre Nuove Imprese A Tasso Zero, Smart Money, Resto al Sud, Cultura Crea 2.0, FactorYmpresa or Nuovo SELFIEmployment.

Therefore, in addition to the traditional mix of incentives, granted on the basis of legislation and administrative provisions, Invitalia has continued with the training activities in connection with measures dealing with new businesses, through the supply of tutoring, mentoring and networking services, even

---

<sup>11</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>12</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>13</sup> Source: data elaborated by Invitalia based on its internal sources.

with the cooperation of regional development agencies and associations of business angels and venture capitalists.

Under this framework, to support the growth of start-ups, especially those in innovation, Invitalia has continued the activities of SPIN (Scaleup Program Invitalia Network), a training programme, carried out in cooperation with ELITE/Borsa Italiana Group, dedicated to the entrepreneurial development of innovative SMEs, start-ups and university spin-offs, focused on growth, open innovation and funding for selected initiatives and, in the city of Brindisi, has established BRAVO Innovation Hub, the first business accelerator.

#### *Sponsorship of the entrepreneurial culture*

Supporting the promotion of the Italian entrepreneurial culture is one of the most effective tools for the creation of quality employment. Invitalia invests in the development and promotion of knowledge, as the increase in productivity and competitiveness of Italy also depends on the growth of awareness around the issues of entrepreneurship and management.

In 2021, the collaboration with schools, universities, research centres, associations, incubators and other public and private entities continued to create a network, increasing the propensity for entrepreneurship, by making incentives available and encouraging innovation. In addition, together with the provision of funding, Invitalia provides tutoring, training and mentorship services. It provides the country with the knowledge and professional experience acquired over decades of business creation and development, through constant communication via webinars and meetings. In 2021, Invitalia set up: 246 tutoring meetings for new entrepreneurs, 171 in-person or virtual events for the promotion of new business development tools and 970 meetings with potential entrepreneurs to support them in the path of business creation<sup>14</sup>.

#### *The role during the pandemic*

With a Decree of the President of the Council of Ministers on 18 March 2020 implementing the Cure Italy Decree, Invitalia's Managing Director was appointed as the Special Commissioner to implement and coordinate measures to limit and fight the COVID-19 epidemiological emergency, thereby significantly involving Invitalia's offices in the structure of the commissioner.

Additionally, Invitalia has been directly involved in managing specific measures implemented during the pandemic with industrial development and economic support objectives.

From an industrial point of view, the main focus has been on providing the country with a series of facilities to produce medical devices, personal protective equipment, mechanical ventilators and various material needed to fight and limit the spread of COVID-19. An incentive known as "Curaitalia" was established to kick-start this production, aimed at supporting the expansion of existing production and/or the conversion of industrial plants to this type of production. It is an innovative tool that, *inter alia*, provides a sort of premium by converting loans into grants in an amount directly proportional to the speed at which the financed plant begins production.

\*\*\*

#### **Public Investments**

In recent years, the Italian Government has supported and promoted a relaunch of public investments, as a typical tool for anti-cyclical support to the economy, to favour innovation, environmental sustainability and strengthen tangible and intangible infrastructure, as a fundamental factor in ensuring the growth and competitiveness of the productive system.

In this framework, Invitalia has become increasingly qualified to serve as the entity entrusted with implementing and accelerating investments of particular complexity and strategic importance, specifically in those cases for development and territorial cohesion, financed with national and EU resources, by virtue of its role as purchasing body ("*Centrale di Committenza*") and contracting authority ("*Stazione Appaltante*").

Invitalia acts as a purchasing body for the management of public tender contracts, available to Public Administrations that are owners of interventions funded with national and European resources (art. 55-bis of Law Decree No. 1 of 24 January 2012 converted by Law No. 27 of 24 March 2012). In particular,

---

<sup>14</sup> Source: data elaborated by Invitalia based on its internal sources.

Invitalia works alongside with the central Administrations in structuring and managing electronic tender procedures and coordinating the activities related to the carrying-out of works. The objectives are:

- to accelerate interventions, in particular those aimed at territorial development and cohesion funded with national and EU funds;
- to make spending procedures more efficient; and
- to provide specialist services, ensuring full autonomy of contracting authorities.

Moreover, under Italian Legislative Decree No. 50 of 18 April 2016 (the “**Public Procurement Code**”), Invitalia is one of the entities that is automatically registered by law in the list of qualified contracting authorities and purchasing bodies held by the National Anti-Corruption Authority (“**ANAC**”).

To support the Public Administration and to manage the entire process, all tenders are handled by Invitalia by using e-procurement platforms, thus achieving greater efficiency, safety and transparency compared to traditional procedures.

Public procurement/commission activities are subject to stringent control and oversight proceedings in the context of specific legality protocols (Ministry of the Interior and other supervisory entities) and collaborative oversight protocols with ANAC. These activities are carried out in the context of specific agreements with public entities.

Furthermore, Invitalia has taken on the role of the specialised entity for central Public Administrations and commissioner structures, able to support the various stages in an investment cycle, from programming to design through to work execution, also by acting as programme manager for executing public investments.

In this framework, to implement the cohesion policies for the Italian Government Invitalia has activated an acceleration lane, able to support central and local Public Administrations throughout all the phases involved in the investments, and the use of Institutional Development Agreements (“*Contratti Istituzionali di Sviluppo*”) is a very important tool for those cohesion policies.

In particular, the Institutional Development Agreements are contracts entered into by the Ministry for Territorial Cohesion, in concert with the MEF, and by other competent government entities, aimed at carrying out priority development action, especially in disadvantaged areas of Southern Italy. Invitalia is the entity that implements those interventions using resources from the Development and Cohesion Fund (“*Fondo Sviluppo e Coesione*”), the European Regional Development Fund, the Plan of Action and Cohesion (“*Piano di Azione e Coesione*” or “*PAC*”) and/or additional sources within a single overarching planning approach.

With reference to those contracts, the Italian Government have earmarked, only in 2021, approximately Euro 358 million and, over that period, Invitalia approved 116 different investments<sup>15</sup>.

Invitalia’s operating model in managing public investments has a number of strengths such as reduction of administrative burdens and workloads for the administrations, standardisation of selection and awarding procedures for projects, commitments of resources within deadlines along with a monitoring of transparency and legality, digitalisation of the process, through the use of e-procurement platforms and technical assistance methods aimed at accelerating all the stages in the investment cycle.

Besides, over the period 2020-2021 Invitalia has developed specific skills as a programme manager of public investments, thereby supporting central and local Public Administrations (i) in all activities regarding the scheduling of measures and projects, (ii) in sector and regional planning processes by providing support from the analysis of the state of affairs through to the implementation of projects, (iii) in the definition and dissemination of organisational models and forms of governance, (iv) in the carrying out, directly or indirectly, of all the activities relative to projects and (v) in the inter-institutional coordination and administrative support, as well as the monitoring of project progress, inspections and spending control.

In just 2020-2021, Invitalia has handled a total of 199 tender procedures for a value exceeding Euro 1 billion<sup>16</sup>.

In this framework Invitalia has also supported the Special Commissioner for the implementation and coordination of the measures to contain and counter the COVID-19 emergency in the relative tender

---

<sup>15</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>16</sup> Source: data elaborated by Invitalia based on its internal sources.

procedures and, since April 2020, has been appointed by the Head of the Civil Protection Department, by Decree No. 1287 of 12 April 2020, to provide support to the Head of the Department of Civil Liberties and Immigration as “*the executive body for emergency activities connected to assistance and health monitoring of migrants aided at sea or reaching Italian territories after autonomous disembarkations in the context of the emergency associated with health risks connected to the insurgence of pathologies stemming from contagious viral agents*”.

Finally, Invitalia is involved in promoting and managing programmes, projects and actions for restoration, environmental requalification and reindustrialisation of distressed areas, as well as programmes to overcome environmental emergencies, improve the efficiency of public services and enhance the public assets.

Invitalia, by carrying out the abovementioned actions, can support inclusion in territories characterized by great discontinuity and geographical, economic, and cultural diversity. Through the development of Southern Italy, over the years Invitalia has set a channel to support underdeveloped areas suffering from crisis or affected by natural disasters. Inclusion means, *inter alia*, creating quality work in places suffering from high unemployment, developing infrastructure and promoting lawfulness in places affected by high crime rates. In 2021, Invitalia:

- created 18,070 jobs in Southern Italy and 2,288 in multiregional projects (11,015 in the South and 13,000 in multiregional projects in 2020);
- created 4,000 new businesses in Southern Italy (2,068 in 2020); and
- approved Euro 358 million of investments for the creation of 116 projects aimed at the recovery of the territories of Emilia Romagna hit by the 2012 earthquake in the centre of Italy and the recovery of the *terra dei fuochi*, through the instrument of the Institutional Development Agreements.<sup>17</sup>

Some of the main actions based on legislative instruments and operated by Invitalia are summarised below.

#### *Bagnoli-Coroglio*

In 2015, Invitalia was addressed by the Italian Government under *ad hoc* legislation<sup>18</sup> to manage the land remediation and urban development of the former industrial area of Bagnoli-Coroglio (previously a site of a steel plant). Its principal tasks are the following:

- elaborating and presenting the proposal for the environmental remediation and urban regeneration and development programme, including the executive planning for environmental remediation activities, a time schedule for the operational activities, a territorial and environmental feasibility study, a strategic environmental assessment (“*valutazione ambientale strategica*” or “*VAS*”), an environmental impact assessment (“*valutazione di impatto ambientale*” or “*VIA*”), a business plan related to the sustainability of the envisaged actions, an indication of the public funds available and additional financial requirements for the full implementation of the programme;
- requesting and examining proposals from the Municipality of Naples in accordance with the procedures and by the deadlines established by the Extraordinary Commissioner;
- implementing the urban development programme, including all the activities and the extraordinary measures aimed at safeguarding and protecting the environment; and
- operating as a contracting authority for the awarding of the remediation and infrastructure operational works.

To carry out the activities, Invitalia, acting as contracting authority, has received the funds from the Italian Government upon the adoption of specific legislative measures and, specifically, approximately Euro 479.6 million of which<sup>19</sup>:

- Euro 352.6 million comes from the financial resources of the Fund for development and cohesion (“*Fondo per lo sviluppo e la coesione*”); and
- Euro 127 million comes from other financial resources available to the extraordinary Commissioner.

---

<sup>17</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>18</sup> Invitalia’s role is established under art. 33 of Law Decree 133/2014 converted into Law No. 164 of 11 November 2014, as subsequently amended (including the amendment lastly introduced by article 41 of Law Decree 6 November 2021 dealing with the governance of the programme relating to Bagnoli-Coroglio area), and under the Prime Minister’s Decree of 15 October 2015.

<sup>19</sup> Source: data elaborated by Invitalia based on its internal sources.

Currently, Invitalia is carrying out the remediation activities of Eternit Area, the design and executive planning for the site remediation activities and infrastructural works and urban park design. The renovating plan will bring:

- 2 km of sea waterfront (after sea water and sediments recover treatment);
- 1.6 million cubic meters of new/regenerated buildings (including residential, commercial, research and touristic buildings);
- 16 industrial heritage buildings renovated and reused;
- 130 hectares of urban parks;
- more than 5,500 parking spaces;
- 13 km of cycle paths;
- 8 GWh of solar power produced;
- “Hydraulic invariance” area;
- smart city design for the whole area;
- Euro 2 billion of investments, funded by public and private entities; and
- 10,000 new employees involved in the new business activated in the area.

The properties relating to the Bagnoli-Coroglio area have been transferred to Invitalia under the abovementioned legislation, notwithstanding that the relevant price has not been paid yet as a proceeding dealing with the determination of the value of the area is still pending. After the completion of the task described above, the Bagnoli-Coroglio area will be sold. For further information, see “Key Contracts - Transfer of ownership of the Bagnoli area” below.

#### *Invitalia's role in supporting distressed companies*

Invitalia's role to support the Italian Government in overcoming the industrial and employment crisis (also in light of the choice of the multinational entities to delocalise manufacturing) has been realised through the acquisition of equity investments in distressed companies. Currently, in addition to the equity investments in:

- Sider Alloys Italia S.p.A. (20.33%) operating in the production of aluminium; and
- Industria Italiana Autobus (42.76%) operating in the transport sector,

finalised in 2019 and activated with funds coming from Development Agreements, Invitalia has also invested in Banca Popolare di Bari (BPB), through its subsidiary MCC-BdM, and Acciaierie d'Italia Holding S.p.A., both companies not consolidated at a group level.

This acquisition of BPB served to implement Law Decree 142/2019 through which the MEF, by decrees, issued capital grants to Invitalia (and indirectly a capital payment to MCC-BdM) up to Euro 900 million for 2020 aimed at strengthening BPB capital; by such acquisition MCC-BdM could promote, based on market criteria and conditions, the development of financial assets and investment, also to support companies in Southern Italy, to be realised in part through the acquisition of equity investments in banks and financial companies. This is with the prospect of further possibilities to rationalise these equity investments, 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.

Pursuant to Law Decree 142/2019, the funds for the acquisition (Euro 430 million) were disbursed to Invitalia by the MEF and then allocated to MCC-BdM as a capital payment. Upon the acquisition, MCC-BdM owned 96.8% of the share capital of BPB.

An additional tranche of the funding provided by Law Decree 142/2019, in the amount of Euro 400 million, was assigned to Invitalia in January 2021, in the form of a capital grant, to purchase a 38% equity investment in Acciaierie d'Italia Holding S.p.A. (formerly AM InvestCo Italy). This stake consists of shares which guarantee, in any case, Invitalia to exercise voting rights equal to 50% of the company's share capital.

Invitalia's investment in Acciaierie d'Italia Holding, according to certain criteria and market conditions, has a strategic significance for the support of business and employment in the South of Italy, in order to relaunch and redevelop, in a green key, the steelworks site of Ilva, in line with the strategy set by the European Commission for ensuring “zero emissions” to the European Union by 2050.

## **Technical Assistance to PA**

In its role as in-house company and operational arm of the Public Administration, Invitalia supports central and local administrative bodies in implementing programmes co-financed by the European Union and domestic programmes with the aim to:

- define and manage domestic and EU development programmes and complex projects, thereby ensuring the effective use of financial resources;
- strengthen administrative capacity with human resources and tools, as well as offering innovative solutions to manage efficiently subsidised measures thereby enhancing the transformation of policies into concrete actions in the local areas.

These activities are carried out in cooperation with Italian institutions, by offering professional services and know-how in all stages of planning and utilisation of financial resources, including: definition of strategy and financial plans, preparation of schedules, design and implementation of projects, monitoring, supervision of progress, spending control and certification, evaluation, implementation of IT solutions and projects to support reconstruction interventions.

Invitalia collaborates with various Administrations including the MED, Ministry of the Interior, Ministry of Health, Ministry of Labour and Social Policies, Ministry of the Ecological Transition, Ministry of Universities and Research, Department for Planning and Coordination of Economic Policy and the Ministry of Sustainable Infrastructures and Mobility.

In 2021, these activities made it possible to free up resources, progress in spending and capacity to absorb funds. 2021 (and 2020) figures<sup>20</sup> are: Euro 31.8 billion in supported programmes (Euro 8.6 billion in 2020) and Euro 1.3 billion reimbursed expenditure from community funds in 2021 (Euro 618 million in 2020).

Invitalia provides support, particularly, in the following operating areas:

- (a) Technical Assistance;
- (b) Digital Administration and Modernisation of Public Administration;
- (c) Reconstruction Interventions.

### **(a) Technical Assistance**

Invitalia provides Administrations and Bodies with support for proper and effective implementation of programmes financed with EU structural and domestic funds by developing and managing the following technical assistance activities:

- analysis, preparation and assessment of programming documents and relevant negotiation;
- definition and implementation of the management tools to effectively carry out projects and ensure proper use of funds;
- administrative and accounting closure of the completed interventions;
- spending control and certification;
- progress monitoring and supervision;
- verification of compatibility and consistency with EU regulations and policies.

Invitalia participates in the entire life cycle of European and domestic funding. In the last three years, with respect to the operating programmes co-financed by the European Union and the Italian Government and supported by Invitalia, the total commitments for such programmes are approximately Euro 48 billion<sup>21</sup>.

Some of the main operating programmes co-financed by the European Union and the Italian Government are the following<sup>22</sup>:

- "Programma Operativo Nazionale Imprese e Competitività 2014-2020 (PON IC)": to coordinate, manage, monitor and supervise projects for the promotion of research, investment and credit access for companies. In 2021, Euro 1.6 billion new resources have been allocated 1.6 billion for technical assistance;

---

<sup>20</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>21</sup> Source: data elaborated by Invitalia based on its internal sources.

<sup>22</sup> Source: data elaborated by Invitalia based on its internal sources.

- “Piano operativo ambiente FSC 2014-2020”: it provides technical and specialist assistance to the Ministry for Ecological Transition (MiTE), aimed at supporting the planning, management and implementation of strategic interventions, relating to the Hydrogeological Risk Mitigation and Coastal Erosion sector. In 2021, Euro 30,034,551.99 were disbursed. Invitalia also contributed to defining the planning of interventions by using PNRR resources for the investment Measures for Flood Risk Management and Hydrogeological Risk Reduction, with the aim of securing 1.5 million people at risk;
- “Programma Operativo Nazionale Inclusione e Programma Operativo I Fead Fund for European aid to the poor” of the Ministry of Labor and Social Policies (MLPS): Invitalia supports the Directorate General for the Fight against Poverty and Social Planning in the implementation of community programmes. In the course of 2021, 203 applications have been reviewed for a total disbursement of approximately Euro 61.6 million.

**(b) Digital Administration and Modernisation of Public Administration**

Invitalia collaborates with central and regional administrations to strengthen administrative skills throughout process simplification and digitalization of procedures. For example, in 2021 the National Register of State Aid (RNA) set up for the control and transparency of state aid, granted aids for Euro 3.2 million to companies, compared to Euro 127 billion concessions, on over 4,000 aid schemes managed by 2,100 different central and local public administration entities<sup>23</sup>.

**(c) Reconstruction Interventions**

Since 2012, Invitalia has begun to support reconstruction processes in the areas affected by seismic events, supporting the Regions and the Commissioners for reconstruction. In this context, Invitalia has consolidated experience and methods to ensure suitable conditions for implementing a unitary and homogeneous reconstruction. The goal is to encourage the recovery of the entrepreneurial fabric, implement public and private reconstruction and promote the effectiveness of the interventions.

In particular, Invitalia:

- provides know-how in the resolution of technical-engineering problems related to reconstruction and technical personnel for the survey and quantification of the damages;
- assigns technical and administrative staff to the commissioner structures involved in reconstruction activities;
- carries out on-demand technical assistance and consultancy (due diligence, three-year anti-corruption plan, etc.);
- proposes and supports the use of procedures for the disbursement of public grants aimed at reconstruction, with a particular focus on the business entities; and
- provides services for the creation and management of digital platforms to support the reconstruction processes.

Furthermore, Invitalia also plays the role of sole purchasing body for the tender contracts related to post-earthquake public reconstruction, as provided for under specific legislation which establishes the procedures for reconstruction and economic support in the areas affected by the 2012 earthquake in the Emilia Romagna area. All contracting authorities must go through Invitalia to organise the tender procedures, with the aim of ensuring maximum transparency and regularity of the works, and protecting buildings sites from infiltration by organised crime. In order to carry out these activities, Invitalia manages the funds originating from the Italian Government upon the adoption of specific legislative measures.

In this framework, Invitalia has been tasked with acting as the co-ordinator for enterprises affected by earthquakes, supporting them before submitting their requests for financial assistance together with overseeing the structuring of the transaction and the subsequent management and monitoring of the financial support provided.

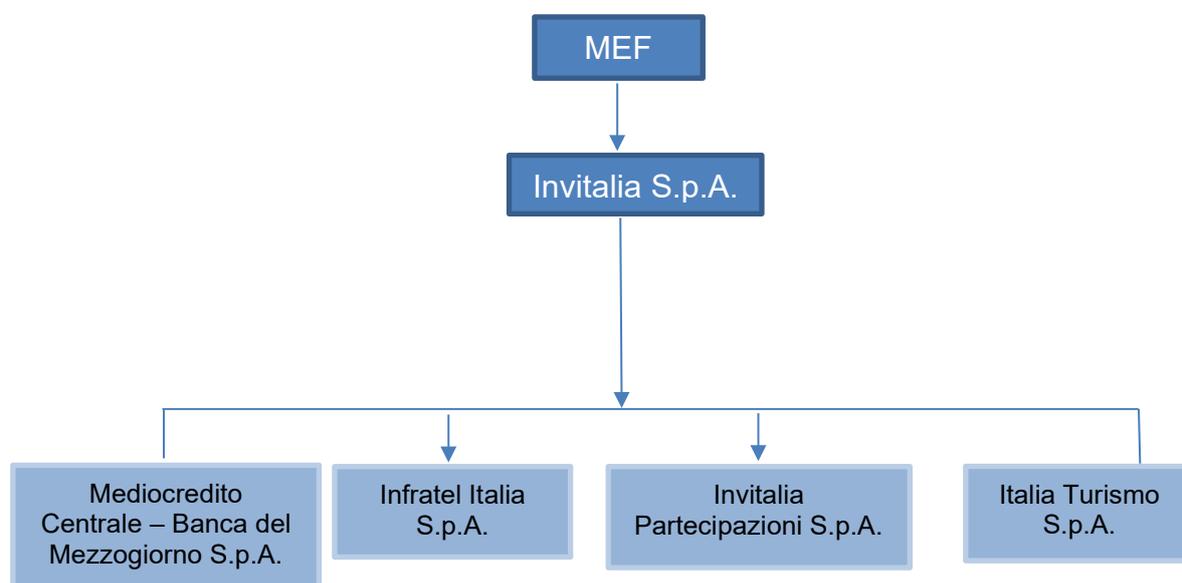
Invitalia’s activities have focused on implementing projects to support the reconstruction of areas affected by natural disasters and earthquakes such as the Region of Emilia Romagna, the Region of Abruzzo, Central Italy, Ischia and the areas around Etna.

---

<sup>23</sup> Source: data elaborated by Invitalia based on its internal sources.

## 4. The Group

The following chart indicates the main companies of the Group, directly controlled by Invitalia, as at the date of this Prospectus:



### Subsidiaries

Currently, Invitalia directly controls only the following active companies that are an integral part of its business: MedioCredito Centrale - Banca del Mezzogiorno S.p.A., Infratel Italia S.p.A. and the corporate vehicle Invitalia Partecipazioni S.p.A (which holds a number of real estate assets and shareholdings in the process of being sold).

In addition, the shareholdings held by Invitalia in the wholly-owned subsidiary Italia Turismo S.p.A. are also in the process of being sold.

As of 31 December 2021, the Material Subsidiaries (as defined in the Conditions) are: MedioCredito Centrale - Banca del Mezzogiorno S.p.A. and Infratel Italia S.p.A..

Furthermore, Invitalia holds an equity stake (34.23%) in IP Porto Romano S.r.l. whose main shareholder is Marina di Fiumicino Partecipazioni (65.45%). The company holds a 90-year government concession for the construction and management of a tourist port at Fiumicino whose project includes the building of a waterfront infrastructure and 1,445 berths. The stake in IP Porto Romano S.r.l. is, however, in the process of being sold.

The following pages describe Invitalia's main active subsidiaries.

#### 4.1 MedioCredito Centrale – Banca del Mezzogiorno S.p.A.

The share capital of Mediocredito Centrale S.p.A. – Banca del Mezzogiorno is wholly held by Invitalia.

MCC-BdM (which was originally named Istituto Centrale per il Credito a Mediotermine – Mediocredito Centrale) was founded as a public law entity in 1952, established through Law No. 949 of 25 July 1952. MCC-BdM has been authorised to engage in banking activities in Italy since 1952 and is registered with the banks' register pursuant to article 13 of the Consolidated Banking Act under registration number 4762.

In 1994, in the context of the restructuring project formulated under Law No. 218 of 30 July 1990 and Legislative Decree No. 356 of 20 November 1990, MCC-BdM approved the transformation of the public entity into a joint stock company named Mediocredito Centrale S.p.A..

In 1999, the Ministry of the Treasury, Budget and Economic Planning privatised MCC-BdM, transferring control to Banca di Roma, which later merged with UniCredit S.p.A..

In 2011, the entire share capital of MCC-BdM was sold by UniCredit S.p.A. to Poste Italiane. In particular, article 6-ter of Law Decree No. 112 of 25 June 2008 provides for the establishment of a bank of Southern

Italy “in order to guarantee the presence in the southern regions of Italy of a banking institution capable of sustaining economic development and fostering their growth”. Paragraphs 165-177 of article 2 of Law No. 191 of 23 December 2009 (the “**2010 Finance Law**”) provide for additional rules on the establishment, shareholding structure and operations of this banking institution. Essentially, the establishment of a banking institution for Southern Italy took place in different phases as the relevant promoting committee, rather than establishing a new bank, preferred to implement this project through the acquisition by Poste Italiane of an existing bank, identified as MCC-BdM (at that time known as Unicredit – Mediocredito Centrale S.p.A. and fully owned by Unicredit S.p.A.). Poste Italiane’s acquisition was completed on 1 August 2011.

Under the provisions of article 2, paragraph 162, of the 2010 Finance Law, MCC-BdM’s operations must be aimed at achieving the following: (i) expanding the capacity of products and services offered by the banking and financial system in Southern Italy; (ii) sustaining business initiatives which are the most creditworthy, impacting upon costs of procuring the financial resources necessary for investments; and (iii) channelling savings toward economic initiatives that lead to job creation in Southern Italy.

Paragraph 169 of article 2 of the 2010 Finance Law further specifies that MCC-BdM operates “by sustaining investment projects in Southern Italy and promoting, in particular, lending to small and medium-sized enterprises, with a special focus on young business owners and female business owners, growth in size and internationalisation of such Italian enterprises, research and innovation, with a view to creating jobs”.

Moreover, under its by-laws, MCC-BdM, in addition to engaging in the activities defined in article 2, paragraph 169, of the 2010 Finance Law and the activities as a bank acting as a guarantor in Southern Italy, also engages in: (i) the management and disbursement of publicly facilitated financing; and (ii) traditional banking operations, provided that they are conducted mainly in favour of the regions of Southern Italy or in line with the original objectives pursued since its establishment. In particular, the MCC-BdM’s operations are composed of two main areas:

- (i) lending activities and
- (ii) development initiatives.

Invitalia’s acquisition of MCC-BdM constitutes an initiative agreed upon with the Italian Government in order to rationalise the operations of public shareholdings by strengthening their synergies, improving the competitiveness of Italy (specifically in Southern Italy) and sustaining sectors that are considered strategic for development. In 2017 Invitalia and Poste Italiane agreed upon the sale to Invitalia of MCC-BdM’s entire share capital and the purchase became effective on 7 August 2017, following authorisation by the relevant competent authority.

In addition, by execution of Law Decree 142/2019, on 29 June 2020 MCC-BdM acquired Banca Popolare di Bari under Extraordinary Administration and on 15 October 2020, a new Board of Directors of BPB, as an expression of the majority shareholder, was appointed so that the commissioner’s management ended. On 11 March 2021, the Bank of Italy authorised the establishment of Mediocredito Centrale Banking Group with MCC-BdM as the banking parent company.

MCC-BdM operates with the aim of providing loans to businesses (medium/long-term loans), households (mortgages, salary or pension-backed loans) and Public Administrations (in the context of the Entity Treasury service provided by Poste Italiane). It also manages:

- (i) the SME Guarantee Fund (“*Fondo di Garanzia per le PMI*”), representing at European level an important public instrument for supporting SMEs in gaining access to lending, which is moreover broadly used to combat sluggish phases in economic cycles, in recent downturns of the Italian economy;
- (ii) the Sustainable Growth Fund (“*Fondo Crescita Sostenibile*”), which mainly finances investments in research, development and innovation sectors.

These funds operate in the same areas in which Invitalia is also committed through the management of incentives for development and employment and for relaunch of critical areas.

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

In addition, the Bank manages various incentives and facilitation financial instruments for research and innovation, on behalf of the State and a number of Regions. In this context, the Bank performs for the national and regional Public Administrations services such as *ex ante* review processes (the phase

starting with the application by the enterprise and ending with the resolution passed by the Public Administration), ongoing assessment while works are in progress (review of the project and documentation dealing with the progress in works or in the final phase), management of the *ex post* phase (on-site verifications and/or documentary verifications or impact assessments once the disbursement has already been made), as well as a series of additional services such as the monitoring of spending and reporting on facilitated transactions in compliance with the European legal framework.

Despite the abovementioned objectives, the Bank is managed as a profit-driven enterprise for regulatory, capital adequacy, funding and supervisory reasons.

The recent years have been heavily impacted by the COVID-19 pandemic, which disrupted the global economy and led to measures to contain the contagion, which created a recession of an extent unseen since the Second World War.

In the banking sector, there have been numerous projects implemented to support the role as the recovery driver which Italian banking institutions have carried out since the start of the pandemic, and numerous regulatory changes caused by the health emergency and/or provided by the regulatory authorities with respect to calendar provisioning and the new definition of Default and Loan Origination & Monitoring. In this context, the Bank has given a strong push to credit activity, by serving the needs of SME and MID customers and achieved results during the emergency by strengthening its role as an agent to implement public policies and supporting the productive system through access to the SME Guarantee Fund.

2021 ended with a strong rebound in the world economy after the recession from COVID-19. With reference to the banking sector, loans to households increased, whereas there was a contraction in loans to non-financial companies, also considering the large amount of available cash accumulated in the last two years. Profitability has improved, especially as a result of the reduction of write-downs on loans.

Over 2021, MCC-BdM kept on managing its support activities through the tools made available by the Italian Government and have:

- consolidated, also thanks to the renewal of the agreement for the management of the SME Guarantee Fund, the role of transmission of public intervention in support of the Italian production system over the final stage of the pandemic emergency;
- given a strong boost to lending, also by operating as a second-level bank, mainly to corporate clients and SMEs;
- guaranteed good coverage ratio levels of the loan portfolio, also through the important derisking action of the impaired loans;
- approved the Industrial Plan of Mediocredito Centrale Banking Group for the period 2022–2024 which qualifies such banking group for the support to households and enterprises, with a main focus on the SME segment in Southern Italy.

The 2021 financial year saw an increase in net loans to customers, which went from Euro 2,108.6 million at 31 December 2020 to 2,465.5 million at 31 December 2021. In particular, gross non-impaired loans to customers amounted to Euro 2,338.4 million (Euro 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 Euro 155.4 million (gross value Euro 158.4 million with provisions of Euro 3 million).

Non-performing loans (for a gross value of Euro 56 million and provisions for Euro 36.5 million) amounted to Euro 19.5 million (compared to Euro 34.2 million in 2020), with an impact on the total financial receivables equal to 0.8% (compared to 1.7% in 2020). In particular, the loans classified as bad loans ("*sofferenze*") are equal to Euro 5.5 million (0.2% of the loans to customers), with a coverage rate of 73.9%; unlikely to pay loans ("*inadempienze probabili*") are equal to Euro 13.6 million (0.6% of the loans to customers) with a coverage rate of 60.7%; the impaired past due exposures ("*esposizioni scadute deteriorate*") are equal to Euro 0.5 million with a coverage rate of 17%.

The impact of the non-performing loans, calculated instead on the total amount of the net loans to customers, is equal to 0.8% (from 1.6% as of 31 December 2020).

As of 31 December 2021, the gross non-impaired loans amounted to Euro 2,487 million (along with total allocated value adjustments for Euro 41.0 million), with a coverage rate of 1.6%, and consist of

gross loans in stage 1 for Euro 2,134 million (with coverage rate equal to 1.1%) and gross loans in stage 2 for Euro 353 million (with coverage rate of 5.1%).

In 2021, the SME Guarantee Fund developed overall commissions of Euro 154 million (Euro 107 million in 2020). The number of applications received in 2021 was 983,023 (-39.4% compared to 2020) whereas the number of transactions admitted to the guarantee was 999,064 (-37.0% compared to 2020) for a total amount of loans equal to approximately Euro 93.6 billion (-24.8% compared to 2020) and a guaranteed amount of Euro 67.6 billion (-36.1% compared to 2020). In 2021, the management of the SME Guarantee Fund and the COVID-19 emergency measures provided for by law decrees such as “Decreto Cura Italia” and “Decreto Liquidità” made it possible to generate additional income over the previous year of Euro 65.4 million.

MCC-BdM, with a net shareholder equity of Euro 861,125,984, closed the 2021 financial year with a net banking income of Euro 190.9 million and a net profit of Euro 86.5 million (as per the separate annual financial statements of MCC-BdM).

Invitalia envisages, according to its business plan, that part of MCC-BdM's profits will be reinvested to support growth and maintain a strong capital base of the Bank.

As at 31 December 2021 MCC-BdM had a shareholders' equity (including the 2021 profit) of Euro 861 million. On MCC-BdM's standalone basis, as at 31 December 2021 the Total Assets equal to Euro 4,325 million (in 2020 Euro 3,709 million) the clients loans equal to Euro 2,465 million (Euro 2,109 million in 2020).

The ratings currently assigned to the Bank are as follows: Moody's (Ba3) with outlook “Negative” and Standard & Poor's (BBB-) with outlook “Negative”.

Besides, MCC-BdM, currently, holds a controlling equity investment equal to 96.82% of the share capital of BPB. Such control causes the indirect control over Cassa di Risparmio di Orvieto, BP Broker S.r.l. and some SPV's. However, Invitalia does not have control over BPB and, consequently, it is not included in the scope of its consolidation.

In particular, Invitalia has received a capital grant of Euro 430 million by the MEF for the acquisition, through MCC-BdM, of BPB. For the purposes of the accounting recognition of the abovementioned capital grant, 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 it should be recognized as deferred revenue connected to the contribution received as a balancing entry to the increase in value of the equity investment deriving from the capital payment made to MCC-BdM by Invitalia;
- (2) the amounts that Invitalia allocated or will be asked to allocate to MCC-BdM should be recognized as an increase in the shareholders' equity of the subsidiary as “capital payment”, pursuant to article 1 of Law Decree 142/2019;
- (3) in case of a demerger with the establishment of a new company, pursuant to article 1, paragraph 2, of Law Decree 142/2019, the assets and equity investments acquired pursuant to the cited article also include, based on the principle of the operation continuity, the assets and/or liabilities generated by such assets and equity investments during the period between the relevant acquisition pursuant to the abovementioned article and the demerger;
- (4) any costs or losses in excess over the amount of the capital grants received pursuant to article 1, paragraph 1, of Law Decree 142/2019 – on the basis of the agent role assigned by law to Invitalia – would not create an obligation on either Invitalia or BdM-MCC to support BPB under distressed situation.

Therefore, the above contributions were treated for accounting purposes as follows:

- Invitalia recognized the contribution received as a balancing entry in the item “Other Liabilities”, named “Grants pursuant to article 1, paragraph 1, Law Decree No. 14 of 16 December 2019”, consistent with the abovementioned provision which has defined the payment made to Invitalia as a “capital grant”, and then, after making the payment to MCC-BdM, increased the value of the equity investment in MCC-BdM.
- MCC-BdM, instead, recognized the payment received as a balancing entry within the item “Shareholders' Equity”, consistent with the abovementioned provision which has defined the payment made to MCC-BdM as a capital payment.

In light of the framing of the received contribution described above there is no control relationship between Invitalia and BPB in terms of applying the notion of “control” established under IFRS 10. This derives from the fact that Invitalia, having recognized the capital grant under the item “Other Liabilities” and the relative costs incurred on the basis of the income approach identified in IAS 20 (aimed at neutralizing the costs/revenue recorded in the Statement of Profit and Loss), is not exposed to “any variable returns arising from its involvement in the investee entity” and, therefore, in the absence of this exposure to any variable returns, does not meet the requirements for a control relationship with BPB. As a result, Invitalia does not include BPB in its consolidated financial statements.

BPB’s 2021 financial year closed with a net loss of Euro 170.76 million, which discounts net adjustments and write-backs for credit risk for Euro 84.36 million and operating costs of Euro 319.60 million (as per the separate annual financial statements of BPB).

The BPB Extraordinary Shareholders’ meeting of 28 October 2021 approved the share capital decrease as a result of losses, by using the available reserves and reducing the shareholders’ equity to Euro 554.8 million (Euro 705 million at 31 December 2020, with a change of -21.3%).

Finally, as for Cassa di Risparmio di Orvieto S.p.A., it was founded in 1852 by forty Orvieto’ citizens, is currently controlled by BPB (73.57%) and operates in the provinces of Terni and Perugia (Umbria), Rome and Viterbo (Lazio) and Pistoia (Tuscany).

2021 recorded an improvement in the intermediation margin (Euro 43.35 million) compared to the previous period (Euro 35.91 million in 2020) due to better performance of the interest margin, net commissions and the financial results. However, the bank has discounted higher value adjustments on loans (Euro 14.61 million compared to Euro 11.22 million in 2020), which was affected by provisions on impaired loans, while operating costs fell (Euro 28.84 million against Euro 36.26 million in 2020).

The year 2021 closed with a net loss of Euro 0.13 million (Euro 8.46 million in 2020) while the shareholders’ equity stands at Euro 58.98 million (as per the separate annual financial statements of Cassa di Risparmio di Orvieto).

BPB is currently evaluating an economic offer proposed by MCC-BdM for the purchase of the relevant stake in Cassa di Risparmio di Orvieto (73.57% of the share capital) for an amount of Euro 27.96 million. Such proposal is in line with the Bank’s strategic management and reorganisation of its subsidiaries within Mediocredito Centrale Banking Group.

#### **4.2 Infratel Italia S.p.A.**

Infratel Italia S.p.A. (Infrastrutture e Telecomunicazioni per l’Italia), wholly owned by Invitalia, was established in 2004 at the initiative of Invitalia and the then Ministry of Communications. It is now an in-house company of the MED having the corporate purpose of creating and operating infrastructure and telecommunications, under the Programme for the Development of Broadband and Ultra Broadband and activities provided by the relevant Italian regulation.

Its objective is to reduce the digital divide in areas subject to market failure, through the setting-up and integration of infrastructure capable of extending opportunities for access to fast internet. Broadband and ultra-broadband communication infrastructure is indeed the basis for development and competitiveness of the modern economic system.

Bridging the digital gap means removing a significant obstacle to social inclusion, by guaranteeing access to connectivity services in a widespread manner and at a fair price, regardless of the economic condition and geographical location; it means increasing the possibility of access for all to information, communication, knowledge, participation in the life of communities and the country.

Furthermore, Infratel is entrusted by the MED with the Wi-Fi Italia project and manages the register of the SINFI infrastructures (“*Sistema Informativo Nazionale Federato delle Infrastrutture*” – Federated National Information System of Infrastructures).

Infratel also performs a technical support function for the central administration and, through this, for local administrations, by mapping areas characterized by a digital divide and in relation to the new NGN networks.

Infratel’s main activities consist of:

- mapping the areas of market failure through contacts with telecommunication operators;
- planning interventions by avoiding investment duplication;

- designing broadband and ultra-broadband infrastructures and networks by using existing infrastructures available in the area and thus optimizing investments;
- managing tenders for the construction of infrastructures and evaluating investment projects as part of the interventions of the Programme for the Development of Broadband and Ultra Broadband;
- managing the completed projects while maintaining their efficiency over time;
- guaranteeing access to infrastructure to all operators on fair and non-discriminatory conditions.

Infratel is also responsible for the good and timely execution of the works, verifies the used materials, performs any checks during the work, measurement and accounting for the parts performed, monitors the progress of the works within the established timeline and ensures that the safety regulations on construction sites are respected for the entire execution period up to the testing of the works.

The 2020-2021 financial year was heavily impacted by the effects of the pandemic, which slowed operations at various domestic construction sites, significantly limiting work. Nonetheless, Infratel's activities continued, maintaining a close interaction with the MED and with the Regional Authorities with the aim to identify the best models of cooperation for the intervention implementation on the various territories, in compliance with the provisions of the EU guidelines on state aid for the rapid development of broadband and ultra-broadband services.

The company works in a particularly complex and competitive situation in terms of the telecommunications sector, especially with regards to infrastructure used for ultra-broadband.

In 2020, with the document “Connectivity for a Competitive Digital Single Market – Towards a European Gigabit Society”, the European Commission proposed that by 2025, in the EU members, all schools, transport companies, the main providers of public services and highly digitalised companies should have access to internet, offering download/upload speeds of at least 1 Gbps. Additionally, all European families, whether rural or urban, should have access to networks offering download speeds of at least 100 Mbit/s, with the possibility of being upgraded to 1 Gbps. All urban areas and the main roads and railways should offer 5G wireless broadband with uninterrupted coverage.

In 2021, the European Commission has also presented a project for the digital transformation of Europe by 2030 which calls for the construction of NGA networks at 1 Gbits for all.

The PNRR establishes that the black and grey areas of the country not involved in private investments must be covered by public projects to allow the development of 1 Gbits networks by 2026.

Public project plans are established starting with the results of public consultations with operators, in compliance with EU regulations regarding state aid. Infratel periodically carries out public consultations to update information regarding the availability of ultra-broadband connection services through telecommunication companies in order to identify “market failure” areas in Italy.

In 2021, through Infratel, Invitalia has promoted the digital infrastructure of Italy with particular attention to the most disadvantaged and peripheral areas. The 2021 (and 2020) figures<sup>24</sup> are:

- 119,091 vouchers granted to disadvantaged families for the purchase of connectivity and devices. Additional vouchers were granted in 2022, which brought the total amount to 200,000 vouchers;
- Ultra-broadband connection: 47,074 real estate units, 176 hospitals and 7,690 schools (13,000 schools connected as of end of May 2022);
- 18,321 kms of fibre cables installed in 2021 by Infratel directly and through incentives. Investments made in 2021 were part of a multi-year project, which, only in the last three years, had installed 43,835 kms of fibre cables.

The 2021 financial year closed with turnover of Euro 233 million, total asset of Euro 1,515 million and net profit of Euro 2.4 million (as per the separate annual financial statements of Infratel).

#### **4.3 Invitalia Partecipazioni S.p.A.**

Invitalia Partecipazioni, wholly owned by Invitalia, is a vehicle set up for the management of shareholdings and real estate assets held by Invitalia. Its mission is to manage, divest or liquidate shareholdings considered non-strategic by completing liquidation or disposal procedures, managing the closing of still existing creditor positions, settling the relative disputes and managing real estate assets,

<sup>24</sup> Source: data elaborated by Invitalia based on its internal sources.

mainly consisting of business incubators, and, consequently, to procure financial resources to invest in key sectors.

Invitalia Partecipazioni was established in 2009 and its holdings are of two types:

- legacy investments: these were made on behalf of the Italian State by a number of different legal entities, previously held by IRI, a State investment company, which then transferred the assets to Invitalia. Represented by 45 non-core investments, they were then transferred to Invitalia Partecipazioni in 2009 with a total book value of Euro 32.8 million.
- Invitalia's investments: Invitalia Partecipazioni received from Invitalia 14 subsidiaries, defined as non-core, with a value of Euro 12.9 million.

As the 2020 Rationalisation Plan includes certain assets owned by Invitalia Partecipazioni, since 2020 the company has been involved to rationalise and sell certain real estate assets which were inherited from various operations prior to 2007 and are no longer in line with current policies, as being without any link to Invitalia's current institutional responsibilities.

As at the date of this Prospectus, Invitalia Partecipazioni has 27 shareholdings, representing an aggregate book value of Euro 4.5 million.

As of 31 December 2021, Invitalia Partecipazioni has not made any new external investment.

The company operates on a going-concern basis which is guaranteed by Invitalia and in 2021 the company continued to experience difficulties in achieving financial equilibrium in its operations, however, the 2021 financial year closed with a turnover of Euro 663,518 and a profit of Euro 164,657 (as per the separate annual financial statements of Invitalia Partecipazioni).

The company remains in the conditions described in article 2447 of the Italian civil code and, in any case, any equity measure can be injected over the next few years based on Italian Law No. 15 of 25 February 2022 which extended the provisions of article 1, section 266, of Italian Law No. 178 of 30 December 2020.

#### **4.4 Italia Turismo S.p.A.**

Italia Turismo, wholly owned by Invitalia, holds significant real estate assets located principally in Southern Italy (Apulia, Basilicata, Calabria, Sicily and Sardinia) composed of tourist resorts leased by primary market operators and most of these shareholdings are legacy investments made over fifteen years ago in order to support the Italian tourist sector.

In its 2017-2019 Business Plan, Invitalia planned for an additional reorganisation of its corporate scope, involving the sale of certain assets, which were no longer strategic, including its equity investment in Italia Turismo. As a consequence, starting in 2017 Invitalia began activities to dispose of its equity investment in Italia Turismo. The fulfilment of the process to sell part of these assets to a major Italian operator, announced in March 2020, was unable to be completed as the prospective purchaser withdrew their offer due to increased difficulties in the tourism sector associated with the pandemic.

The assets of Italia Turismo are now included in the 2020 Rationalisation Plan according to which Invitalia and Invimit Sgr, a real estate management company owned by MEF, have signed an agreement aimed at selling the real estate portfolio held by Italia Turismo to a sub-fund of an alternative investment fund (called "I3 – Sviluppo Italia"). For further information, see "*Strategy*" and "*Key Contracts – Sale of certain assets to a real estate fund, named "i3-Sviluppo Italia – Comparto Invitalia", managed by Invimit SGR*" below.

As of 31 December 2021, Italia Turismo owned six operative tourist resorts (mainly holiday villages from which it has received an annual rent of approximately Euro 6 million) and land.

## Italia Turismo's Assets



Over the period 2020-2021, the tourism sector suffered an unprecedented crisis due to the COVID-19 pandemic. Tourism structures saw lower revenue and decreased margins on leases, with owners frequently granting a discount on the fixed component of rents and extensions of contract terms for purposes of business continuity and to absorb a share of the financial difficulties.

The company operates on a going-concern basis and is guaranteed by Invitalia's commitment to support any financial imbalance that may emerge.

Upon the sale of certain real-estate assets to a fund named "I3 - Sviluppo Italia - Comparto Invitalia", managed by Invimit SGR, Italia Turismo is carrying out the disposal process dealing with the remaining assets.

The 2021 financial year closed with a turnover and a profit of Euro 2.2 million (as per the separate annual financial statements of Italia Turismo).

Despite the positive result, due to the past losses Italia Turismo is in the circumstances governed by article 2446 of the Italian civil code. Any equity measure can be injected over the next few years, based on Italian Law No. 15 of 25 February 2022 which extended the provisions of article 1, section 266, of Italian Law No. 178 of 30 December 2020.

\*\*\*

### 4.5 Equity investments acquired through government grants/third party funds

Invitalia can acquire equity investments in execution of specific regulatory provisions, making use of public resources or third-party funds. The principal among these equity investments are the following:

- for MCC, solely for the portion regarding the equity investment acquired in Banca Popolare di Bari S.p.A. under Extraordinary Administration and its subsidiaries such as Cassa di Risparmio di Orvieto, BP Broker S.r.l. and some SPV's;
- equity investments acquired pursuant to Law 15 May 1989 No. 181 as subsequently amended;
- Acciaierie Italia Holding S.p.A.: Invitalia currently owns the 50% voting rights of the company's share capital;
- Reithera S.r.l. and TLS Sviluppo S.r.l.: on 27 December 2020, in the context of article 34 of Law Decree No. 104 of 14 August 2020, converted with Law 126 of 13 October 2020, the MEF, in concert with the Ministry of Health and the MED, issued a decree regarding the plan of projects aimed at producing an Italian COVID-19 vaccine and monoclonal antibodies, authorising Invitalia to:
  - (i) acquire 27% of Reithera S.r.l., investing in industrial research and experimental development to develop and validate a process to produce the COVID-19 vaccine;
  - (ii) acquire 30% of TLS Sviluppo S.r.l., involved in an industrial investment project to activate and commission a plant to produce doses of monoclonal antibodies.

Reithera and TLS Sviluppo have been selected among the companies which presented a request to Invitalia to obtain subsidies under the Development Agreements. The acquisition of the equity investments was made upon the instructions of the Italian Government, through the Ministry of Health and the Special Commissioner, in order to support research and experimentation of companies and Italian researchers to develop COVID-19 vaccines and pharmaceuticals;

- DRI d'Italia S.p.A.: during the first months of 2022, Invitalia, in implementation of Law No. 125 of 16 September 2021 of conversion, with modifications, of Law Decree No. 103 of 20 July 2021, set up

- a joint stock company named DRI d'Italia S.p.A., dealing with the realization of feasibility studies, from an industrial, environmental, economic and financial perspective, for the design, creation, construction and management of iron pre-reduced production plants (so-called, *direct reduced iron*);
- Invitalia Global Investment S.p.A.: on 9 January 2018, pursuant to article 1, paragraphs 260-266, of Law 205/2017, Invitalia established Invitalia Global Investment S.p.A, a financial institution authorised to provide loans to promote the development of exports and internationalisation in the Italian economy relative to countries classified as high risk by the International Financial Action Group, also known as the Financial Action Task Force. However, since 2019, because of the unchanged international situation combined with an absence of specific instructions from the Italian Government, the operational activities of Invitalia Global Investment S.p.A, wholly owned by Invitalia, has placed in "standby". On 26 January 2022 the company was placed in liquidation and the relevant registration in the Chamber of Commerce of Rome was made on 9 February 2022.

These equity investments are generally acquired in execution of specific regulatory provisions, by making use of public resources or third-party funds. The regulatory provisions establish specific rights for the entity providing the grants/third-party funds and specific obligations for Invitalia with respect to the equity investments acquired with such grants/funds which essentially do not provide Invitalia with the economic effects typical of any equity instruments (dividends, impairment, etc.), which by contrast (whether involving a minority interest, a joint control or control) represent a residual interest in the assets of an entity after deducting all its liabilities, nor does Invitalia have 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 shareholdings.

As described in the Group's audited consolidated annual financial statements as at and for the year ended 31 December 2021, the relevant control of Banca Popolare di Bari S.p.A. (and, indirectly, its subsidiaries), Invitalia Global Investment S.p.A., Acciaierie Italia Holding S.p.A. and Reithera and TLS Sviluppo is not attributable to Invitalia as Invitalia is not exposed to the risk of losses from such investments nor can it make a profit. Therefore, these companies are excluded from the scope of the Group consolidation.

Moreover, taking into account the specific nature of such equity investments, Invitalia has adopted a specific accounting policy to recognise and measure them. Initial recognition and subsequent measurement of these equity investments are made at cost, on the settlement date, including any costs or proceeds directly connected to the transaction. At each annual or interim reporting date, an impairment test is carried out by checking the compliance with certain qualitative and quantitative indicators.

For a brief description of Dri d'Italia see section "*Recent Developments – Set-up of a company operating in the new DRI technologies (direct reduced iron)*" below.

## **5. Strategy**

Invitalia prepares a business plan every three years which must be approved by the MED and the MEF. On 30 May 2022, Invitalia's Board of Directors integrated the strategic plan previously approved on 12 October 2021 which includes the strategic guidelines for the period 2021-2023 as subsequently approved by the MED and the MEF (the "**Business Plan**") factoring in some objectives provided by the PNRR with respect to which Invitalia and its Group play an important role in support to the Italian Government and various Public Administrations. The main strategies are summarized below.

### **Vision:**

Invitalia's goal is to adapt its offer by innovating processes and services for the Public Administration, by acting as a main hub of specialized skills capable of managing complex investment programmes to improve the standards of public services and responding effectively to the needs of the territories and production sectors.

### **Invitalia Today**

Invitalia is an in-house company with a large portfolio of incentives to support the Italian production system by operating as a programme manager, central purchasing body and contracting authority for the realization of public investments and supporting the capacity building of the Public Administration.

## ***Invitalia Tomorrow***

Invitalia's goal is to be an in-house and "institutionally qualified" entity for the definition and implementation of the investments envisaged by the PNRR and the new programming cycle in the following areas:

- digital transition
- environmental transition
- social inclusion
- technological transfer and innovation

With a view to a mission-oriented structure, Invitalia can carry out the technical-operational coordination of projects that involve institutional investors and strategic partners in a structured manner through dialogue and partnership platforms.

Furthermore, Invitalia should represent the cardinal link between the real economy and a part of sustainable finance. By adopting internal and external sustainability assessment criteria, it can act as a catalyst for public and private finance for the realization of sustainable investments.

## ***Mission***

The goal is to ensure that Invitalia is identified as an actor in sustainable development, a reference subject at national level for the following 4 areas of intervention, by consistently developing skills and know-how:

### ***1. Strategic repositioning of industrial chains***

- Reshoring of strategic products
- New value chains in high-tech sectors
- Attracting investments in strategic supply chains
- Industrial transition of the productive sectors

### ***2. Redevelopment of territories with a view of integrated and sustainable development***

- Areas of crisis / industrial transition
- Enhancement of the Cultural Heritage
- Environmental interventions
- Innovation ecosystems
- Urban regeneration
- Reconstruction interventions

### ***3. Increase in the resilience of the production and social system***

- Occupation
- Technology transfer networks
- Entrepreneurship
- Female inclusion
- Innovative start-ups
- Dimensional growth of companies
- Access to credit for SMEs
- Qualification of public services

### ***4. Support for the digitization of the country system***

- Capacity building for the Public Administration
- Support for new industrial development trajectories (e.g. Industry 4.0)
- Governance digitization of Operational Programmes
- Process digitization
- Network development

The guiding principles are the pillars along which Invitalia proposes itself as an actor of sustainable development. The executive planning of the interventions with respect to the objectives defined by its clients allows it to plan activities, timing, parties involved and financial instruments to be activated. The management of the interventions, over the whole process, allows for the implementation of the planned actions, by monitoring their physical and financial performance during the entire duration of the project.

The presence of a single implementing body for the realization of the missions ensures full accountability for the activities and the achievement of the objectives set during the assignment phase. The financial planning of the intervention combined with the ability to implement it, from the standardization of processes to the reduction of administrative obligations, ensures rapid spending capacity.

In this context, with respect to the fourth area of intervention (“Support for the digitization of the country system”) on 6 October 2021 the Minister for Technological Innovation and Digital Transition - Department for Digital Transformation signed a Convention with Invitalia and Infratel in the context of Component 2 of Mission 1 (which aims at supporting the competitiveness of the production system by strengthening the rate of digitization, technological innovation and internationalization through a series of complementary interventions) fixed by the PNRR over the period 2022-2026. The Convention deals with the realization of certain interventions/sub-investments included in investment 3 “Ultra-fast Networks (ultra-broadband and 5G)” set out by the PNRR. Infratel Italia has been identified as the implementing body of the sub-investments listed above within the milestone and target of the PNRR.

### ***Development Strategy - New competitive positioning***

To support the transformation of Invitalia as an actor of sustainable development, it is necessary to define a development strategy focused on both the consolidation of activities and know-how and the creation of a new offer which is able to intercept future investment guidelines. In order not to lose competitiveness in the market, it is necessary to put in place a combined approach of consolidation and evolution of the business.

Invitalia’s business units offer a consolidation strategy as to:

- the strengthening of incentives, along with the integration of real services and increasing attention to the stakeholders;
- the affirmation of the role as Executive Body of special projects, institutional development contracts and the technical-operational support function for the definition and implementation of policies and investments;
- the concentration of skills and the homogenization of service levels addressed to the Public Administrations in order to meet their needs for planning, designing and fine-tuning of the management and the control systems.

The evolution of the offer will be represented by a new set of tools, both newly designed and created by a development process within the business units of Invitalia.

### **Invitalia’s Sustainability Agenda**

For Invitalia sustainability means multiplying its efforts to guarantee investments to support the development of the entire country, disadvantaged populations, and sectors in difficulty, focusing on underdeveloped areas. This means including and connecting the territories and communities of the South of Italy, its inland areas or areas affected by natural disasters, supporting the entrepreneurial drive of young people and women, guaranteeing quality employment in lagging areas, and working with attention to environmental impact.

Invitalia believes that creating long term and consistent value requires a business model which develops the capital available to the Group by determining strategic guidelines that simultaneously pursue environmental, social, and economic objectives associated with the UN SDGs. Through several engagements with internal and external stakeholders, the following material topics have been identified:

Material Topics	Objectives of Sustainable Development Goals (SDG)
<ul style="list-style-type: none"> <li>Dissemination of entrepreneurial culture</li> <li>Reinforcing the production system</li> <li>Creation and safeguard of jobs</li> <li>Support for enterprises liquidity</li> </ul>	
<ul style="list-style-type: none"> <li>Strengthening public administration actions</li> <li>Digitalisation</li> <li>Acceleration and control of EU and national fund usage</li> </ul>	 
<ul style="list-style-type: none"> <li>Acceleration of development public interventions</li> <li>Support for territorial cohesion</li> <li>Regeneration and enhancement of the territories</li> </ul>	 
<ul style="list-style-type: none"> <li>Sustainable use of energy resources</li> </ul>	  
<ul style="list-style-type: none"> <li>People well-being</li> </ul>	   
<ul style="list-style-type: none"> <li>Transparency and integrity</li> <li>Responsible supply chain management</li> </ul>	 

## 2020 Rationalisation Plan

In addition to the above, in October 2020 Invitalia kick-started the preparatory steps for the launch of the 2020 Rationalisation Plan for the reorganization and disposal of certain assets held by Invitalia and its subsidiaries Italia Turismo and Invitalia Partecipazioni. These real-estate assets, inherited from different managements prior to 2007, are partially or totally unproductive, not instrumental to the exercise of the Group's activities, respond to allocative choices which are no longer current and do not correspond with Invitalia's institutional responsibilities. Furthermore, these assets are generally characterized by an over-pricing compared to the market and by non-negligible management, administration and maintenance costs.

The feasibility of the 2020 Rationalisation Plan found an important confirmation in article 47 of Law Decree No.34 of 19 May 2020.

The 2020 Rationalisation Plan provides for the contribution of the assets to a real estate alternative investment fund, named "i3-Sviluppo Italia" (the "i3-Fund"), managed by Invimit Sgr, a company wholly controlled by the MEF, according to which Invitalia and its subsidiaries, by conferring the assets to the i3-Fund, will become investors/quotaholders of the same i3-Fund.

In particular, on 3 November 2020, Invitalia and Invimit Sgr signed a memorandum of understanding (MOU) to regulate the activities instrumental to the set-up of the i3-Fund to which the abovementioned real-estate assets are to be conferred. On 31 December 2020, Invitalia and Invimit Sgr signed an agreement, as subsequently amended in 2021, according to which:

- (i) the parties have determined the scope and the parameters of the real-estate portfolio, subject to due diligence activities carried out over the course of 2021 and the appraisal of an independent expert;
- (ii) the portfolio perimeter has been defined, as amended in 2021, to include certain assets held by Italia Turismo (such as Le Tonnare di Stintino, Floriana Village, Alimini Village, Sibari Green Village, Simeri Village, Torre d'Otranto and Residence Costa di Simeri) and by Invitalia Partecipazioni (such as real-estate assets located in Naples, Porto Torres Incubator, Terni Incubator, Salerno Incubator, Pozzuoli Incubator, Marcianise Incubator and a real-estate complex located in Marcianise);

- (iii) the real estate assets of Italia Turismo (as per the agreement signed between Invitalia and Invimit SGR as amended in 2021) were transferred to the i3-Fund, in July 2022, along with the signing of a lease between Italia Turismo (former owner of the assets and manager of the business unit) and the i3-Fund (new owner) for a term of not less than 6 months;
- (iv) the business unit relating to the management of Italia Turismo's assets is expected to be sold to a NewCo, wholly owned by Invimit Sgr, at a later stage, around the end of the 2022 tourist season after the seasonal closing of the villages.

As of 31 December 2021, the assets sold in July 2022 are equal, at group level, to the aggregate book value of Euro 94 million.

Moreover, all the real estate assets owned by Invitalia Partecipazioni are to be transferred to the i3-Fund within the timeline to be agreed between Invitalia and Invimit Sgr.

## **6. Share Capital and Shareholders**

Invitalia is a joint stock company that is entirely publicly owned, with a share capital of Euro 836,383,864.02 as at 31 December 2021, entirely subscribed and paid in, subdivided into 1,257,637,210 ordinary shares without par value. Since 31 December 2021, there have been no changes to Invitalia's share capital, which is entirely owned by the MEF.

Under the Establishment Decree, the regions, the local and functional entities, their associations or associated entities may take part in the subscription for subsequent increases in Invitalia's share capital, for a total sum not exceeding one-fourth of its amount.

Pursuant to the provisions of Article 19, paragraph 6, of Italian Law 102/09, Invitalia is not subject to management and coordination by another company or body pursuant to Article 2497 of the Italian Civil Code.

## **7. Administrative, management and supervisory bodies**

### ***Corporate Governance***

Invitalia has adopted a traditional system of governance, within which the Board of Directors and the Board of Statutory Auditors are separate bodies. The statutory auditing of the accounts is entrusted to an independent auditor firm.

### ***Shareholders' meeting***

Under Invitalia's by-laws and applicable provisions of law, the ordinary shareholders' meeting is called at least once a year and resolves upon the following matters:

- approval of financial statements;
- appointment and revocation of appointments of Directors, appointment of Statutory Auditors and the Chairman of the Board of Statutory Auditors, and determination of their compensation;
- appointment of independent auditors and determination of their fees;
- responsibilities of Directors and Statutory Auditors; and
- any other matter provided by law to be the responsibility of the shareholders' meeting.

The extraordinary Shareholders' Meeting resolves upon amendments to the by-laws, the issuance of convertible bonds and any other matter provided by law to be its responsibility.

### ***Board of Directors***

The Board of Directors is exclusively responsible for Invitalia's management, provided however that under art. 1, paragraph 460, of the 2007 Finance Law, a decree issued by the MED identifies acts of ordinary and extraordinary management of Invitalia and its subsidiaries which, for purposes of their effectiveness and validity, require the Ministry's prior approval. For further information on the powers of oversight exercised over Invitalia by the MED, see section "*Regulatory framework*" below.

The Board of Directors is also granted, following disclosure to the shareholders, responsibility for adapting the corporate by-laws to comply with mandatory provisions of law which do not entail discretionary assessments as to the relevant implementation and compliance methods.

The review and approval of the transactions that are most important from an economic, asset-related and financial standpoint entered into with both third parties and related parties are also the Board's responsibility.

Invitalia is managed by a Board of Directors composed of five members appointed by the MED, in concert with the MEF (pursuant to article 2, paragraph 6, of the Establishment Decree) and its composition must ensure balance between genders in accordance with the applicable legal framework. The Directors remain in office for the period established at the time of their appointment and, in any case, for a period not exceeding three financial years, and cease to hold office on the date of the shareholders' meeting called to approve the financial statements for the last year of their term of office, and they are eligible for re-election.

Under article 12 of the by-laws, acceptance of a directorship role is conditional upon fulfilment of the professional qualifications and integrity requirements and limits on the accumulation of roles pursuant to the provisions of MEF Directives No. 5646 of 24 April 2013 and No. 14656 of 24 June 2013 dealing with the subjective requirements imposed on directors of companies in which the Italian Government holds equity stakes, the provisions on ineligibility for and incompatibility with office in Public Administration and publicly controlled private entities provided under Legislative Decree No. 39 of 8 April 2013, and taking into account the pre-eminent public interest in the honourability of directors of companies controlled by the Italian Government. In particular, the acceptance of a directorship role at Invitalia is conditional upon the following:

- *fulfilment of professional qualification requirements*: the directors must be selected from among persons who have gained a total experience of at least three years through the exercise of: (a) management or control activities or guidance responsibilities at enterprises; or (b) professional activities or university teaching roles in legal, economic, financial, technical-scientific disciplines or other areas functional to the enterprise's business; or (c) administrative or executive roles at public entities or Public Administrations operating in sectors similar to the enterprise's business sector, or at entities or Public Administrations that are not related to the above-mentioned sectors, provided that the functions entail the management of economic-financial resources;
- *fulfilment of honourability requirements*: the ineligibility for or removal for just cause from the role of director, without any right to compensation for damages, is provided for in the event of a conviction, even if not final, for criminal offences under: (a) the rules governing banking, financial, securities and insurance activities, as well as the rules governing securities markets, securities and payment instruments; (b) the provisions of title XI of book V of the Italian Civil Code; (c) the rules on criminal offences committed against the public administration, public trust, assets, public order, public economy or concerning tax matters; and (d) article 51, paragraph 3-bis, of the criminal procedure code and article 73 of Presidential Decree No. 309 of 9 October 1990. The issue of an indictment ruling or summary judgment for those offences, or the issue of a final conviction that confirms wilful commission of acts causing public revenue losses also constitute cause for ineligibility. Lastly, subjection to a personal precautionary injunction of such a nature as to render impossible the performance of duties constitutes a cause for ineligibility or automatic cessation for just cause from the office of director with operating duties, without any right to compensation for damages; and
- *limitations on the office accumulation*: Directors to whom management duties as members of the Board of Directors are granted on a continuous basis may hold directorships at no more than two additional joint stock companies (without taking into account positions at subsidiaries or affiliates). Directors without management duties may hold directorships at not more than five additional joint stock companies.

The Board of Directors, upon a specific resolution by the ordinary shareholders' meeting, as long as Invitalia is controlled by the Italian State, may grant operating powers to the Chairman on matters that may be delegated by law, determining their actual scope.

The Board of Directors may also delegate, again subject to the limitations provided by law and by determining the scope of such powers, a portion of their resolutions to a single member who is appointed as Managing Director; the delegated bodies ensure that the organisational, administrative and accounting structure is suitable considering the nature and size of the enterprise and report to the Board of Directors and the Board of Statutory Auditors, at least once every three months, on the general trend in management and on its foreseeable prospects, and on the most important transactions, by size or characteristics, concluded by Invitalia and its subsidiaries.

The general representation of Invitalia and corporate signature powers are vested with both the Chairman and the Managing Director.

Except for the matters reserved by law and/or the by-laws, the Chairman has been assigned the authority to represent Invitalia institutionally in Italy and abroad in relationships with institutions and

political authorities and, in particular, with the Parliaments, Governments, ministers, authorities, the Commission and the Commissioners of the European Union, the Regions and national and supranational economic institutions. The Chairman has also been assigned the responsibility of preparing, together with the Managing Director, the reports to the Government and Parliament provided under the applicable legal framework and the reports to the political and administrative institutions and authorities and verifying the consistency of corporate strategies with the applicable national and EU legal frameworks, and with the directives governing the purposes of the same.

The Board of Directors has delegated a number of its responsibilities to the Managing Director who is in charge of managing the company, since he has been granted all powers of ordinary and extraordinary management, subject to the limits provided by law and under the by-laws and with the exception of matters reserved to the Shareholders' Meeting, the Chairman and the Board of Directors.

The current Board of Directors was appointed on 6 July 2022 until approval of the financial statements as at and for year ending 31 December 2024.

The following table shows the composition of the Board of Directors<sup>25</sup> in office as at the date of this Prospectus.

<b>Name</b>	<b>Role</b>	<b>Other roles held outside the Group</b>
Rocco Sabelli	Chairman	Member of the Board of Group Terra Moretti Distribuzione e Sella & Mosca Member of the Board of Group Ceramiche Ricchetti President of the Board of Fagioli S.p.A.
Bernardo Mattarella	Managing Director	Chief Executive Officer of Mediocredito Centrale – Banca del Mezzogiorno S.p.A.
Claudia Colaiacomo	Director	Standing member with functions of Vice-President of the Board of Directors of the Pension Fund for personnel (" <i>Fondo di previdenza del personale</i> ") of the Ministry of Economy and Finance Member of the Board of Directors of the Italian Archaeological School at Athens Standing Member of the Board of Auditors – Fondazione MAXXI S.p.A.
Carmela D'Amato	Director	Member of the Board of Directors of Lazio Innova S.p.A. Member of the Board of Directors of Sviluppo Campania S.p.A. Member of the Board of Directors of Fondazione della Comunità Salernitana onlus
Anna Lambiase	Director	Chief Executive Officer of IR TOP CONSULTING S.r.l. Executive Member of the Board of Directors of GREENITALY1 S.p.A. President of V-FINANCE S.r.l. Vice-President of CONFIDI SYSTEMA! Vice-President of the Board of Directors of ASSONEXT Member of the Board of Directors of JONIX S.p.A. Member of the Board of Directors of Reti S.p.A. Member of the Board of Directors of Gibus S.p.A.

The business address of each of the members of the Board of Directors is Invitalia's registered office.

### **Board of Statutory Auditors**

Invitalia's Board of Statutory Auditors, at the MED's designation, in concert with the MEF, is composed of three standing auditors and two alternate auditors.

The Statutory Auditors remain in office for three years until the date of the shareholders' meeting called to approve the financial statements for the third year of their office term and they may be re-elected. The Shareholders' Meeting determines the compensation of the Board of Statutory Auditors.

<sup>25</sup> Under article 19 of the by-laws, the magistrate of the Court of Auditors attends the Board of Directors' meetings but is not a director.

The composition of the Board of Statutory Auditors must guarantee balance between genders pursuant to the applicable legal framework and, if one or more standing auditor ceases to hold office, the alternative auditors replace them in an order suitable to ensure compliance with the legal framework relating to gender balance.

The Statutory Auditors may proceed, at any time, including individually, with acts of inspection and control. The Board of Statutory Auditors oversees compliance with the law and the by-laws, compliance with principles of sound management and, in particular, the adequacy of Invitalia's organisational structure (for the matters under its authority), the internal control system and the administrative-accounting system, and the reliability for purposes of accurately representing facts and events concerning the company's management. It also performs functions assigned by law and the applicable regulatory and supervisory framework in force. The Board of Statutory Auditors may ask the Directors for information on trends in the company's business or certain dealings.

The Board of Statutory Auditors was appointed on 27 November 2020 until the approval of the financial statements as of and for year ended 31 December 2022. The following table shows the current composition of the Board of Statutory Auditors<sup>26</sup>.

<b>First Name and Last Name</b>	<b>Role</b>
Gianluigi Serafini	Chairman
Angela Lupo	Standing Auditor
Adriano Mesaroli	Standing Auditor
Cinzia Vincenzi	Alternate Auditor
Giovanni Desantis	Alternate Auditor

Angela Lupo was appointed by the Shareholders' Meeting on 6 July 2022 as new Standing Auditor in replacement of Rosalba Cotroneo who resigned. The business address of each of the members of the Board of Statutory Auditors is Invitalia's registered office.

### **Court of Auditors**

Under article 2, paragraph 6-*bis*, of the Establishment Decree, a magistrate of the Court of Auditors, appointed by the Chairman of the Court, attends the meetings of Invitalia's management and auditing bodies in order to exercise oversight over Invitalia as provided by law. For further information, see "*Regulatory framework – Control by the Court of Auditors*" below.

### **Independent auditors**

Invitalia's Shareholders' Meeting held on 30 September 2020 resolved, pursuant to Legislative Decree No. 39 of 27 January 2010 and article 18 of the by-laws, to appoint Deloitte & Touche S.p.A., with its registered office at Via Tortona 25, 20144 Milan, Italy, registered at No. No. 132587 in the Register of Accountancy Auditors (*Registro Revisori Legali*) held by the MEF, in compliance with the provisions of the Legislative Decree No. 39 of 27 January 2010.

Deloitte & Touche S.p.A. audited the consolidated financial statements as at 31 December 2020 by issuing its audit reports with qualification on 1 July 2021 and the consolidated financial statements as at 31 December 2021 by issuing its audit reports with qualification on 27 June 2022 because of the solely effects of the unresolved matter on the comparability of the 31 December 2021 period's figures and the corresponding 31 December 2020 period's figures as described in the section headed "*Overview of financial information of the issuer - Qualified opinion issued by the auditors in connection with the Consolidated Financial Statements as at 31 December 2020 and 31 December 2021*".

### **Conflict of interests**

At the date hereof, no member of the Board of Directors or the Board of Statutory Auditors has any private interests in conflict with his or her duties deriving from the office or role held at Invitalia and/or the Group.

<sup>26</sup> Under article 19 of the By-laws, the magistrate of the Court of Auditors attends the Board of Statutory Auditors' meetings but is not a statutory auditor.

## Human resources

Since 2020, an important organisational overhaul has been introduced at a group level, immediately prior to the COVID-19 crisis and mostly implemented despite such crisis, after a careful evaluation of the risks of the alternative scenario, which would have combined the typical risks of a reorganisation with the clients' foreseeable significant requirements in connection with the imminent recovery.

This reorganisation significantly revised the corporate organisational architecture, in particular with:

- the creation of a Chief Financial Officer, to combine accounting management (administrative and operating) while providing centralised management of common services. Mr. Domenico Tudini was appointed by the Board of Directors in January 2020 as Chief Financial Officer and Manager responsible for the preparation of the company's financial reports (*Dirigente Preposto alla redazione dei documenti contabili*);
- the strategic objective of defining the distinct corporate services to better focus on the offer for clients and maintaining the necessary competitiveness in the market has been pursued by implementing a "by product" structure (pre-division), avoiding all risks of overlapping relative to clients and taking advantage of the specific nature of the various professional communities;
- "Innovation and Incentives" business unit has taken on activities regarding incentives previously provided through the former "EU Project Assistance" business unit (ex *Programmazione Comunitaria*) and the former "Competitiveness Infrastructure and Territories" business unit (ex *Competitività Infrastrutture e Territori*);
- "Public Investments" business unit has focused on the activities of Purchasing Body ("*Centrale di Committenza*"), Contracting Authority ("*Stazione Appaltante*") and Executive Body ("*Soggetto Attuatore*"), fully integrating the Bagnoli Project and eliminating activities not consistent with its mission;
- "Operating Programmes" business unit has taken on the activities previously carried out in the former "Competitiveness Infrastructure and Territories" business unit and the sector of Reconstruction from the other business units.

Besides, workforce management actions have been oriented, in line with the past, to a better allocation of internal resources on revenue-generating contracts, as well as to the acquisition of skills from the market required for carrying out the activities necessitated by the orders/contracts included in the Group portfolio, specifically for those with a highly technical focus.

The employee turnover at Invitalia Group (i.e. Mediocredito Centrale - Banca del Mezzogiorno S.p.A., Infratel S.p.A., Italia Turismo and Invitalia Partecipazioni S.p.A.) as at 31 December 2020 and 2021 is shown in the following table:

Employees	31 December 2020	31 December 2021
Executives	71	74
Mid-level Managers	406	424
Employees	1,591	1,876
<b>Total Employees</b>	<b>2,068</b>	<b>2,374</b>
Atypical workers*	263	329
<b>Total</b>	<b>2,331</b>	<b>2,703</b>

(\*) Collaborators, temporary workers and interns.

For the sake of completeness, over the last decade, in two cases, two employees have been subject to proceedings for breach of the applicable anti-corruption laws or internal regulations to the detriment of Invitalia for their exclusively personal interest: the amounts under discussion are immaterial. A third employee is under investigation for abuse of authority for activities entirely unrelated to Invitalia.

Invitalia is not accused in these proceedings and no alleged violations have been raised in relation to its internal control system and/or Model pursuant to Legislative Decree 231/01. Therefore, Invitalia has appeared, in such proceedings, as a victim of the relevant crime.

## Organisational, Management and Control Model

Invitalia ensures conditions of good conduct and transparency in the conduct of its business, including through the fulfilment of requirements and formalities provided under Legislative Decree No. 231 of 8 June 2001 as subsequently amended ("**Legislative Decree 231/2001**") on the direct liability of the

enterprise in the event of certain criminal offences committed by directors or employees during the exercise of their functions.

In particular, on 30 June 2004, Invitalia adopted an Organisational, Management and Control Model in order to adapt to Legislative Decree 231/2001 and the adaptation process took place through the setting-out of the abovementioned Model, composed of a series of documents:

- Ethics Code: this document highlights the guiding criteria for the conduct of all those working at Invitalia and within the Group, setting out the rules of conduct forming the basis for the company's operations, so that they may be carried out lawfully and informed by clear and transparent rules.
- Organisational, Management and Control Model: this document describes the fundamental principles and objectives of the Model, the tasks of the Supervisory Body, the procedures for the dissemination and application of its contents within Invitalia and the companies belonging to the Group, the types of criminal offence as well as the provisions on the disciplinary system. The model also includes the organisational procedures, prepared on the basis of the mapping of risk areas, aimed at guaranteeing adequate precautionary safeguards.

Simultaneously with the adoption of the Organisational, Management and Control Model, and in compliance with Legislative Decree 231/2001, the Board of Directors has established the Supervisory Body consisting of a collegial body composed of one external member with high-level professional qualifications, the Head of Internal Auditing and the Head of Corporate Legal Affairs of the Group who is responsible for ensuring the effectiveness of the Model, verifying compliance with it and supervising its updates.

The Internal Control and Risk Management System consists of the set of rules, procedures and organisational structures aimed at ensuring, through an adequate process of identification, management and monitoring of the main risks, an exercise of management consistent with the corporate goals defined by the Board of Directors. The goal is to safeguard the company assets and to ensure the efficiency and effectiveness of corporate processes, the reliability of financial information and compliance with laws and regulations, as well as with the by-laws and internal procedures.

The Internal Control and Risk Management System is based on principles that ensure that (i) the company's business is consistent with the applicable internal and external rules, which can be traced and documented, and (ii) that the assignment and exercise of powers in the context of a decision-making process responds to the basic principles of segregation of functions, which guarantees confidentiality and compliance with privacy protection legislation.

The main players in the 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 manager responsible for the preparation of the company's financial reports, 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 are the organisational structure, the system of powers, the Organisational, Management and Control Model pursuant to Legislative Decree 231/01, the Ethics Code, the control procedures and protocols as well as the manuals and operating instructions. Therefore, Invitalia conducts its business in compliance with Legislative Decree 231/2001.

#### ***Manager responsible for the preparation of financial reports***

The manager responsible for the preparation of the company's financial reports (*Dirigente Preposto alla redazione dei documenti contabili*) pursuant to art. 154-bis of the Legislative Decree No. 58 of 24 February 1998 as subsequently amended (the "**Consolidated Financial Act**") is appointed by the Board of Directors, following a mandatory opinion by the Board of Statutory Auditors, for a period not shorter than the term of the Board of Directors' office and not exceeding six financial years.

The manager responsible for the preparation of the company's financial reports must meet the integrity requirements imposed upon directors, failing which he ceases to hold office, which cessation would be declared by the Board of Directors within thirty days from their knowledge of failure to comply. He is also appointed following criteria based upon professional qualifications and experience among

managers who have gained at least three years of overall experience in administrative matters at enterprises, consultancy firms or professional firms.

The manager responsible for the preparation of the company's financial reports puts in place adequate administrative and accounting procedures for the preparation of the annual financial statements and the consolidated financial statements and may only be removed by the Board of Directors for just cause, upon hearing the Board of Statutory Auditors' opinion.

Mr. Domenico Tudini was appointed by the Board of Directors as manager responsible for the preparation of the company's financial reports (*Dirigente Preposto alla redazione dei documenti contabili*) and expires with the approval of the 2024 financial statements.

His business address for the purposes of his office is at the Company's registered office.

## **8. Key Contracts**

### ***Material financing of Invitalia***

On 11 July 2022 Invitalia entered into a senior bridge to bond facility of Euro 350,000,000.00 with Banco Santander S.A. and Banco BPM (which is Banca Akros' parent company) to be used in order to redeem the 2017 Notes on 20 July 2022.

In particular, Invitalia entered into two separate, *pari passu*, bridge to bond facility agreements with:

- (1) Banco Santander S.A., as Mandated Lead Arranger and Original Lender for an amount of Euro 175,000,000, at a rate equal to 3-month Euribor plus a margin (the "**Santander Bridge Facility**"); and
- (2) Banco BPM, as Mandated Lead Arranger and Original Lender for an amount of Euro 175,000,000, at a rate equal to 3-month Euribor plus a margin (the "**BBPM Bridge Facility**" and, together with the Santander Bridge Facility, the "**Bridge to Bond**").

Both the Santander Bridge Facility and the BBPM Bridge Facility have a three-month term which may be extended by Invitalia for a further three-month period, subject to the payment of the appropriate extension fees.

The Santander Bridge Facility and the BBPM Bridge Facility are aligned and interconnected.

Upon the payment of the upfront fees, both the Santander Bridge Facility and the BBPM Bridge Facility were fully drawn on 20 July 2022 and the proceeds from the drawdowns were utilized for the full repayment of the 2017 Notes.

The Bridge to Bond is governed by Italian law and drafted on the basis of the model prepared by the Loan Market Association for loan agreements of similar nature.

Without prejudice to the obligation to repay the Santander Bridge Facility and the BBPM Bridge Facility on the expiry date, the Bridge to Bond documentation contains the obligation for the Borrower to repay in advance, also using the proceeds of the Notes, the loans upon the occurrence of certain events (including the Notes being issued as described in this Prospectus) as well as a series of obligations, which are customary for similar transaction (for further information see "*Use of Proceeds*" above). In addition to the above, Invitalia has made certain representations and warranties, which are customary for similar transactions, regarding themselves or, where applicable, the Group companies.

### ***Transfer of ownership of the Bagnoli area***

Under *ad hoc* legislation issued by the Italian government<sup>27</sup>, the properties relating to the Bagnoli-Coroglio area, formerly owned by Bagnoli Futura S.p.A. in Liquidation (now in bankruptcy), have been transferred to Invitalia, as implementing entity of the programme for the redevelopment of this former industrial area of significant national interest, previously the site of a steelworks.

The assignment price is to be determined, pursuant to article 11-*bis* of Law Decree No. 210 of 30 December 2015, converted by Law No. 21 of 25 February 2016, by the State Property Office (*Agenzia del Demanio*) which evaluated the area for Euro 80,570,000.00.

---

<sup>27</sup> The Prime Minister's Decree of 15 October 2015 adopted pursuant to article 33 of Law Decree No. 133 of 12 September 2014

However, Invitalia has brought an action before the Court of Appeal of Naples to oppose the abovementioned evaluation made by the State Property Office in order to get the estimated value reduced to Euro 68,484,500.00 after Invitalia has applied a 15% risk estimate, as established by the State Property Office itself.

In addition to the above, the following judgments are pending in connection with the same evaluation of the State Property Office before the Court of Appeal of Naples:

- the case submitted by Bagnoli Futura S.p.A., in Liquidation, aimed at recognizing a higher appraisal value of the Bagnoli-Coroglio area of up to Euro 275.6 million;
- the case submitted by Fintecna S.p.A., as effective owner of the real estate assets assigned to Invitalia by the abovementioned legislation, aimed at recognizing a higher appraisal value of up to Euro 224.6 million.

Both claims have been joined to that started by Invitalia before the Court of Appeal of Naples.

The Court, pursuant to article 183 of the Italian Civil Procedure, had the real estate complex evaluated: the evaluation procedure, in February 2021, produced a report including an estimate amounting to Euro 110,980,000.00 net of reclamation costs. Following the observations and deductions raised by Invitalia, the Court of Appeal of Naples requested clarifications and integrations about such report which were produced in connection with the judicial hearing of 11 October 2022. For any further decision on this matter the Court of Appeal has fixed a new hearing in December 2022. Meanwhile, negotiations are pending between the parties for the settlement of the claims (for further information on the proceeding, see the Consolidated Financial Statements 2021).

It should be noted that the proceeding deals only with the appropriate determination of the value relating to the Bagnoli-Coroglio area and the relevant properties assigned to Invitalia.

Upon the completion of the proceeding ruling on the value of the Bagnoli-Coroglio area and its properties, the relevant consideration may be paid through the proceeds arising from an issue of financial instruments with a maturity not exceeding fifteen years to be made by Invitalia and listed on regulated markets; those proceeds may also be used to meet additional requirements for necessary action for the implementation of the redevelopment programme of the Bagnoli-Coroglio area. For the sake of clarity, the proceeds arising from the issue of the Notes under this Prospectus will not be used to pay the consideration of the Bagnoli-Coroglio area.

In the meantime, Invitalia has commenced the related environmental clean-up and urban redevelopment activities for the Bagnoli-Coroglio area within the parameters set out under the legislation (for further information, see "*Public Investments - Bagnoli-Coroglio*" above).

#### **Sale of certain assets to a real estate fund, named "i3-Sviluppo Italia - Comparto Invitalia", managed by Invimit SGR**

On 7 July 2022 Italia Turismo, in agreement with the parent company Invitalia, signed the deed of contribution, dealing with seven tourist villages owned by it, by which such assets were contributed to a sub-fund of an alternative investment fund named "I3 - Sviluppo Italia - Comparto Invitalia", managed by Invimit SGR, a real-estate investment fund management company fully controlled by the MEF.

The sub-fund is an Italian real-estate alternative investment fund reserved to qualified investors.

The total value of those real-estate assets is Euro 94 million and, as a consideration of such contribution, quotas of the sub-fund have been subscribed for by the same amount.

The transaction is part of the 2020 Rationalisation Plan, envisaged in accordance with article 47 of Law Decree No.34 of 19 May 2020, in order to allow the disposal of real-estate assets which are no longer instrumental. In execution of the 2020 Rationalisation Plan, Invitalia and Invimit SGR, on 31 December 2020, had signed an agreement, as subsequently amended in 2021, to, *inter alia*, regulate the activities instrumental to the set-up of the fund to which certain real-estate assets should have been conferred (the "**Framework Agreement**").

In particular, the Framework Agreement deals with properties owned by the subsidiaries Italia Turismo and Invitalia Partecipazioni and is made up by three different phases.

The first phase, completed on 7 July 2022, provides for the contribution to the sub-fund “I3 - Sviluppo Italia - Comparto Invitalia” of 7 hotel facilities owned by Italia Turismo (such as Le Tonnare di Stintino, Floriana Village, Alimini Village, Sibari Green Village, Simeri Village, Torre d'Otranto and Residence Costa di Simeri) which will guarantee operational continuity with the managers of such facilities and the ownership of the assets and lease agreements of the relevant business units.

The second phase involves the sale, by the end of 2022, of the relevant business units to a special purpose vehicle set up by the same sub-fund managed by Invimit SGR and the third phase involves the sale of other assets owned by Invitalia Partecipazioni through direct contribution.

Through this transaction Invitalia continues to implement the plan for the disposal of real estate assets with the aim, at the same time, to enhance its assets over a medium-long term perspective.

## **9. Legal Proceedings**

Due to the variety of its business, the Group is party to a number of civil, administrative and labour proceedings arising from the conduct of its corporate activities and may from time to time be subject to inspections by tax and other authorities.

Invitalia's legal proceedings are mainly composed of lawsuits commenced by Invitalia in civil law cases dealing with the compulsory collection of loans associated with the subsidy measures managed by Invitalia.

Invitalia has also resorted to credit collection pursuant to the Decree of the MEF dated 7 March 2008, which allows for the fulfilment of the obligation to proceed with recovery of receivables owed to Invitalia by the beneficiaries of incentives granted under Italian Legislative Decree 185/2000, through the Italian Revenue Agency – Collections and in accordance with cost-effective criteria.

Compared to the volume of claimant-side civil actions, the lawsuits in which Invitalia and/or its subsidiaries are a defendant mainly consist of legal actions pending before the relevant Administrative Courts in relation to subsidies managed by the Group on the account of Public Administrations. For such disputes no provisioning has been made, in that any losses would be the responsibility of the Public Administrations and hence the costs would be paid through the managed funds.

There is furthermore a marginal degree of physiological labour law litigation that is appropriately evaluated in the provisions set aside.

As at 31 December 2021 Invitalia had a provision in its consolidated financial statement for legal proceedings in the sum of Euro 1.9 million. At the date of this Prospectus Invitalia's management has no grounds for believing that this provision may be inadequate.

For information related to the main legal proceedings of Invitalia and its subsidiaries, see the Consolidated Financial Statements 2021, section of the Director's Report on Operations headed “D8) *Litigation*”, incorporated by reference into this Prospectus).

## **10. Recent Developments**

### ***Innovations regarding the incentives and activities managed by Invitalia and MCC-BdM pursuant to the 2022 Budget Law***

Law No. 234 of 30 December 2021 (the “**2022 Budget Law**”) has introduced various innovations regarding the incentives and activities managed by Invitalia and MCC-BdM. In particular, the main innovations deal with *inter alia*:

- Developing Agreements: the Developing Agreements in the industrial sector can be financed with Euro 400 million in 2022, Euro 250 million in 2023 and Euro 100 million for each year from 2024 to 2036;
- Company Protection Fund (“Fondo Salvaguardia”): it can be financed with Euro 100 million for each year from 2022 to 2036;
- New Sabatini (“Beni strumentali - Nuova Sabatini”): it is financed with Euro 240 million for each year of 2022 and 2023, Euro 120 million for each year from 2024 to 2026 and Euro 60 million for year 2027;
- SME Guarantee Fund (“Fondo di Garanzia per le PMI”): the extraordinary intervention of the SME Guarantee Fund (managed by MCC-BdM) to support the liquidity of companies affected by the Covid emergency has been extended to 30 June 2022. The Fund's endowment will be increased by Euro

520 million for 2024, Euro 1.7 billion for 2025, Euro 650 million for 2026 and Euro 130 million for 2027;

- microcredit regulation: the microcredit regulation is amended by raising the maximum amount that can be granted for self-employment and micro-entrepreneurship operations from Euro 40,000 to 75,000. Microcredit intermediaries are allowed to grant loans (up to a maximum amount of Euro 100,000) to limited liability companies without the obligation of such companies to provide collateral. Moreover, the loans may be granted for a duration of up to 15 years and in the granting of microcredit the limitations regarding the revenues, the level of indebtedness and the borrower's assets are excluded.

### **Invitalia Global Investment S.p.A.**

On January 26, 2022, the Company was placed in liquidation, with registration in the Companies' Registry of Rome on February 9, 2022.

### **Approval of the MCC 2022-2024 Industrial Plan**

On 18 February 2022, the Board of Directors of MCC-BdM approved the Industrial Plan for the three-year period 2022-2024, which updated the strategic objectives by defining a banking group in support of households and businesses, with particular attention to the SME segment of Southern Italy. In particular, the plan provides a qualitative-quantitative growth strategy for MCC-BdM, the affirmation of BPB as the reference retail bank for the regional community and Cassa di Risparmio di Orvieto for Central Italy.

### **Set-up of a company operating in the new DRI technologies (direct reduced iron)**

In February 2022, Invitalia, in implementation of Law Decree No. 103 of 20 July 2021, converted with amendments, by Law No. 125 of 16 September 2021 ("**Law Decree 103/2021**"), set up a joint stock company named DRI d'Italia S.p.A. ("**DRI d'Italia**"), dealing with the realization of feasibility studies, from an industrial, environmental, economic and financial perspective, for the design, creation, construction and management of iron pre-reduced production plants (so called, *direct reduced iron*).

DRI d'Italia will have the objective of creating, for the first time in Italy, a production plant of the "pre-reduced" (*direct reduced iron*, with hydrogen derivation necessary for the purpose of production exclusively from renewable sources), the intermediate goods used for charging electric furnaces by reducing the production of integrated-cycle steel with carbon-coke.

DRI d'Italia, wholly controlled by Invitalia, is endowed with an initial share capital of Euro 35 million through the funds made available by the MEF. The share capital may be increased, even in several solutions, in relation to the evolution of the feasibility-analysis progress, within a maximum limit of Euro 70 million as required by the abovementioned legislation.

The Board of Directors of DRI d'Italia is composed by Franco Bernabè as Chairman, Stefano Cao as Chief Executive Officer and Ernesto Somma, Tiziana de Luca and Paola Bologna as Directors.

The set-up of DRI d'Italia has a strategic significance in order to relaunch and redevelop, in a green key, the Italian steel sector, in line with the strategy set by the European Commission for ensuring "zero emissions" to the European Union by 2050, and to lead the Italian transition towards the carbon neutrality of steel.

Furthermore, in order to support the green turning point of Italian steel sector in the wake of the PNRR (as to investments related to the use of hydrogen necessary for the purpose of production exclusively from renewable sources in hard-to-abate sectors and the construction of the pre-reduced production plant), the Italian Government has issued Law Decree No. 144 of 23 September 2022 ("**Law Decree 144/2022**" so called "Decreto Aiuti ter") whereby, pursuant to article 24, financial resources within the limit of Euro 1 billion will be allocated to Dri D'Italia for carrying out the corporate purposes. Such resources are in addition to what provided by Law Decree 103/2021 and the relevant funds will be made available by the MEF. To this end, Law Decree 144/2022 requires Invitalia to ensure the arrangement of any useful initiative for the opening of Dri d'Italia's capital to one or more private shareholders, in possession of adequate financial, technical and industrial requirements, identified through public evidence procedures in accordance with the current sector regulation. In any case, it should be noted that Law Decree 144/2022 has been effective from 24 September 2022 but, given its nature of law decree, it will lose effectiveness if not converted into Italian law within sixty days.

### **Extension of the investment agreement between Invitalia and ArcelorMittal Group**

On 31 May 2022, Invitalia and ArcelorMittal Group, as shareholders of Acciaierie d'Italia Holding S.p.A., entered into a two-year extension (until 31 May 2024) of the investment agreement and shareholder agreement originally signed on 10 December 2020. The extension was due to the non-fulfillment of the condition precedent on which the implementation of the second envisaged capital increase of Acciaierie d'Italia Holding depends as well as in order to allow the renewal of the lease of the business units of Ilva S.p.A. in Extraordinary Administration which, on the same day, signed an extension of the lease agreement with Acciaierie d'Italia Holding.

Through the signing of this extension Invitalia confirms Acciaierie d'Italia Holding' environmental and industrial investment plan of approximately Euro 1.7 billion up to 2026 for the gradual production decarbonization and the absorption of the 10,700 workers employed at the group's plants.

Currently, Invitalia still owns the 50% voting rights of the Acciaierie d'Italia Holding's share capital.

Acciaierie d'Italia Holding closed the 2021 financial year with a turnover of Euro 3.3 billion, a total output of Euro 4 million of tons and a net result of Euro 325 million.

Furthermore, in order to support the investments and the business activities of Acciaierie d'Italia Holding the Italian Government has issued Law Decree No. 115 of 9 August 2022 ("**Decree 115/2022**") whereby, pursuant to article 30, Invitalia has been authorized to subscribe for a capital increase or various instruments of Acciaierie d'Italia Holding, however suitable for capital strengthening, also in the form of shareholder loan for capital increase, up to the amount not exceeding Euro 1,000,000,000 for the year 2022. This is in addition to what provided by Law Decree 142/2019 and the relevant funds will be made available by the MEF. Decree 115/2022 has been converted, without modifications on this matter, by Law No. 142 of 21 September 2022.

#### **Approval of the financial statements and full year 2021 results**

On 6 July 2022, Invitalia's shareholders' meeting approved the separate financial statements as at 31 December 2021 and acknowledged the relevant consolidated financial statements. The consolidated financial statements as at 31 December 2021 are incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*".

#### **Redemption of the 2017 Notes**

On 20 July 2022, Invitalia has totally redeemed the notes issued in July 2017 with a nominal value of Euro 350 million, listed on the Luxembourg Stock Exchange, by using the funds fully drawn under the Bridge to Bond.

#### **Outlook change on Invitalia's rating by Moody's**

On 9 August 2022, Moody's, as part of various rating actions on Italian financial institutions, affirmed Invitalia's rating and changed its outlook to negative from stable. This action follows a similar outlook change on the Italian sovereign rating.

## **11. Regulatory framework**

Invitalia has the nature of financial intermediary, it is exempt, pursuant to article 114, paragraph 2, of the Consolidated Banking Act from the application of Title V of the Consolidated Banking Act since it is an entity (as identified under a decree issued by the MEF after consulting with the Bank of Italy) which is already subject by law to regulatory oversight over its operations.

Invitalia operates as an "instrumental entity of the national government" as defined in the directive issued on 27 March 2007 by the MED and, particularly, an in-house entity of the MED which is subject mainly to the regulatory oversight powers described below.

Invitalia is not subject to capital requirements with regard to risks.

#### **Regulatory oversight powers of the Ministry of Economic Development**

The MED exercises regulatory oversight of Invitalia and its operations. In addition to the appointment of Invitalia's management bodies, in concert with the MEF, the MED determines Invitalia's priorities and objectives through specific directives and approves the general guidelines concerning its internal organisation, the forward-looking management document and any relevant updates, and, in concert with the MEF, Invitalia's by-laws and any amendment thereto.

Invitalia is required to submit to the MED an annual report on activities carried out so that the MED may assess their consistency, efficacy and cost-effectiveness, and to report on them to Parliament as provided under the Establishment Decree.

The rights of Invitalia's shareholder are exercised by the MEF in concert with the MED. The MED, in concert with the MEF, appoints the company's management bodies and reports on those appointments to Parliament.

The Ministerial Decree dated 18 September 2007 identifies the acts of ordinary and extraordinary management of Invitalia and its subsidiaries to be submitted for prior ministerial approval (as well as any other act of management upon request) in order to enable the MED to exercise its controlling role. The MED then sends all the acts/deeds requested to the Court of Auditors (*Corte dei Conti*). In particular, the decree provides that certain acts by Invitalia and its subsidiaries are subject to prior approval by an internal department within the MED, which has currently been identified as the General Executive Office for oversight of entities (*Direzione generale per the vigilanza sugli enti*), the cooperative system and commissarial management departments (*gestioni commissariali*) and that certain other acts by Invitalia and its subsidiaries are subject to prior approval by the MED, including:

- the appointment of directors, where such persons are not selected from among the directors and executives of Invitalia;
- proposals for the removal of directors;
- proposals for material amendments to the by-laws;
- establishment of new companies;
- assignments of assets/business operations by government and public entities other than the MED in amounts exceeding Euro 500,000;
- acquisitions of shareholdings in companies, excluding acts related to transactions falling within the area of incentive instruments;
- sale of shareholdings and other corporate transactions not included within the 2007 Reorganisation Plan; and
- proposals for the appointment and revocation of liquidators, if not selected from among Invitalia's directors and executives.

#### **Control by the Court of Auditors ("Corte dei Conti")**

Pursuant to article 12 of Law No. 259 of 21 March 1958 and article 1, paragraph 463 of the 2007 Finance Law, the Court of Auditors ("*Corte dei Conti*") has exercised control over Invitalia's financial operations since 2007, in accordance with the procedures established in Determination No. 2/2007 of the Control over Public Entities Section (*sezione Controllo sugli Enti*) of the Court of Auditors and drafts an annual report on Invitalia's operations.

For the abovementioned purpose, Invitalia is first and foremost required to provide the Court of Auditors with its annual financial statements within fifteen days from their approval and, in any case, no later than six months and fifteen days after the close of the financial year, together with the reports by its directors, statutory auditors and independent auditors.

Furthermore, Invitalia must provide the Court of Auditors with copies of the following documents within fifteen days from their adoption or drafting: (i) general accounting records and documents of any nature other than those indicated above; (ii) minutes of the shareholders' meetings and the meetings of the Board of Directors; and (iii) regulatory and organisational deeds/acts, contracts and other deeds or documents of any nature whatsoever, capable of producing, even only indirectly, not immediately and potentially, economic and/or financial effects that are highly material with regard to its business.

The Court of Auditors also receives from the Chairman of the Board of Statutory Auditors and from each statutory auditor, with respect to individual deeds and transactions, within fifteen days from the relevant drafting, any reports submitted over the course of the year, as well as the minutes of meetings and controls performed, data gathered and reports, recommendations and opinions formulated and initiatives and actions taken for the purposes of implementing the institutionally assigned tasks.

A magistrate of the Court of Auditors, who is appointed by the Chairman of the Court of Auditors, attends the meetings of the management and auditing bodies of Invitalia pursuant to article 2, paragraph 6-*bis*, of the Establishment Decree, as amended by the 2007 Finance Law, article 19 of the by-laws and article 12 of Law No. 259 of 21 March 1958. The magistrate, over the course of those meetings or at any other

time, is entitled to gather deeds and documents, and to compile the information and carry out the activities necessary for the exercise of control, and to extract the data necessary for such purpose from Invitalia's deeds, records and documents.

### **Requirements and formalities related to public works**

Article 55-*bis* of Law Decree No. 1 of 24 January 2012, converted by Law No. 27 of 24 March 2012, enabled national government entities to use Invitalia, through specific agreements, for all economic, financial and technical activities, including those related to the planning of public works, in order to bolster and accelerate the implementation of strategically important interventions aimed at territorial cohesion and economic growth, with particular reference to those concerning the under-utilised areas of Italy, funded through national and European resources and financing to be drawn upon the Fund for development and cohesion ("*Fondo per lo sviluppo e la coesione*").

Invitalia was subsequently identified as an implementing entity which operates as a contracting authority for the award of environmental clean-up works and the carrying-out of infrastructure works with reference to the Bagnoli-Coroglio area (article 33, paragraph 12, of Law Decree No. 133 of 12 September 2014 converted, with amendments, through Law No. 164 of 11 November 2014).

Pursuant to the Public Procurement Code, a list of qualified contracting authorities was established at ANAC, which also includes the purchasing bodies, and Invitalia was automatically enrolled on the register as provided by article 38, paragraph 1, of Legislative Decree 50/2016.

The Public Procurement Code establishes a list of qualified contracting authorities, which also includes central procurement authorities, to be created and held by ANAC: Invitalia was automatically enrolled on the register as provided by article 38 of the Public Procurement Code.

In particular, the Public Procurement Code provides a specific regulation for in-house agreements, specifying that it does not apply to contracts assigned by awarding companies, registered in the list held by ANAC, to a legal entity: (i) over which the contracting authority exercises a control similar to that exercised over its own departments; (ii) which carries out more than 80% of its activities with the controlling contracting authority or authorities or with companies controlled by the latter; and (iii) in relation to which there is no private capital participation, save for the participation of private operators in the capital of such legal entity provided by national legislative regulations that is non-controlling and non-blocking and does not confer a decisive influence on the decisions of the controlled legal entity.

ANAC, by Resolution No. 484 of 30 May 2018, enrolled, pursuant to article 192 of the Public Procurement Code, all the central administrations and the Territorial Cohesion Agency on the register of central procurement authorities operating through direct assignments towards Invitalia, as its own in-house company.

Moreover, Invitalia operates closely with ANAC with which it has entered into various memoranda of understanding and of regulatory oversight (for example, in connection with the redevelopment of the former industrial area Bagnoli-Corogli and the reconstruction of areas affected by earthquakes such as in the Region of Emilia Romagna, the Region of Abruzzo and Central Italy).

### **Memoranda of understanding with the Finance Police (Guardia di Finanza)**

Since 2008, Invitalia and the Finance Police (*Guardia di Finanza*) have, through a memorandum of understanding, reinforced the procedures for control over public financing granted in support of enterprises by Invitalia. The memorandum of understanding provides that the Finance Police verifies the tax position of companies and shareholders who present applications for access to public incentives, monitoring the beneficiary enterprises throughout all the process phases.

### **Transparency activities in connection with Public Administration**

In accordance with the provisions of Law No. 190 of 6 November 2012, issuing provisions for the prevention and repression of corruption and illegality in Public Administrations ("**Law 190/2012**"), Invitalia has proceeded to set up and appoint the Head of Corruption Prevention (*Responsabile della Prevenzione della Corruzione*), who is in charge of preparing the Corruption Prevention Plan and the activities for verifying and checking compliance with requirements on anti-corruption matters, identifying him as the executive in charge of the Internal Auditing function, and a member of the Supervisory Body pursuant to Legislative Decree 231/01.

The Head of Corruption Prevention and Transparency (*Responsabile della Prevenzione della Corruzione e Trasparenza*) prepares and updates, on an annual basis, the Corruption Prevention Plan,

in line with the provisions of Law 190/2012, the National Anti-corruption Plan, the ANAC determinations and the MEF directives, implementing the following activities:

- identification and mapping of areas at risk of crime and “sensitive” activities;
- analysis of the risk profile for each “sensitive” activity, through the identification of potential criminal offences and the methods through which unlawful conduct could be engaged in; and
- definition of prevention and control measures to safeguard against the identified risks.

The goal of the Corruption Prevention Plan is to prevent and mitigate the risk of corruption crimes which may affect Invitalia, through the adoption of an Internal Control System integrated with the Model pursuant to Legislative Decree 231/01. According to the relevant legislation, the implementation of such Plan for private entities under public control can be based on Model 231, if already implemented by the entity, by extending its scope of application to all the crimes considered under Law 190/2012. The concept of corruption applicable to the Corruption Prevention Plans has a broad meaning, including the various situations in which any subject may abuse the power/function entrusted to him for personal gain. Indeed, the relevant situations include not only the entire range of crimes against Public Administrations regulated in the Italian Penal Code, Articles 314-360 but also any situations in which - regardless of the criminal relevance - the Public Administration is caused to malfunction due to the abuse of any assigned role for private interests.

In addition, an organisational procedure was prepared which governs the management of reports of unlawful conduct (so-called “whistleblower” procedure), which defines the methods of verifying breaches, aspects linked to guarantees on confidentiality for the reporting party and protection of the latter against discrimination. In this regard, Invitalia has set up a whistleblowing platform which can be used to report employee actions or behaviours, including actions not taken, which are in conflict with the law, regulations, the Model and/or the Code of Ethics, or in any case related to a malfunction of the activities implemented by Invitalia, by safeguarding the whistleblower and with the purpose of supporting a positive atmosphere of trust in which whistleblowing is part of the corporate culture.

Partly in line with the provisions of the Corruption Prevention Plan, Invitalia monitors the certifications of ineligibility and incompatibility of mandates at Public Administrations and at publicly controlled private entities issued pursuant to Legislative Decree No. 39 of 8 April 2013.

Moreover, the transparency provisions under Legislative Decree No. 33 of 14 March 2013 no longer apply to Invitalia having issued in 2017 a debt instrument listed on a regulated market, also considering the new issuance of the Notes being made in continuity (through the signing of the Bridge to Bond) with such previous instrument. However, Invitalia will continue to publish on its website data referenced in the following regulations: Law 190/2012, Legislative Decree No. 39 of 8 April 2013 dealing with nondisclosure and incompatibility of positions with Public Administrations and with private entities under public control and the Public Procurement Code with reference to the transparency obligations set out therein.

#### **List of Public Administrations held by ISTAT**

In 2020, Invitalia was added to the list of public administrations held by ISTAT and can be found under the heading “Entities producing economic services” (“*Enti produttori di servizi economici*”). This is a list of Public Administrations, identified pursuant to article 1, paragraph 3 of Italian Law 196 of 31 December 2009, as amended, and inserted in the consolidated profit and loss account of the Italian State.

#### **Accounting simplification**

Pursuant to article 47 of Italian Decree Law No. 34 of 19 May 2020 (so called *Decreto Rilancio*), Invitalia, in order to ensure the full and effective execution of its corporate mission and the pursuit of the objectives set out in its business plan and by the applicable legislation, is authorised to solely consider as accounting entries into its balance sheet the possible decreases stemming from real estate rationalisation and disposal transactions as well as real estate evaluation, carried out also through newly incorporated or publicly controlled companies (including those indirectly controlled). In fact, the legislative measure applies to transactions dealing with the reorganisation and evaluation/disposal of Invitalia’s real estate investments in non-strategic sectors such as those provided for under the 2020 Rationalisation Plan. For further information see section “*Strategy*” above and Invitalia’s Consolidated Financial Statements as at 31 December 2020 and 31 December 2021.

#### **Particular provisions for publicly held companies**

Legislative Decree no. 175 of 19 August 2016 as subsequently amended (“**Madia Decree**”) provided

for certain specific provisions on the subject of publicly owned companies, at the national level. The Madia Decree operates a reorganisation of the previous regulations on the publicly owned companies, with the aim of reducing and rationalising the phenomenon of such companies, also having regard to an efficient management of such shareholdings and the containment of public expenditure. These rules concern, *inter alia*, the incorporation of companies by Public Administrations, the purchase, maintenance and management of shareholdings by such administrations in companies with total or partial (direct or indirect) public shareholdings, as well as the regulation of corporate governance, the requirements and remuneration of members of corporate bodies and personnel management. The provisions of the Madia Decree apply to listed companies only if so expressly provided and, considering the 2017 issuance of debt instruments listed on a regulated market and, in continuity (through the signing of the Bridge to Bond) with such previous instruments, the new issuance of the Notes, the Madia Decree does not apply to Invitalia.

## OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

### Consolidated financial statements

The following tables set forth the consolidated balance sheet and consolidated income statement of the Issuer as at and for the years ended 31 December 2020 and 2021, which are derived from, should be read in conjunction with, and are qualified in their entirety by reference to, the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2020 and 2021, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus. See section "Information Incorporated by Reference".

Such financial statements have been prepared in accordance with IFRS and have been audited by Deloitte & Touche S.p.A., auditors to the Issuer and, particularly, with respect to:

- (a) the Consolidated Financial Statements as at 31 December 2020, with qualification;
- (b) the Consolidated Financial Statements as at 31 December 2021, with qualification because of the solely effects of the unresolved matter on the comparability of the 31 December 2021 period's figures and the corresponding 31 December 2020 period's figures.

For more information see the paragraph "Qualified opinion issued by the auditors in connection with the Consolidated Financial Statements as at 31 December 2020 and 31 December 2021" below.

Copies of the above-mentioned consolidated financial statements of the Issuer are available for inspection by the Noteholders, as described in "Information Incorporated by Reference – Access to documents".

### CONSOLIDATED BALANCE SHEET

STATEMENT OF FINANCIAL POSITION	31.12.2021	31.12.2020
<b>ASSETS</b>		
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
<b>TOTAL ASSETS</b>	<b>7,215,405</b>	<b>6,194,931</b>

The figures as of 31 December 2020 included for comparative purpose in the consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 have been restated and differ from those included in the consolidated financial statements of the Issuer as at and for the year ended 31 December 2020.

The restatement has been done following the update to the Bank of Italy Provision containing instructions on “*Financial statements of IFRS intermediaries other than banking intermediaries*” issued on 29 October 2021, which amends 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.

Consequently, the figures as of 31 December 2020 have been reclassified for the purpose of comparison with the figures for 31 December 2021. In particular, bank receivables of Euro 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”.

In addition the figures as of 31 December 2020 “item 40. Financial assets measured at amortised cost: c) Loans to customers” have been reclassified to “item 40. Financial assets measured at amortised cost: b) Loans to financial companies” for an amount of Euro 97,972 for better reporting purposes.

STATEMENT OF FINANCIAL POSITION	31.12.2021	31.12.2020
<b>LIABILITIES</b>		
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 ASSET 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)
<b>TOTAL LIABILITIES</b>	<b>7,215,405</b>	<b>6,194,931</b>

## CONSOLIDATED INCOME STATEMENT

*(thousands of euro)*

PROFIT AND LOSS ACCOUNT	31.12.2021	31.12.2020
10. INTEREST AND SIMILAR INCOME	57,585	47,301
of which: interest income calculated with the effective interest method	-	-
20. INTEREST AND SIMILAR EXPENSE	(29,972)	(25,704)
<b>30. NET INTEREST INCOME</b>	<b>27,613</b>	<b>21,597</b>
40. COMMISSION INCOME	525,257	416,835
50. COMMISSION EXPENSE	(204,395)	(164,549)
<b>60. NET COMMISSIONS INCOME</b>	<b>320,862</b>	<b>252,286</b>
70. DIVIDENDS AND SIMILAR INCOME		
80. NET RESULT FROM TRADING ACTIVITIES	187	(111)
90. NET RESULT FROM HEDGING ACTIVITIES	222	26
100. PROFIT (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 AND LOSS	504	536
a) Financial assets and liabilities designated at fair value	-	741
b) Other financial assets mandatorily measured at fair value	504	(205)
<b>120. NET INTEREST AND OTHER BANKING INCOME</b>	<b>351,703</b>	<b>283,031</b>
130. NET LOSSES/RECOVERIES FOR CREDIT RISK 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. PROFIT (LOSSES) FROM CHANGES IN CONTRACTS WITHOUT DERECOGNITION	(897)	95
<b>150. NET INCOME FROM FINANCIAL ACTIVITIES</b>	<b>312,694</b>	<b>251,960</b>
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 for 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
<b>210. OPERATING EXPENSE</b>	<b>(215,673)</b>	<b>(199,064)</b>
220. PROFIT (LOSS) ON EQUITY INVESTMENTS	4,367	57
250. PROFIT (LOSS) ON DISPOSAL OF INVESTMENTS	-	-
<b>260. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>101,388</b>	<b>52,953</b>
270. INCOME TAXES FOR THE YEAR FROM CONTINUING OPERATIONS	(19,826)	(13,145)
<b>280. PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>81,562</b>	<b>39,808</b>
290. PROFIT (LOSS) AFTER TAX ON DISCONTINUED OPERATIONS	2,890	(2,911)
<b>300. PROFIT (LOSS) FOR THE YEAR</b>	<b>84,452</b>	<b>36,897</b>
310. PROFIT (LOSS) FOR THE YEAR PERTAINING TO MINORITY INTERESTS	-	-
<b>320. PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE PARENT COMPANY</b>	<b>84,452</b>	<b>36,897</b>

### **Financial Asset portfolio**

Invitalia holds asset portfolio relevant to the different activities supporting national and local governments and public entities in managing national and EU incentives. Invitalia's asset quality analysis shows improvements and high-quality asset breakdown.

As of 31 December 2021, out of Euro 4.8 billion assets, bad loans recorded 2% and performing past due loans 0.4%. By comparison, 2020 figures show an asset portfolio of Euro 4.8 billion, bad loans recorded 2%, and performing past due loans 0.8% whereas 2019 recorded Euro 3.5 billion of asset portfolio, bad loans recorded 4%, unlikely to pay 1% and performing past due loans 1%.

### **Debt structure**

Invitalia debt structure can be summarized, over the period 2019-2021, both at the aggregate group level as follows: financing constantly decreased from Euro 518 million in 2019 to Euro 204,8 million in 2021 (Euro 153 million in the 2020) as well as other loans from Euro 417 million in 2019 to Euro 99,7 million in 2021 (in 2020 Euro 48,5 million). Other payables increased from Euro 1,1 million in 2019 to Euro 2.4 million in 2021 (in 2020 Euro 2 million) due to the increase in activities and in the competence area.

Starting from the actual liquidity (ready cash as of 31 December 2021) of 453.8 million (composed by the Item 10. Cash and cash equivalents and Item 20.A Financial assets held for trading), the debt maturity profile of the Group shows the reimbursement of 2017 Notes (occurred on 20 July 2022) to be replaced by the Notes, together with the MCC-BdM bonds at maturity in 2024 whose value at amortized cost as of 31 December 2021 was 284.2 million, net of intercompany, and in 2028 whose value at amortized cost as of 31 December 2021 was 178.3 million.

Leasing payables are constant throughout the years from Euro 45 million in 2019 to Euro 55 million in 2021 (in 2020 Euro 59 million). Securities outstanding are constant over the period 2019-2021 from Euro 886 million in 2019 to Euro 876 million in 2021 (in 2020 Euro 885 million).

### **Qualified opinion issued by the auditors in connection with the Consolidated Financial Statements as at 31 December 2020 and 31 December 2021**

Article 47 of Decree Law No 34 of 19 May 2020, as converted by Law No 77 of 17 July 2020 (the “**Relaunch Decree**”, so called *Decreto Rilancio*), regulating Invitalia’s certain accounting aspects associated with disposal transactions of real estate assets, provides that: *“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 S.p.A. 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 any decrease resulting from real estate evaluation, rationalisation and disposal transactions 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 current legislation, by establishing that the effects of these operations be recognised in the Statement of Comprehensive Income rather than in the Income Statement. The 2020 Rationalisation Plan, prepared and approved by Invitalia and the MED and being applicable to the entire Group, provides for certain disposal actions to be implemented by Invitalia and Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A, subsidiaries which own most of the assets involved in the reorganisation.

In this scenario, in 2020, Invitalia and Investimenti SGR signed an agreement according to which the assets should be contributed to a real estate fund, named “i3-Sviluppo Italia”, managed by Investimenti SGR.

On the basis of the abovementioned agreement and backed up by an expert’s opinion requested on the matter, Invitalia recognised, in its consolidated financial statements as at 31 December 2020, the reduction in value of around Euro 20.5 million, resulting from the fair value measurement of the real estate assets included in the 2020 Rationalisation Plan (*id est*, write-downs deriving from aligning the book value of the real estate assets being disposed of, in the current or the following years, to the relevant market value less selling costs, if lower), in the Statement of Comprehensive Income rather than in the Income Statement as required by the International Financial Reporting Standards (“**IFRS**”) applied in the European Union.

In the audit firm’s opinion, Invitalia’s approach constitutes a deviation from those IFRS standards and, consequently, with respect to the Issuer’s consolidated financial statements as at 31 December 2020,

the audit firm issued a report with qualified opinion by giving the following reasons in the section entitled “Basis for Qualified Opinion” of their report:

*“Article 47 of Decree Law no 34 of 19 May 2020, as converted by Law no 77 of 17 July 2020, provided that: “In order to guarantee the full and effective performance of the corporate mission and the pursuit of the objectives set out in the business plan and by applicable legislation, Invitalia S.p.A. 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. [...]”.*

*In 2020, the Directors drew up a plan for the rationalisation and disposal of real estate assets (the “Plan”) – to be finalised in subsequent periods – that will regard Invitalia and the subsidiaries Italia Turismo S.p.A. and Invitalia Partecipazioni S.p.A. The Plan provides for the contribution of these assets to a Real Estate Fund managed by Investimenti Immobiliari Italiani SGR S.p.A., a company - like Invitalia – wholly controlled by the Ministry of Economy and Finance.*

*In light of the aforementioned legal provision and backed up by an expert opinion commissioned on the matter, in the consolidated financial statements at 31 December 2020, the Directors have already recognised the reduction in value of around Euro 20,5 million, resulting from the fair value measurement of the real estate assets coming under the Plan, in the Statement of Comprehensive Income rather than in the Income Statement as required by the International Financial Reporting Standards endorsed by the European Union. In our opinion, this constitutes a deviation from those standards as the circumstances required by IAS 1:19 for a departure from their application are not present.”*

By contrast, Invitalia, with the support of an expert’s opinion, made a decision to deviate from the relevant IFRS whereby:

- there is no incompatibility between the content of article 47 of the Relaunch Decree and the European source governing the IAS/IFRS, that allows for derogations in extremely rare circumstances as provided by IAS 1, paragraph 19 which states that an entity is required to depart from the IFRS requirement in extremely rare circumstances when management may conclude that compliance with an IFRS requirement would be so misleading that it would conflict with the objective of financial statements set out in the Conceptual Framework for Financial Reporting IFRS;
- 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 assets caused by the rationalisation operations included in the 2020 Rationalisation Plan, used to implement a specific regulation on the matter;
- as such, the decrease of the asset portfolio close to being sold, based on its nature, in IAS/IFRS financial statements has been first pass through “*other components of the Statement of Comprehensive Income*” and then recognised as a reduction of the Shareholders’ Equity.

The experts who released the opinion mentioned above are (i) Mr. Tiziano Onesti, with his office in Rome, Piazza Rio de Janeiro, 1, as Full Professor of Business Economics at Roma Tre University, and enrolled in the Register of the Order of Chartered Accountants and Accounting Experts of Rome, the Register of Statutory Auditors, the Register of Technical Consultants of the Civil Court of Rome, the Register of Experts of the Criminal Court of Rome and the list of Bankruptcy Trustees, Commissioners and Judicial Liquidators of Ordinary Court of Rome and (ii) Mr. Antonio Nuzzo, with his office in Rome, Via Lazzaro Spallanzani, 22/a, as lawyer, Director of the law department at Luiss Guido Carli University and Full Professor of Commercial Law at Luiss Guido Carli University.

At the date hereof, these experts have no material interest in Invitalia. The information of such experts has been included with their consent for the purpose of this Prospectus.

According to Invitalia the 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 and the resort to a rule not included in the reference accounting standards, for the following reasons:

- (1) it is an extremely rare circumstance, never occurred before, the exceptional nature of which is clearly stated in the very start of article 47 (“*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 S.p.A. is authorised...*”).

- (2) The disposal transactions are carried out in the context of a well-defined regulatory framework: they are required actions, to be carried out despite the extraordinary global situation created by the COVID-19 pandemic. This situation is entirely out of the ordinary and unprecedented in the modern economic climate, as underlined in the technical report for the Relaunch Decree which, commenting on article 47, points out that the 2020 Rationalisation Plan to be carried out by Invitalia and its subsidiaries occurs 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 such plan is to be implemented.
- (3) The purpose of the financial statements is to provide useful information to capital providers to allow them to make decisions about the company. It seems legitimate to assume that a representation of the decreases in value as required by the regulations and made under entirely exceptional circumstances (i.e. the current ones) could lead to misleading results. Income determined in this manner would neither faithfully represent the Issuer's performance nor the ability of management to administer the Issuer's resources. The concurrence of the regulatory framework which Invitalia and its subsidiaries must comply with and the exceptional time during which this must occur would make the Issuer's results entirely nonsensical and inappropriate to provide useful information about the income and cash flows which the Issuer will be able to produce in the future.
- (4) The decrease in value is substantially the recording of loss required by law, which the Issuer cannot avoid given the regulatory framework under which they operate and the tasks assigned by law to Invitalia and its subsidiaries.
- (5) In this perspective, it can be concluded that article 47 of the Relaunch Decree represents a clear case of an extremely rare regulatory circumstance, such as to justify not applying the ordinary rules regarding the representation of decreases in value of real estate assets caused by the operations provided in the 2020 Rationalisation Plan, used to implement a specific regulation on the matter.
- (6) It should be noted that article 47 of the Relaunch Decree is part of a group of legislative initiatives undertaken after the beginning of the current health emergency in Italy and made by a sequence of laws identified by a need to introduce extraordinary provisions and derogations from general rules.

Furthermore, according to article 47 of the Relaunch Decree, when the presumed recoverable or realisable value based on market trends is lower than the book value, the asset value still recorded in the financial statements should be written down. Consequently, the recognition of the equity and economic effects associated with the real estate disposal operations in the Invitalia financial statements as at 31 December 2020 can be found in the mandatory nature of the legal derogation described above, which imposes an obligation when an exceptional case arises. The exceptional case refers to the losses deriving from implementing the 2020 Rationalisation Plan; part of the losses already arose in 2020, stemming from the write-downs made, partially in light of the upcoming sale (planned for the following years). In this sense, all the losses recorded in 2020, as well as those being recognised in 2021, are a manifestation of the extremely rare circumstance which allows such losses not to pass through the Income Statement.

It should be noted that the Board of Statutory Auditors issued a report in connection with the consolidated financial statements as at 31 December 2020 by confirming the evaluations made by Invitalia on this matter.

The indications above refer both to Invitalia's annual financial statements and to those of the subsidiaries which hold the real estate assets involved in the 2020 Rationalisation Plan.

Finally, according to Invitalia, in application of the circumstances described above, the impact of the derogation relative to the Income Statement at 31 December 2020 is around Euro 20.5 million in lower costs and, hence, generated a higher profit compared to that one for the same period which would have been recorded in the absence of this derogation. The derogation had no impact on the shareholders' equity as at 31 December 2020 or on the Issuer's financial situation.

For further information related to the derogation from application of IFRS standards, see the Consolidated Financial Statements 2020 ("*Notes to the consolidated financial statements - Part A - Accounting Policies - A.1 – General section*").

Furthermore Deloitte & Touche S.p.A. audited the consolidated financial statements of Invitalia as at and for the year ended 31 December 2021 and issued a qualified opinion because of the solely effects

of the unresolved matter on the comparability of the 31 December 2021 period's figures and the corresponding 31 December 2020 period's figures by giving the following reasons in the section headed "Basis for Qualified Opinion" of their report:

*"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.*

*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."*

By contrast, in line with the Consolidated Financial Statements 2020, Invitalia has confirmed its position to have duly complied with article 47 of the Relaunch Decree which justifies the temporary non-application of the ordinary rules (*id est*, the relevant IFRS), by in any case pointing out that the qualified opinion issued by the audit firm only refers to the comparability with the 2020 figures.

Moreover, it should be noted that the Board of Statutory Auditors issued a report in connection with the consolidated financial statements as at 31 December 2021 by confirming, in this regard, its position taken with respect to 2020 financial year and the relevant evaluations made by Invitalia.

## TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This overview is based upon the laws and/or practice in force as at the date of this Prospectus. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis. In this Taxation section any reference to (i) the Notes includes also the Coupons and (ii) the Noteholders includes also the Couponholders, where the context so requires.

### **Tax treatment of Notes issued by the Issuer**

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") sets out the applicable tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (**Decree No. 917**) listed on regulated markets or multilateral trading facilities.

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

### **Italian Resident Noteholders**

Pursuant to Decree 239, where the Italian resident holder of Notes, who is the beneficial owner of such Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or
- (b) a partnership (other than a *societa' in nome collettivo* or *societa' in accomandita semplice* or similar partnership), or a *de facto* partnership not carrying out commercial activities or professional association; or
- (c) a private or public institution (other than companies), trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). All the above categories are qualified as "net recipients" (unless they have entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so called "*regime del risparmio gestito*" (the "**Asset Management Regime**") according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**")).

Where the resident holders of the Notes described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232 of 11 December 2016 ("**Law No. 232**"), Article 1, paragraph 211-215, of Law No. 145 of December 30 2018 ("**Law No. 145**") and in Article 13-bis of Law Decree No. 124 of October 26 2019 ("**Law Decree No. 124**") as amended and applicable from time to time.

Pursuant to Decree 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMS**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stock brokers and other qualified entities identified by a decree of the Ministry of Finance ("**Intermediaries**" and each an "**Intermediary**"). An Intermediary must (a) be resident in Italy or be a permanent establishments in Italy of a non Italian resident Intermediary, and (b) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes and the relevant coupons are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Payments of Interest in respect of Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are:

- (a) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;
- (b) Italian resident partnerships carrying out commercial activities (*'società in nome collettivo'* or *'società in accomandita semplice'* or similar partnership);
- (c) Italian resident open-ended or closed-ended collective investment funds (together the "**Funds**" and each a "**Fund**"), SICAVs, SICAFs, Italian resident real estate investment funds subject to the regime provided for by Law Decree No. 351 of 25 September 2001 and Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December 2005 ("**Decree No. 252**"); and
- (d) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the Asset Management Regime.

Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above under (a) to (d) must: (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time, together with the coupons relating to such Notes, directly or indirectly with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes shall be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – "**IRAP**") of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Regime are subject to a 26 per cent. annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

If the investor is resident in Italy and is a Fund, a SICAV or a non-real estate SICAF and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund, the SICAV or the non-real estate SICAF. The Fund, SICAV or non-real estate SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Where a Noteholder is an Italian resident real estate investment fund to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply or a SICAF, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or SICAF. The income of the real estate fund or the SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where a Noteholder is an Italian resident pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005 are subject, and the Notes are deposited with an Italian resident intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain limitations and requirements (including a minimum holding period), Interest in respect of the Notes received by Italian resident pension funds may be excluded from the taxable base of the Pension Fund Tax, if the Notes are included in a long term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraph 100 – 114, of Law No. 232, Article 1, paragraph 211 – 215, of Law No. 145 and Article 13-bis of Law Decree No. 124 as amended and applicable from time to time.

### **Non-Italian resident Noteholders**

According to Decree 239, payments of Interest in respect of the Notes issued by Issuer will not be subject to the *imposta sostitutiva* at the rate of 26 per cent. if made to beneficial owners who are non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected provided that:

- (a) such beneficial owners are resident for tax purposes in a state or territory which allows an adequate exchange of information with the Italian tax authorities and listed in the Ministerial Decree dated 4 September 1996 as amended from time to time (the "**White List**"). According to Article 11, par. 4, let. c) of Decree 239, the White List will be updated every six months period. In absence of the issuance of the new White List, reference has to be made to the Italian Ministerial Decree dated 4 September 1996 as amended from time to time; and
- (b) all the requirements and procedures set forth in Decree 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Notes;

- (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) file with the relevant depository a statement (*autocertificazione*) in due time stating, *inter alia*, that he or she is resident, for tax purposes, in one of the above-mentioned White List states. Such statement (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12 December 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The statement (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident holder of the Notes to comply in due time with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to a non-resident holder of the Notes.

Non-resident holders of the Notes who are subject to substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

## Capital Gains

### *Italian resident Noteholders*

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

- (a) an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;
- (b) an Italian resident partnership not carrying out commercial activities;
- (c) an Italian private or public institution not carrying out mainly or exclusively commercial activities on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called "*regime della dichiarazione*" (the "**Tax Declaration Regime**"), which is the standard **regime** for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year. Alternatively to the Tax Declaration Regime, holders of the Notes who are:

- (a) Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;
- (b) Italian resident partnerships not carrying out commercial activities;
- (c) Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes under the so called "*regime del risparmio amministrato*" (the "**Administrative Savings Regime**"). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in

Italy of foreign intermediary) and (ii) an express election for the Administrative Savings Regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the Administrative Savings Regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Special rules apply if the Notes are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraph 100 – 114, of Law No. 232, Article 1, paragraph 211 – 215, of Law No. 145 and Article 13-bis of Law Decree No. 124 as amended and applicable from time to time.

In the case of Notes held by Funds, SICAVs and SICAFs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds, SICAVs or SICAFs accrued at the end of each tax year. The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Noteholder is an Italian resident real estate investment fund to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply or a SICAF, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or SICAF. The income of the real estate fund or the SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of the Notes realized by Italian pension funds may be excluded from the taxable base of the Pension Fund Tax, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraph 100 – 114, of Law No. 232, Article 1, paragraph 211 – 215, of Law No. 145 and Article 13-bis of Law Decree No. 124 as amended and applicable from time to time.

### **Non-Italian resident Noteholders**

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the

sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes: (a) in a state or territory listed in the White List as defined above, and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; and
- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a self declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

### **Inheritance and gift tax**

Pursuant to Law Decree No. 262 of 3 October 2006, converted with amendments by Law No. 286 of 24 November 2006 effective from 29 November, 2006, and Law No. 296 of 27 December 2006, the transfers of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

- (a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);
- (b) 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);
- (c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and
- (d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

If the donee sells the Notes for consideration from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

### **Transfer tax**

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of €200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Tax Monitoring Obligations**

Italian resident individuals, non commercial entities, non commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28 June 1990 converted into law by Law Decree No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes, the amount of Notes held abroad during each tax year. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

### **Stamp duty**

Pursuant to Article 13 par. 2 *ter* of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any financial product and instrument (including the Notes), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed €14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the face value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of the financial assets (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### **Wealth tax on financial assets deposited abroad**

According to Article 19 of Decree No. 201 of 6 December 2011, Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions holding financial assets – including the Notes – outside of the Italian territory are required to pay in its own annual tax declaration a wealth tax at the rate of 0.2 per cent. Starting from fiscal year 2020, the wealth tax cannot exceed €14,000 for taxpayers which are not individuals. This tax is calculated on the market value at the end of the relevant year or, if no market value figure is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held abroad by Italian resident individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The financial assets held abroad

are excluded from the scope of the wealth tax if administered by Italian financial intermediaries pursuant to an administration agreement.

### **The Proposed Financial Transaction Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Austria, Belgium, France, Germany, Greece, Estonia, Spain, Italy, Portugal, Slovakia and Slovenia.

The FTT proposal is aimed at:

- ensuring that the financial sector pays its fair share of tax;
- discouraging transactions that do not enhance the efficiency of financial markets.

The Commission's Proposal defines how the FTT would have been implemented in the participating Member States. Tabled in February 2013, it mirrors the scope and objectives of the Commission's initial proposal for an EU-wide FTT. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

Estonia left the enhanced cooperation in March 2016.

On 17 June 2016, the Council published the provisional version of the minute of the outcome of its meeting. During such minute, the Council discussed work on a proposal aimed at modifying and introducing FTT in the remaining 10 Member States.

Work continued on the dossier during the second half of 2016 and on the basis of an enhanced cooperation between the above mentioned member states.

However, the FTT proposal remains subject to negotiation between the participating Member States, and the scope of any such tax is uncertain. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement between the Issuer and the Joint Lead Managers dated [●] 2022 (the "**Subscription Agreement**"), the Joint Lead Managers have agreed to subscribe for the Notes on the Closing Date at the issue price of [●] per cent. of their principal amount. The Issuer has agreed to pay commissions to each of the Joint Lead Managers and to reimburse certain of their expenses incurred in connection with the discharge of their duties under the Subscription Agreement. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, they will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### Prohibition of Sales to EEA Retail Investors

Each manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### Prohibition of Sales to UK Retail Investors

Each manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (8) of Article 2 of Regulation ("U) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**")"; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA, and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### United Kingdom

Each of the Joint Lead Managers has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each of the Joint Lead Managers has represented and agreed that no Notes may be offered, sold or delivered nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined in Article 2 of the Prospectus Regulation and in Article 100 of Italian Legislative Decree No. 58 of 24 February 1998, as amended (otherwise known as the *Testo Unico della Finanza* or the "**TUF**"), as implemented by Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (otherwise known as the *Regolamento Emittenti* or the "**Issuers' Regulation**") and by Article 35, paragraph 1, letter (d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended (otherwise known as the *Regolamento Intermediari* or "**Intermediaries' Regulation**"); or
- (b) in circumstances where an exemption from the rules governing public offers of securities applies, pursuant to Article 1 of the Prospectus Regulation, Article 100 of the TUF or CONSOB's implementing regulations, including Article 34-ter of the Issuers' Regulation, and any other applicable Italian laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be made in compliance with the selling restrictions under paragraphs (a) and (b) above and must be:

- (1) made by an investment firm, bank or financial intermediary licensed to conduct such activities in the Republic of Italy in accordance with the TUF, the Intermediaries' Regulation and Legislative Decree No. 385 of 1 September 1993 (otherwise known as the *Testo Unico Bancario* or the "**TUB**"), in each case as amended from time to time;
- (2) in compliance, where applicable to the Joint Lead Managers, with Article 129 of the TUB and the implementing guidelines of the Bank of Italy issued on 25 August 2015 and amended on 10 August 2016 and on 2 November 2020, as further amended from time to time; and

- (3) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other competent authority.

**General**

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Each of the Joint Lead Managers has represented, warranted and agreed that they will, to the best of their knowledge and belief, comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material.

## GENERAL INFORMATION

### Authorisation

The creation and issue of the Notes has been authorised by resolutions passed at the Issuer's Shareholders' Meeting held on 9 September 2022, by a resolution passed by the Issuer's Board of Directors held on 15 September 2022, and by a director's written resolution (*determina*) taken by the Issuer's Chief Executive Officer on [•] 2022.

### Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on its regulated market and to be listed on its Official List.

### Expenses related to Admission to Trading

The total expenses related to admission to trading of the Notes are estimated at Euro 4,300.

### Listing Agent

BNP PARIBAS, Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP PARIBAS Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.

Further information on the international operating model of BNP PARIBAS, Luxembourg Branch may be provided upon request.

### Legal and Arbitration Proceedings

Save as disclosed on page 91 herein, "*Description of the Issuer – Legal Proceedings*", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

### Significant/Material Change

Save as disclosed on pages 91 to 93 herein, "*Description of the Issuer - Recent Developments*", since 31 December 2021, there has been no material adverse change in the prospects of the Issuer and no significant change in the financial performance or financial position of the Group.

### Auditors

Deloitte & Touche S.p.A. audited the consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 and issued a qualified opinion as described in the section headed "*Overview of financial information of the issuer - Qualified opinion issued by the auditors in connection with the Consolidated Financial Statements as at 31 December 2020 and 31 December 2021*".

Furthermore Deloitte & Touche S.p.A. audited the consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 and issued a qualified opinion because of the solely effects of the unresolved matter on the comparability of the 31 December 2021 period's figures and the corresponding 31 December 2020 period's figures as described in the section headed "*Overview of financial information of the issuer - Qualified opinion issued by the auditors in connection with the Consolidated Financial Statements as at 31 December 2020 and 31 December 2021*".

Deloitte & Touche S.p.A., which is located at Via Tortona, 20144 Milan, Italy, is registered under No. 132587 in the Register of Accountancy Auditors (*Registro Revisori Legali*) held by the Italian Ministry of Economy and Finance, in compliance with the provisions of Legislative Decree No. 39 of 27 January 2010, and is also a member of ASSIREVI (the Italian association of auditing firms).

## Documents on Display

For so long as the Notes remain outstanding, physical or electronic copies of the following documents (together, where appropriate, with English translations) may be inspected during normal business hours at the offices of the Fiscal Agent at 60 avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg:

- (a) the By-laws (*statuto*) of the Issuer;
- (b) the Agency Agreement;
- (c) the Deed of Covenant;
- (d) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2021 (which are also available on the website of the Issuer at [file:///C:/Users/GPA266/Downloads/Invitalia%20Consolidated%20Financial%20Statements%202021%20\(1\).pdf](file:///C:/Users/GPA266/Downloads/Invitalia%20Consolidated%20Financial%20Statements%202021%20(1).pdf));
- (e) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 (which are also available on the website of the Issuer at [file:///C:/Users/GPA266/Downloads/Invitalia%20Financial%20Report%202020%20\(7\).pdf](file:///C:/Users/GPA266/Downloads/Invitalia%20Financial%20Report%202020%20(7).pdf)); and
- (f) the Social Bond Framework along with any second party opinion and/or any public reporting by or on behalf of the Issuer in respect of the application of the proceeds of the Notes (which are also available on the website of the Issuer at <https://www.invitalia.it/eng>). For the avoidance of doubt, neither the Social Bond Framework nor any second party opinion or public reporting are incorporated in and/or form part of this Prospectus.

In addition, the Issuer intends to publish its annual consolidated financial statements on its website at [www.invitalia.it](http://www.invitalia.it) and to make its annual consolidated financial statements available for inspection by Noteholders at the above offices of the Fiscal Agent.

## Website

Invitalia's website is <https://www.invitalia.it/eng>. The information on the website does not form part of this Prospectus unless information contained therein is incorporated by reference into this Prospectus and has not been scrutinised by the competent authority, except to the extent that such information is expressly incorporated by reference in the section entitled "Information Incorporated by Reference".

## Interests of natural and legal persons involved in the issue/offer

The Joint Lead Managers are full service financial institutions and, together with their affiliates, are engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Conflicts of interest may arise from those activities in as much as, in the ordinary course of business, the Joint Lead Managers and/ or their affiliates have from time to time provided and may in the future provide lending, commercial and investment banking, advisory and corporate finance services to the Issuer and its affiliates or to (i) others companies directly or indirectly involved in the issue, offer, sale and subscription of the Notes, and/or (ii) other companies directly or indirectly involved in the same sector in which the Issuer operates and/or competitors of the Issuer and/or interested in performing transactions of a similar nature, as well as companies or entities holding significant shareholdings, appointing directors and/or other members of corporate bodies and participating in shareholders' agreements of any of the foregoing. In addition, the Joint Lead Managers have received, or may receive, customary fees and commissions for any such services.

Such conflict of interests may arise, *inter alia*, from the holding and trading by the Joint Lead Managers and/or their affiliates, in the ordinary course of their business, in debt and equity securities (or related derivative securities) and financial instruments for their own account and for the account of their customers, including long and short positions. Those investments and securities activities may include the Notes or related financial instruments, financial instruments whose value is dependent upon or

linked to the Notes or other securities and/or instruments of the Issuer and its affiliates. Furthermore, such activities may be entered into with companies or entities directly or indirectly involved in the issue, offer, subscription and sale of the Notes. The Joint Lead Managers and/or their affiliates may also receive allocations of the Notes.

The Joint Lead Managers and/or their affiliates that have a lending relationship with the Issuer and/or its affiliates, may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, they would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and/or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In addition, the Joint Lead Managers and/or their affiliates are lenders to the Issuer and/or its affiliates under certain of the financing facilities that may be repaid as part of the Issuer's refinancing arrangements following the issue of the Notes. See also "*Use of Proceeds*".

Furthermore, as described in "*Subscription and Sale*", the Joint Lead Managers will receive a commission in connection with the subscription and sale of the Notes and, as described in "*Description of the Issuer- Key contract - Material financing of Invitalia*", certain of the Joint Lead Managers and/or their affiliates entered as lenders in the Bridge to Bond that shall be repaid using the proceeds of the Notes.

For the avoidance of doubt, as used above, "affiliates" includes parent companies.

## **Yield**

On the basis of the issue price of the Notes of [●] per cent. of their principal amount, the gross yield of the Notes is [●] per cent. on an annual basis at the date hereof. Such amount is not, however, an indication of future yield.

## **Legend Concerning US Persons**

The Notes and any Coupons appertaining thereto will bear a legend to the following effect:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".*

## **The Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 81560087340FCB8D6D66.

## **ISIN and Common Code**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Notes have the following ISIN, common code, Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) Code assigned to them:

ISIN:	XS2530435473
Common code:	253043547
FISN:	[●]
CFI:	DBFTFB.

## **ISSUER**

**Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A.**

*Registered office:*  
Via Calabria, 46-48  
00187 Rome  
Italy

## **FISCAL AGENT AND PAYING AGENT**

**BNP PARIBAS, Luxembourg Branch**

60 avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## **LEGAL ADVISERS**

*To the Issuer as to Italian law:*

**Giovanardi Studio Legale**

Piazza del Liberty, 8  
20121 Milan  
Italy

*To the Joint Lead Managers as to English and Italian tax law:*

**Clifford Chance Studio Legale Associato**

Via Broletto, 16  
20121 Milan  
Italy

## **AUDITORS TO THE ISSUER**

**Deloitte & Touche S.p.A.**

Via Tortona, 25  
20144 Milan  
Italy

## **LISTING AGENT**

**BNP PARIBAS, Luxembourg Branch**

60 avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg