

**INTERIM  
CONSOLIDATED  
FINANCIAL  
STATEMENTS**

—  
**SAES Getters S.p.A.**

—  
**2021**  
—



making  
innovation  
happen,  
together

**saes  
group**





## **Interim Report to the Condensed Consolidated Financial Statements as at June 30, 2021**

**SAES Getters S.p.A.**

Capital Stock of Euro 12,220,000 fully paid-in

Registered office:  
Viale Italia, 77 – 20045 Lainate (Milan), Italy

Registered with the Milan Court Companies Register no.  
00774910152

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## Board of Directors

<i>Chairman</i>	Massimo della Porta
<i>Deputy Chairman and Managing Director</i>	Giulio Canale
<i>Directors</i>	Francesca Corberi <sup>(1)</sup> Alessandra della Porta <sup>(1)</sup> Luigi Lorenzo della Porta <sup>(1)</sup> Andrea Dogliotti <sup>(1)</sup> Adriano De Maio <sup>(1)</sup> <sup>(3)</sup> <sup>(4)</sup> Gaudiana Giusti <sup>(1)</sup> <sup>(2)</sup> <sup>(4)</sup> <sup>(5)</sup> <sup>(6)</sup> <sup>(7)</sup> <sup>(8)</sup> Stefano Proverbio <sup>(1)</sup> <sup>(2)</sup> <sup>(5)</sup> <sup>(6)</sup> <sup>(8)</sup> Luciana Rovelli <sup>(1)</sup> <sup>(2)</sup> <sup>(4)</sup> <sup>(5)</sup> <sup>(6)</sup> <sup>(8)</sup>

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## Board of Statutory Auditors

<i>Chairman</i>	Vincenzo Donnamaria
<i>Statutory Auditors</i>	Maurizio Civardi Sara Anita Speranza <sup>(8)</sup>
<i>Alternate Statutory Auditors</i>	Massimo Gabelli Mara Luisa Sartori
<i>Independent Auditors</i>	Deloitte & Touche S.p.A. <sup>(9)</sup>

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<b>Representative of holders of savings shares</b>	Massimiliano Perletti <sup>(10)</sup> (e-mail: massimiliano.perletti@roedl.it)
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- (1) Non-Executive Director
- (2) Independent Director, pursuant to the criteria of the Code of Conduct of the Italian Stock Exchange and according to article 147-ter, paragraph 4 and article 148, paragraph 3 of Legislative Decree 58/1998
- (3) Independent Director, pursuant to the combined provisions of article 147-ter, paragraph 4, and article 148, paragraph 3, of Legislative Decree 58/1998
- (4) Member of the Remuneration and Appointment Committee
- (5) Member of the Audit and Risk and Sustainability Committee
- (6) Member of the Committee for Transactions with Related Parties
- (7) *Lead Independent Director*
- (8) Member of the Supervisory Body
- (9) Appointed for the years 2013-2021 by the Shareholders' Meeting held on April 23, 2013
- (10) Appointed for the years 2020-2022 by the Special Meeting of Holders of Savings Shares on April 21, 2020

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The mandate of the Board of Directors and the Board of Statutory Auditors, elected on April 20, 2021, will expire on the same date as the Shareholders' Meeting in which the financial statements for the year ended December 31, 2023 will be approved.

### Powers of the company bodies

Pursuant to article 20 of the Articles of Association, the Chairman and the Deputy Chairman and Managing Director are each of them separately entrusted with the legal representation of the Company, for the execution of Board of Directors' resolutions, within the limits of and for the exercise of the powers attributed to them by the Board itself.

Following the resolution adopted on April 20, 2021, the Board of Directors granted the Chairman and the Deputy Chairman and Managing Director the powers of ordinary and extraordinary administration, with the exception of the powers strictly reserved to the competence of the Board or of those powers reserved by law to the Shareholders' Meeting.

The Chairman Massimo della Porta is confirmed as *Group Chief Executive Officer*, with the meaning that such definition and role have in English-speaking countries. The *Deputy Chairman and Managing Director* Giulio Canale has been confirmed in the role of *Deputy Group Chief Executive Officer* and *Group Chief Financial Officer*, with the meaning that such definitions and roles have in English-speaking countries.

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## GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	Difference	Difference %
NET SALES				
- Metallurgy	30,203	33,539	(3,336)	-9.9%
- Vacuum Technology	8,645	5,359	3,286	61.3%
- Medical	38,522	40,145	(1,623)	-4.0%
- Specialty Chemicals	5,603	5,024	579	11.5%
- Advanced Packaging	2,912	5,032	(2,120)	-42.1%
<b>Total</b>	<b>85,885</b>	<b>89,099</b>	<b>(3,214)</b>	<b>-3.6%</b>
GROSS PROFIT (1)				
- Metallurgy	15,774	17,085	(1,311)	-7.7%
- Vacuum Technology	4,629	3,285	1,344	40.9%
- Medical	13,607	15,851	(2,244)	-14.2%
- Specialty Chemicals	1,586	1,396	190	13.6%
- Advanced Packaging	118	609	(491)	-80.6%
- Not Allocated Costs (2)	(334)	(3)	(331)	<i>n.a.</i>
<b>Total</b>	<b>35,380</b>	<b>38,223</b>	<b>(2,843)</b>	<b>-7.4%</b>
	<i>% on net sales</i>	<i>41.2%</i>	<i>42.9%</i>	
EBITDA (3)	<b>13,231</b>	<b>16,473</b>	<b>(3,242)</b>	<b>-19.7%</b>
	<i>% on net sales</i>	<i>15.4%</i>	<i>18.5%</i>	
OPERATING INCOME (LOSS)	<b>7,544</b>	<b>11,143</b>	<b>(3,599)</b>	<b>-32.3%</b>
	<i>% on net sales</i>	<i>8.8%</i>	<i>12.5%</i>	
INCOME (LOSS) BEFORE TAXES	<b>8,660</b>	<b>3,770</b>	<b>4,890</b>	<b>129.7%</b>
	<i>% on net sales</i>	<i>10.1%</i>	<i>4.2%</i>	
Group NET INCOME (LOSS)	<b>4,189</b>	<b>438</b>	<b>3,751</b>	<b>856.4%</b>
	<i>% on net sales</i>	<i>4.9%</i>	<i>0.5%</i>	
<b>Balance sheet and financial figures</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>Difference</b>	<b>Difference %</b>
Tangible fixed assets	78,741	73,353	5,388	7.3%
Group shareholders' equity	238,723	238,162	561	0.2%
Net financial position (4)	82,406	95,742	(13,336)	-13.9%
<b>Other information</b>	<b>1<sup>st</sup> half 2021</b>	<b>1<sup>st</sup> half 2020</b>	<b>Difference</b>	<b>Difference %</b>
Cash flow from operating activities	429	2,780	(2,351)	-84.6%
Research and development expenses	5,665	5,283	382	7.2%
Number of employees as at June 30 (5)	1,120	1,078	42	3.9%
Personnel cost (6)	39,661	39,681	(20)	-0.1%
Disbursement for acquisition of tangible assets	(8,137)	(6,827)	(1,310)	19.2%

\*\*\*

(1) This parameter is calculated as the difference between the net revenues and the industrial costs directly and indirectly attributable to the products sold.

(thousands of euro)

	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020
<b>Net Sales</b>	<b>85,885</b>	<b>89,099</b>
Raw materials	(14,491)	(16,854)
Direct labour	(14,204)	(14,452)
Manufacturing overhead	(23,743)	(23,019)
Increase (decrease) in work in progress and finished goods	1,933	3,449
<b>Cost of sales</b>	<b>(50,505)</b>	<b>(50,876)</b>
<b>Gross profit</b>	<b>35,380</b>	<b>38,223</b>
<i>% on net sales</i>	<i>41.2%</i>	<i>42.9%</i>

(2) This item includes costs that cannot be directly attributed or allocated in a reasonable way to the Business Units, but which refer to the Group as a whole.

(3) EBITDA is not deemed an accounting measure under International Financial Reporting Standards (IFRSs); however, it is believed that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interest, taxes, depreciation and amortization".

(thousands of euro)

	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020
<b>Operating income</b>	<b>7,544</b>	<b>11,143</b>
Depreciation and amortization	(4,564)	(4,161)
Right of use amortization	(1,103)	(1,035)
Write-down of assets	(6)	(115)
Bad debt provision (accrual) release	(14)	(19)
<b>EBITDA</b>	<b>13,231</b>	<b>16,473</b>
<i>% on net sales</i>	<i>15.4%</i>	<i>18.5%</i>

(4) The net financial position is calculated as follows:

(thousands of euro)

	June 30, 2021	December 31, 2020
Cash on hands	9	10
Cash equivalents	24,410	30,668
<b>Cash and cash equivalents</b>	<b>24,419</b>	<b>30,678</b>
Related parties financial assets, current	0	1
Securities - short term	70,279	70,661
Other financial receivables to third parties, current	0	11
<b>Current financial assets</b>	<b>70,279</b>	<b>70,673</b>
Bank overdraft	(44,508)	(33,491)
Current portion of long term debt	(4,142)	(5,199)
Derivative instruments evaluated at fair value	(38)	(32)
Other financial payables to third parties, current	(16)	(24)
Current financial liabilities for leases	(1,496)	(1,932)
<b>Current financial liabilities</b>	<b>(50,200)</b>	<b>(40,678)</b>
<b>Current net financial position</b>	<b>44,498</b>	<b>60,673</b>
Related parties financial assets, non current	49	49
Securities - long term	135,161	134,087
<b>Non current financial assets</b>	<b>135,210</b>	<b>134,136</b>
Long term debt	(93,965)	(95,496)
Non current financial liabilities for leases	(3,337)	(3,571)
<b>Non current financial liabilities</b>	<b>(97,302)</b>	<b>(99,067)</b>
<b>Non current net financial position</b>	<b>37,908</b>	<b>35,069</b>
<b>Net financial position</b>	<b>82,406</b>	<b>95,742</b>

(5) As at June 30, 2021 this includes:

- 1,022 employees (999 employees as at June 30, 2020);
- personnel employed in the Group's companies with contract types other than employment agreements, equal to 98 units (79 units as at June 30, 2020).

This figure does not include the personnel (employees and temporary workers) of the joint ventures amounting, according to the percentage of ownership held by the Group, to 50 units as at June 30, 2021 (42 units at the end of the first half of the previous year, again according to the percentage of ownership held by the Group).

(6) As at June 30, 2021 severance costs, included in personnel costs, amounted to 426 thousand of euro. There were no staff reduction costs in the first half of 2020.

# INTERIM REPORT ON OPERATIONS OF SAES GROUP

## REPORT ON OPERATIONS

A pioneer in the development of getter technology, the Company SAES Getters S.p.A., together with its subsidiaries, (hereinafter "SAES<sup>®</sup> Group") is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions are required. For 80 years, the getter solutions of the Group have been supporting technological innovation in the information display and lighting industries, high-vacuum systems and vacuum thermal insulation, and in technologies ranging from large vacuum power tubes to miniaturised devices such as silicon-based micro-electro-mechanical systems (MEMS).

Since 2004, by taking advantage of the expertise it acquired in the special metallurgy and material science field, the SAES Group has expanded its business into the advanced material market, and the market of shape memory alloys in particular, a family of advanced materials characterised by super-elasticity and their ability to assume predefined forms when heated. These special alloys, which today are mainly applied in the biomedical sector, are also perfectly suited to the production of actuator devices for the industrial sector (home automation, white goods industry, consumer electronics, healthcare, automotive and luxury sector).

More recently, SAES has expanded its offer by developing a technological platform, which integrates getter materials in a polymeric matrix. These products, which were initially developed for OLED displays, are now used in new application sectors, including optoelectronics, photonics and especially telephony. Among the new applications, advanced packaging is a particularly strategic sector, where SAES offers new products for sustainable food packaging and intends to compete with completely recyclable and biodegradable solutions.

A total production capacity distributed in ten plants, a worldwide-based sales & service network, almost 1,100 employees allow the Group to combine multicultural skills and expertise to form a truly global enterprise.

The SAES Group is headquartered in Milan.

SAES Getters S.p.A. is listed on the Italian Stock Exchange Market, STAR segment, since 1986.

S.G.G. Holding S.p.A. is a relative majority shareholder and does not exercise any management and coordination activity with respect to SAES Getters S.p.A. pursuant to article 2497 of the Italian Civil Code (as specified in the 2020 Report on corporate governance and ownership).

### Group structure

The Group's organisational structure comprises five Divisions: Metallurgy, Vacuum Technology, Medical, Specialty Chemicals and Advanced Packaging. The corporate costs, i.e. those expenses that cannot be directly attributed or allocated in a reasonable way to the business units, but which refer to the Group as a whole, and the costs related to the basic research projects or aimed to diversify into innovative businesses, are shown separately from the five Divisions.

The business structure by Division is illustrated in the following table.



<b>Metallurgy Division</b>	
Security & Defence	Getters and metal dispensers for electronic vacuum devices
Electronic Devices	Getters for microelectronic, micromechanical systems (MEMS) and sensors
Healthcare Diagnostics	Getters for X-ray tubes used in image diagnostic systems
Thermal Insulated Devices	Products for thermal insulation
Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Sintered Components for Electronic Devices & Lasers	Cathodes and materials for thermal dissipation in electronic tubes, lasers and solid-state devices
SMA Industrial	Shape Memory Alloy actuator devices for the industrial sector (home automation, white goods industry, consumer electronics, medical business, the automotive and luxury sector)
<b>Vacuum Technology Division</b>	
Solutions for Vacuum Systems	Getter pumps for vacuum systems with applications in the industrial sector, in research and in particle accelerators
<b>Medical Division</b>	
Nitinol for Medical Devices	Nitinol raw material and components for the biomedical sector
<b>Specialty Chemicals Division</b>	
Functional Dispensable Products	Getter materials integrated in polymeric matrices for OLED, optoelectronic, photonics and telephony applications
<b>Advanced Packaging Division</b>	
Advanced Coatings	Advanced lacquers and plastic films for the <i>sustainable packaging</i> sector

There were no changes in the business structure compared to the previous year.

### Main events in the half-year period (January 1 – June 30, 2021)

The **half-year** period saw the gradual overcoming of the Covid-19 crisis. In particular, after a **first quarter** that had already shown some signs of recovery, although still penalized by the effects of the pandemic, especially in the Medical Division, in the **second quarter** the medical sector's sales returned to pre-Covid-19 levels and the Group recorded strong organic growth in consolidated revenues (+9.6%) compared to the first quarter of the same year.

**Net revenues for the first half 2021** amounted to 85.9 million of euro, -3.6% down compared to 89.1 million of euro in the corresponding half of 2020, due exclusively to the **negative exchange rate effect** (-6.6%), related in particular to the devaluation of the US dollar against the euro. Excluding this effect, consolidated revenues **rose organically** by 3%.

Organic growth was mainly driven by the vacuum systems (Vacuum Technology Division) and Nitinol medical devices (Medical Division) segments: the first thanks to the general growth in revenues in all applications; the second thanks to the progressive resumption of deferred surgical operations, especially in the US. However, the overcoming of the pandemic crisis has also led to the saturation of the thermo-scanner market (electronic devices segment, within the Metallurgy Division), which in the previous year, during the peak of the pandemic, had seen a strong growth in demand. Of note, finally, the continuing tensions between the US and China, with an adverse effect on the SMA wire sales for consumer electronics applications (SMA Industrial business, again within the Metallurgy Division) and the rise of the market price for plastics, with detrimental effect on sales of advanced packaging (Advanced Packaging Division).

**Total revenues**, including the portion of revenue from the joint ventures<sup>1</sup>, amounted to 90.6 million of euro, compared to 93.5 million of euro in the first six months of 2020. The decrease is exclusively due to

<sup>1</sup> Actuator Solutions GmbH (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73%).

the aforementioned effect of exchange rates on consolidated sales. The increase in revenues of the joint venture SAES RIAL Vacuum S.r.l. (+ 76.5%) more than offset the reduction in revenues of the joint venture Actuator Solutions GmbH (-9.3%), only figurative, since the data relating to the current year derives from a business model different from that of the previous year.

Excluding the penalizing effect of exchange rates, the Group's margins were substantially stable. Note in particular the **gross profit**<sup>2</sup> of 41.4% and **consolidated EBITDA**<sup>3</sup> of 16.8%, net of the effect of exchange rates, recorded in the first half 2021 (42.9% and 18.5%, respectively, in the first half of 2020).

The **consolidated net profit** was 4.2 million of euro (only slightly positive at 0.4 million of euro in the first half of 2020, but penalized by the decrease<sup>4</sup> in fair value of securities in the portfolio due to the effect of the Covid-19 crisis).

It should be noted that the exchange rate effect reported in the comments on the various items of the income statement is in no way linked to the exchange rate risk and the management of hedging contracts, but is a consequence of the effect of the fluctuations in exchange rates (in particular, of the US dollar) on the translation of foreign currency revenues and costs incurred by Group companies.

In particular, for the purpose of calculating the impact of exchange rates, in order to obtain the organic change, the costs and revenues in currencies of the current period are reconverted into euro at the progressive average exchange rate of the compared period and subsequently compared with those of the previous period. Lastly, the exchange rate effect is calculated by the difference between overall change and organic change.

The main events that occurred in the first half of 2021 are set out below.

On February 25, 2021, with regard to the investment in the **EUREKA! venture capital fund**, a further **payment of 37 thousand of euro** was made, including both the portion of management commissions and fees, and the portion of an investment made by the fund in an innovative start-up, spin-off of the NEST lab of the Scuola Normale Superiore of Pisa and of the National Research Council (CNR), which has developed a diagnostic point-of-care system based on acoustic surface wave nanotechnological devices for the detection of molecules, focusing on the detection of brain traumas.

On May 17, 2021, a further **payment of 65 thousand of euro** was paid, again including both operating costs and the portion of an investment in the innovative start-up Endostart, founded in Florence in 2018 and which developed the Endorail system, a medical device aimed at facilitating the completion of colonoscopies in cases where they are difficult or impossible to complete, based on a proprietary technology co-developed with the ICCOM institute of the CNR and the Interuniversity Consortium INSTM.

Lastly, please note that on May 31, 2021, the third closing by the EUREKA! fund was completed, on the basis of which new investors were formally admitted, with a total contribution to the investment of approximately 11.3 million of euro. SAES' investment was, therefore, diluted from 7.51% to 5.85% and the Parent Company obtained a **reimbursement** for both the costs and the investments of the Fund, **equal to €51 thousand**.

The Group's economic result will continue to be influenced by the trend in the exchange rate of the euro against the US dollar. In order to protect the profit margins from the exchange rate fluctuation, on March 9, 2021, **forward contracts were taken out on the US dollar** for a notional value of 6.7 million of dollars,

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<sup>2</sup> Calculated as the ratio between the gross profit and the net consolidated revenues.

<sup>3</sup> EBITDA is not deemed an accounting measure under International Financial Reporting Standards (IFRSs); however, it is believed that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interest, taxes, depreciation and amortization".

<sup>4</sup> The reduction in fair value of securities was of -6.5 million of euro.

with an average forward exchange rate of 1.1957 to the euro, stretching throughout the 2021 financial year.

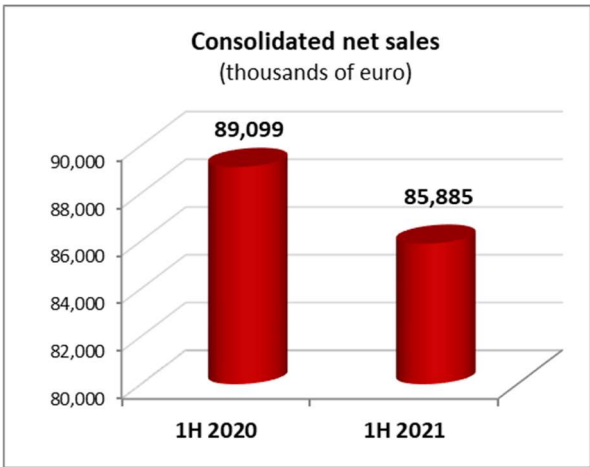
On March 31, 2021, the establishment of a **Branch of SAES Coated Films S.p.A. in Freiburg - Germany** (registration number HRD723906) was completed, in line with the strategy that sees the company committed to improving its presence in strategic markets, in order to boost new business opportunities. This decision was approved by the Board of Directors of SAES Coated Films S.p.A. held on November 26, 2020.

With regard to the **equity investment in SAES RIAL Vacuum S.r.l.**, on May 31, 2021, by virtue of new agreements between the parties under negotiation, the **terms of exercise** of the **put & call** option between the shareholders SAES Getters S.p.A. and Rodofil S.r.l. were redefined, postponing them from mid-year 2021 to the end of 2021. In particular, in the period between October 1, 2021 and October 31, 2021, Rodofil S.r.l. will be able to sell its shares in a single tranche to SAES Getters S.p.A. by exercising the put option for a minimum of 2% and up to 51% of the capital stock of SAES RIAL Vacuum S.r.l. at a price relating to the company's performance, estimated for any extraordinary costs and non-recurring investments. If Rodofil S.r.l. does not exercise this put option, SAES Getters S.p.A. has the right to exercise, from November 1 - November 30, 2021, a call option in a single tranche for a percentage of shares equivalent to 30% of the capital stock, at a price calculated with a similar mechanism, but without adjustments for any extraordinary costs or investments.

On June 1, 2021, the **German Branch of SAES Getters S.p.A.** was established, **located in Freiburg - Germany** (registration number HRB724326), mainly with a scouting and promotion function, in line with the strategy that will see the Group committed to improving its presence in markets deemed crucial for future growth.

In June, SAES Nitinol S.r.l. **partially waived**, for a total amount of 500 thousand of euro, **the interests already accrued on the loans granted to the joint venture Actuator Solutions GmbH**. In addition, the interest rate applied to loans was reduced to 2% starting from January 1, 2021. The above waiver had no effect on the consolidated financial statements, as the financial receivable related to the interest-bearing loan (both principal and interest) had already been fully written down as at December 31, 2020, as it was deemed difficult to recover.

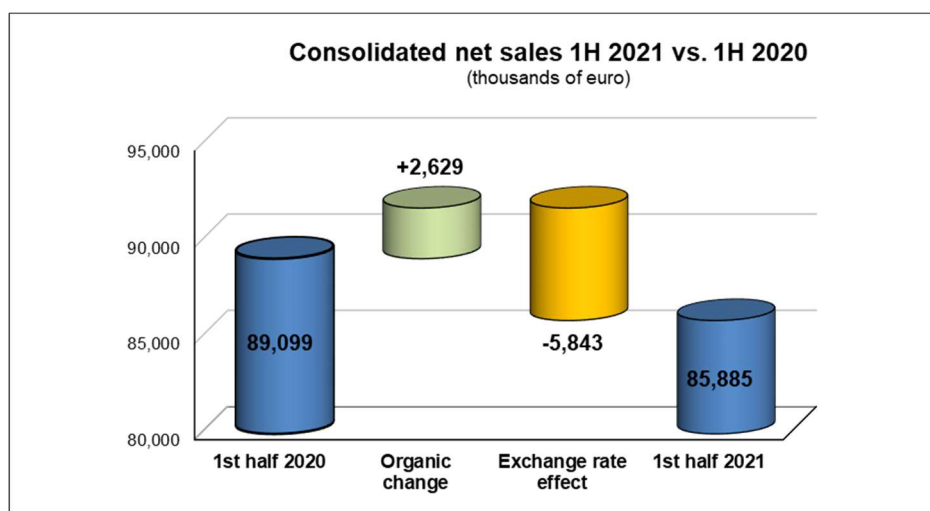
**Revenues and economic results of the first half of 2021**



In the first half of 2021 the SAES Group achieved **consolidated net revenues** of 85,885 thousand of euro, down by 3.6% compared to 89,099 thousand of euro in the corresponding period of 2020. The reduction

is entirely attributable to the **negative effect of exchange rates** (-6.6%), mainly related to the devaluation of the US dollar against the euro. Excluding this effect, consolidated revenues **rose organically** by 3%.

The following chart compares the consolidated net revenues from the first half of 2021 with that of the corresponding period of 2020, highlighting the **effect of exchange rates** and the difference due to the changes in selling prices and sales volumes (**organic change**).



It should be noted that the **first quarter 2021**, although still penalized by the effects of Covid-19, showed some signs of recovery, especially in the Medical Division. In the **second quarter 2021**, the revenues of the medical segment were at pre-pandemic levels and the Group's revenues recorded a strong organic growth of 9.6% compared to the first quarter of the year.

In the **half-year 2021**, organic growth was mainly driven by the vacuum systems segment (Vacuum Technology Division) and by the Nitinol medical devices segment (Medical Division): the first thanks to the general growth in revenues in all applications; the second for the already mentioned overcoming of the Covid-19 crisis, thanks to the progressive resumption of deferred operations. This growth more than offsets the drop in the Electronic Devices business (Metallurgy Division) following the saturation of the thermo-scanner market, which had previously shown a strong growth in demand, linked to the pandemic crisis.

Lastly, in the Advanced Packaging Division, the decrease in sales is due to the presence in the first half of 2020 of revenues deriving from the sale of more traditional metallised products, whose phase-out was completed in the third quarter of 2020.

**Total revenues**, including the portion of revenue from the joint ventures<sup>5</sup>, amounted to 90,564 thousand of euro, compared to 93,522 thousand of euro in the first six months of 2020. The decrease is exclusively due to the aforementioned effect of exchange rates on consolidated sales. The increase in revenues of the joint venture SAES RIAL Vacuum S.r.l. (+ 76.5%) more than offset the reduction in revenues of the joint venture Actuator Solutions (-9.3%), only figurative, since the data relating to the current year derives from a business model different from that of the previous year (for further details please refer to the next paragraph "Performance of the joint-venture in the first half of 2021").

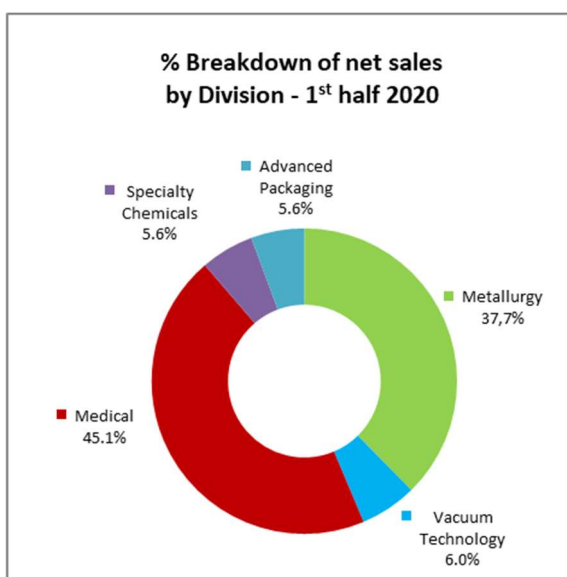
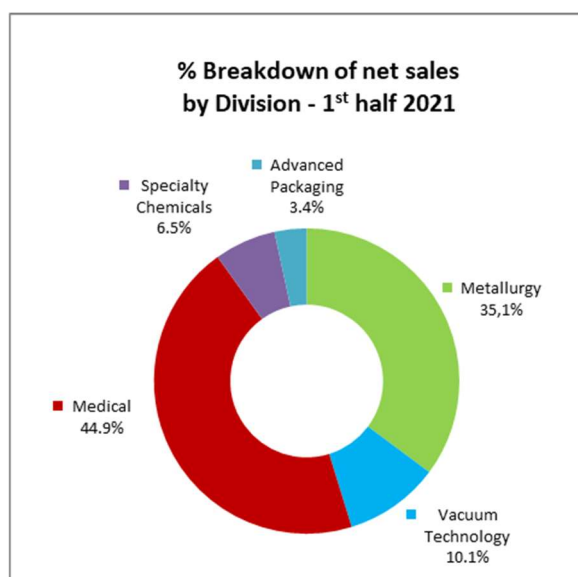
<sup>5</sup> Actuator Solutions GmbH (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73%).

(thousands of euro)

	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	Total difference	Total difference %
<b>Consolidated net sales</b>	<b>85,885</b>	<b>89,099</b>	<b>(3,214)</b>	<b>-3.6%</b>
50% Actuator Solutions' net sales	3,575	3,940	(365)	-9.3%
49% SAES RIAL Vacuum S.r.l.'s net sales	1,532	868	664	76.5%
46.73% Flexterra' s net sales	2	23	(21)	-91.3%
Intercompany eliminations	(485)	(418)	(67)	16.0%
Other adjustments	55	10	45	450.0%
<b>Total revenues of the Group</b>	<b>90,564</b>	<b>93,522</b>	<b>(2,958)</b>	<b>-3.2%</b>

The graphs below show the **percentage weight** of the **revenues for each Division** for the first half of 2021 and for the corresponding period of 2020.

The percentage impact of consolidated net revenues by Division shows some differences compared to the previous year, due in part to the increase in revenues in absolute value (Vacuum Technology Division and Specialty Chemicals Division), in part to the penalizing effect of exchange rates (Division Medical). In the Metallurgy Division, the organic decrease concentrated mainly in the thermo-scanner segment is compounded by the penalizing effect of currencies. Lastly, in the Advanced Packaging Division, whose revenues are exclusively denominated in euro, the different incidence is due to the different offer mix, with the phase-out of metallised products.



The following table contains the breakdown of the consolidated net revenues in both the first half of 2021 and the first half of 2020, for each business sector, with the relative percentage variation at current and comparable exchange rates.

(thousands of euro)

Divions & Businesses	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	9,025	9,524	(499)	-5.2%	-6.4%	1.2%
Electronic Devices	6,220	7,702	(1,482)	-19.2%	-3.9%	-15.3%
Healthcare Diagnostics	2,503	2,752	(249)	-9.0%	-4.0%	-5.0%
Lamps	1,574	1,946	(372)	-19.1%	-3.4%	-15.7%
Thermal Insulated Devices	1,592	1,674	(82)	-4.9%	-7.7%	2.8%
Sintered Components for Electronic Devices & Lasers	4,012	3,733	279	7.5%	-10.1%	17.6%
SMA Industrial	5,277	6,208	(931)	-15.0%	-3.0%	-12.0%
<b>Metallurgy Division</b>	<b>30,203</b>	<b>33,539</b>	<b>(3,336)</b>	<b>-9.9%</b>	<b>-5.3%</b>	<b>-4.6%</b>
Solutions for Vacuum Systems	8,645	5,359	3,286	61.3%	-7.6%	68.9%
<b>Vacuum Technology Division</b>	<b>8,645</b>	<b>5,359</b>	<b>3,286</b>	<b>61.3%</b>	<b>-7.6%</b>	<b>68.9%</b>
Nitinol for Medical Devices	38,522	40,145	(1,623)	-4.0%	-8.9%	4.9%
<b>Medical Division</b>	<b>38,522</b>	<b>40,145</b>	<b>(1,623)</b>	<b>-4.0%</b>	<b>-8.9%</b>	<b>4.9%</b>
Functional Dispensable Products	5,603	5,024	579	11.5%	-1.6%	13.1%
<b>Specialty Chemicals Division</b>	<b>5,603</b>	<b>5,024</b>	<b>579</b>	<b>11.5%</b>	<b>-1.6%</b>	<b>13.1%</b>
Advanced Coatings	2,912	5,032	(2,120)	-42.1%	0.0%	-42.1%
<b>Advanced Packaging Division</b>	<b>2,912</b>	<b>5,032</b>	<b>(2,120)</b>	<b>-42.1%</b>	<b>0.0%</b>	<b>-42.1%</b>
<b>Total consolidated net sales</b>	<b>85,885</b>	<b>89,099</b>	<b>(3,214)</b>	<b>-3.6%</b>	<b>-6.6%</b>	<b>3.0%</b>

The consolidated revenues of the **Metallurgy Division** in the first half of 2021 amounted to 30,203 thousand of euro, down by 9.9% compared to 33,539 thousand of euro in the corresponding half-year period of 2020. The performance of the euro against the major foreign currencies led to a negative exchange rate effect equal to -5.3%, net of which revenues organically decreased by 4.6%.

The organic decrease is concentrated in particular:

- in the electronic devices segment (Electronic Devices Business, -15.3%) due to the slowdown in sales of thermal sensors, which were in high demand last year during the pandemic crisis;
- in the segment SMAs for industrial applications (SMA Industrial Business, -12%), penalized by international tensions between the US and China, which drastically reduced sales for consumer electronics applications in the telecom sector;
- in a similar manner to the thermo-scanner sector, the mitigation of the Covid-19 crisis also led to an organic decrease also in the x-ray diagnostics sector (Healthcare Diagnostics Business, -5%);
- the Lamps Business continues to show a gradual structural crisis, with an organic decline of -15.7%.

On the other hand, organic growth was recorded in:

- the Sintered Components for Electronic Devices & Lasers Business (organic growth of +17.6%), thanks to higher sales of heat sinks for solid-state lasers;
- the security and defence segment (Security & Defence Business, +1.2%), thanks to higher sales of alkaline dispensers for night vision applications, particularly in the second quarter;
- the thermal insulation segment (Thermal Insulated Devices Business, +2.8%), thanks to the higher sales of getters for vacuum bottles concentrated in the first part of the current half-year.

The consolidated revenues of the **Vacuum Technology Division** in the first half of 2021 amounted to 8,645 thousand of euro, a significant growth (+ 61.3%) compared to 5,359 thousand of euro in the corresponding half-year period of 2020. The exchange rate effect was negative for -7.6%, net of which revenues grew organically by 68.9%: sales of pumps increased for all applications and were mainly driven by the particle accelerators business, particularly in Japan.

The consolidated revenues of the **Medical Division** in the first half of 2021 amounted to 38,522 thousand of euro, down by 4% compared to 40,145 thousand of euro in the corresponding half-year period of 2020. Note the negative effect of exchange rates (-8.9%), net of which sales increased organically by 4.9%, thanks to the gradual recovery of deferred operations which, in the second quarter, returned to pre-Covid levels.

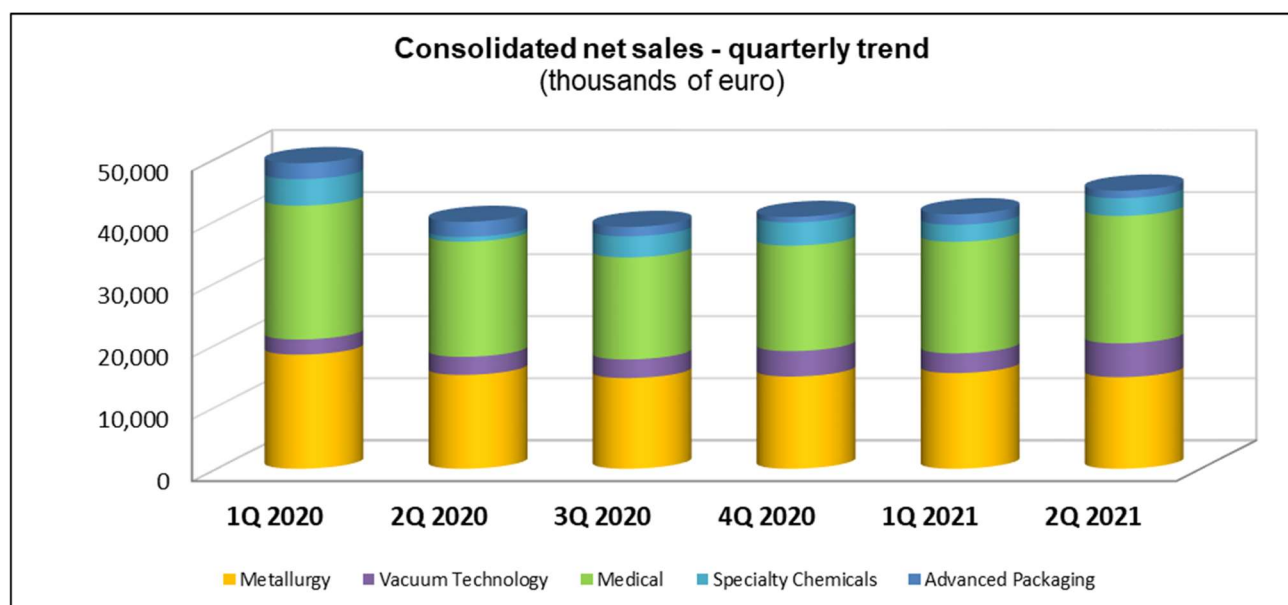
The consolidated revenues of the **Specialty Chemicals Division** in the first half of 2021 amounted to

5,603 thousand of euro, up (+11.5%) compared to 5,024 thousand of euro in the corresponding half-year period of 2020. The effect of exchange rates was negative by -1.6%, net of which organic growth was of +13.1%, thanks to the planned increase in sales of advanced materials in the consumer electronics business and higher sales of dispensable dryers for passive-matrix OLED displays and oximeter displays. Lastly, note the launch of a new product for the protection of high voltage circuit breakers used in electrical substations.

The consolidated revenues of the **Advanced Packaging Division** in the first half of 2021 amounted to 2,912 thousand of euro compared to 5,032 thousand of euro in the corresponding period of 2020. Sales are exclusively denominated in euro.

The decrease is exclusively due to the phase-out of metallised products completed in the second half of 2020; considering only lacquered products, sales are substantially in line and are affected by some shifts in orders from the second to the third quarter of 2021 due to tensions on the prices of plastics, which affect customers' procurement strategies.

The **quarterly performance of the consolidated net revenues**, with the details by Division and type of business, is provided in the following chart and in the table below.



(thousands of euro)

Divisions and Businesses	2 <sup>nd</sup> quarter 2021	1 <sup>st</sup> quarter 2021	4 <sup>th</sup> quarter 2020	3 <sup>rd</sup> quarter 2020	2 <sup>nd</sup> quarter 2020	1 <sup>st</sup> quarter 2020
Security & Defense	4,735	4,290	4,418	3,357	4,916	4,608
Electronic Devices	2,799	3,421	4,056	5,222	3,534	4,168
Healthcare Diagnostics	1,284	1,219	830	874	1,087	1,665
Lamps	745	829	719	583	893	1,053
Thermal Insulated Devices	661	931	777	550	712	962
Sintered Components for Electronic Devices & Laser	2,112	1,900	1,631	1,788	1,660	2,073
SMA Industrial	2,431	2,846	2,438	2,248	2,333	3,875
<b>Metallurgy Division</b>	<b>14,767</b>	<b>15,436</b>	<b>14,869</b>	<b>14,622</b>	<b>15,135</b>	<b>18,404</b>
Solutions for Vacuum Systems	5,463	3,182	4,108	3,012	2,917	2,442
<b>Vacuum Technology Division</b>	<b>5,463</b>	<b>3,182</b>	<b>4,108</b>	<b>3,012</b>	<b>2,917</b>	<b>2,442</b>
Nitinol for Medical Devices	20,537	17,985	16,992	16,442	18,566	21,579
<b>Medical Division</b>	<b>20,537</b>	<b>17,985</b>	<b>16,992</b>	<b>16,442</b>	<b>18,566</b>	<b>21,579</b>
Functional Dispensable Products	2,867	2,736	3,751	3,405	749	4,275
<b>Specialty Chemicals Division</b>	<b>2,867</b>	<b>2,736</b>	<b>3,751</b>	<b>3,405</b>	<b>749</b>	<b>4,275</b>
Advanced Coatings	1,213	1,699	887	1,516	2,447	2,585
<b>Advanced Packaging Division</b>	<b>1,213</b>	<b>1,699</b>	<b>887</b>	<b>1,516</b>	<b>2,447</b>	<b>2,585</b>
<b>Consolidated net sales</b>	<b>44,847</b>	<b>41,038</b>	<b>40,607</b>	<b>38,997</b>	<b>39,814</b>	<b>49,285</b>



The generalized negative impact of Covid-19, which characterized the last three quarters of 2020, gradually eased starting from the first quarter of 2021. In particular, the first signs of recovery appeared from March 2021, which were gradually consolidated in the following months. It should be noted that both the first and the second quarter of 2021 were negatively impacted by the effect of currencies, which strongly reduced sales in absolute terms.

The following table shows details of the **consolidated net revenues in the first two quarters of 2021** for the various business sectors, along with information on the organic variation and the exchange rates effect.

(thousands of euro)

Divisions and Businesses	2 <sup>nd</sup> quarter 2021	1 <sup>st</sup> quarter 2021	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	4,735	4,290	445	10.4%	-0.1%	10.5%
Electronic Devices	2,799	3,421	(622)	-18.2%	-0.2%	-18.0%
Healthcare Diagnostics	1,284	1,219	65	5.3%	-0.1%	5.4%
Lamps	745	829	(84)	-10.1%	-0.5%	-9.6%
Thermal Insulated Devices	661	931	(270)	-29.0%	-0.8%	-28.2%
Sintered Components for Electronic Devices & Laser	2,112	1,900	212	11.2%	-0.1%	11.3%
SMA Industrial	2,431	2,846	(415)	-14.6%	-0.1%	-14.5%
<b>Metallurgy Division</b>	<b>14,767</b>	<b>15,436</b>	<b>(669)</b>	<b>-4.3%</b>	<b>-0.2%</b>	<b>-4.1%</b>
Solutions for Vacuum Systems	5,463	3,182	2,281	71.7%	-2.1%	73.8%
<b>Vacuum Technology Division</b>	<b>5,463</b>	<b>3,182</b>	<b>2,281</b>	<b>71.7%</b>	<b>-2.1%</b>	<b>73.8%</b>
Nitinol for Medical Devices	20,537	17,985	2,552	14.2%	-0.1%	14.3%
<b>Medical Division</b>	<b>20,537</b>	<b>17,985</b>	<b>2,552</b>	<b>14.2%</b>	<b>-0.1%</b>	<b>14.3%</b>
Functional Dispensable Products	2,867	2,736	131	4.8%	-0.1%	4.9%
<b>Specialty Chemicals Division</b>	<b>2,867</b>	<b>2,736</b>	<b>131</b>	<b>4.8%</b>	<b>-0.1%</b>	<b>4.9%</b>
Advanced Coatings	1,213	1,699	(486)	-28.6%	0.0%	-28.6%
<b>Advanced Packaging Division</b>	<b>1,213</b>	<b>1,699</b>	<b>(486)</b>	<b>-28.6%</b>	<b>0.0%</b>	<b>-28.6%</b>
<b>Consolidated net sales</b>	<b>44,847</b>	<b>41,038</b>	<b>3,809</b>	<b>9.3%</b>	<b>-0.3%</b>	<b>9.6%</b>

It should be noted that in the second quarter the **Medical Division** consolidated the signs of recovery already apparent in the final part of the first quarter, returning to pre-Covid levels, thanks to the complete recovery of elective therapies in the USA. The increase in revenues in the Medical Division, together with the very strong growth in the **Vacuum Technology Division** (sales driven by the particle accelerator segment in Japan) determined an organic growth in consolidated revenues in the second quarter of +9.6%, with a practically insignificant exchange rate effect (-0.3%).

The **Specialty Chemicals Division** also recorded a slight organic growth (+4.9%), thanks to the good performance of sales of advanced materials in the mobile phones business.

On the other hand, there was an organic decrease in:

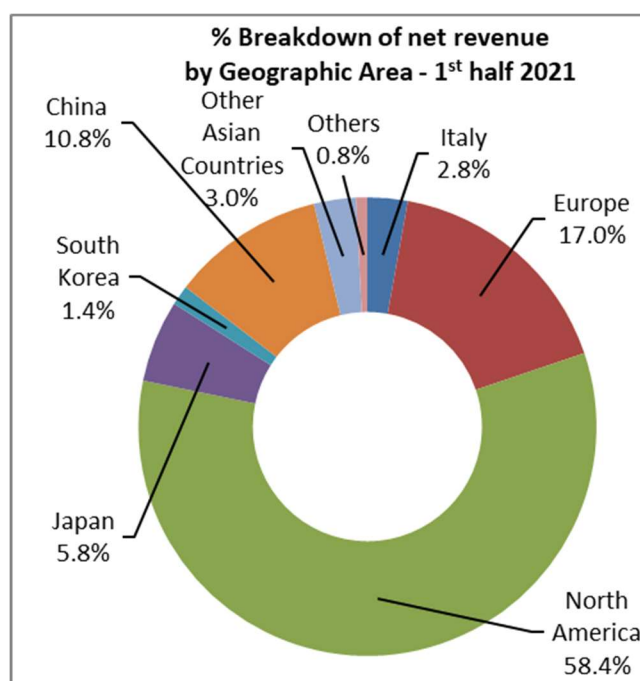
- the **Metallurgy Division** (-4.1%), in particular in the Electronic Devices segment, due to the aforementioned decrease in sales of getters for thermo-scanners and in the SMA Industrial segment, whose decrease is linked to a question of timing in the various application sectors (medical actuators, luxury goods, automotive). On the other hand, the growth in the Security & Defence segment thanks to higher sales of alkaline dispensers for night vision applications is to be noted;
- the **Advanced Packaging Division** (-28.6%), which was affected by the deferrals of some orders from the second to the third quarter due to tensions on the prices of plastics, which affected the procurement strategy of some customers.

The breakdown of the **consolidated net revenues by geographic location of customers** is provided below.



(thousands of euro)

Geographic area	1 <sup>st</sup> half 2021	%	1 <sup>st</sup> half 2020	%	Total difference	Total difference %
Italy	2,432	2.8%	2,008	2.3%	424	21.1%
Europe	14,580	17.0%	17,324	19.4%	(2,744)	-15.8%
North America	50,168	58.4%	48,382	54.3%	1,786	3.7%
Japan	4,967	5.8%	3,923	4.4%	1,044	26.6%
South Korea	1,210	1.4%	876	1.0%	334	38.1%
China	9,298	10.8%	12,851	14.4%	(3,553)	-27.6%
Other Asian countries	2,549	3.0%	2,887	3.2%	(338)	-11.7%
Others	681	0.8%	848	1.0%	(167)	-19.7%
<b>Total consolidated net sales</b>	<b>85,885</b>	<b>100.0%</b>	<b>89,099</b>	<b>100.0%</b>	<b>(3,214)</b>	<b>-3.6%</b>



With regard to the **geographical distribution of consolidated revenues**, the first half of 2021 shows an increase in sales in **North America**, driven by the Security & Defence segment, while the Nitinol for medical applications segment was on the whole stable, despite its organic growth, as it was strongly penalized by the exchange rate effect. Revenues in **Japan** also grew, thanks to higher sales of vacuum systems for particle accelerators (Vacuum Technology Division). On the other hand, revenues in **China** decreased, penalized by the US-China tensions (SMA Industrial business) and the saturation of the thermo-scanner market (Electronic Devices business); in the Security & Defence business, lower sales in China were offset by the above-mentioned growth in the US. In the **European markets**, the growth of vacuum systems (Vacuum Technology Division) was not sufficient to offset the decrease in the Nitinol medical sector (still penalized by Covid-19) and in the Advanced Packaging sector (due to different offer mix and tensions on the market prices of plastics).

**Consolidated gross profit<sup>6</sup>** amounted to 35,380 thousand of euro in the first half of 2021, compared to 38,223 thousand of euro in the first half of 2020. Without the exchange rate effect, negative and equal to -2,619 thousand of euro, the gross profit for 2021 is in line with the previous year (-0.6%). The **gross**

<sup>6</sup> Calculated as the difference between the net revenues and industrial costs directly and indirectly attributable to the products sold.

**margin**<sup>7</sup> was also substantially stable (41.4%, net of the penalizing effect of exchange rates, compared to 42.9% in the first six months of 2020), despite the different contribution from the various Divisions. Please refer to an analysis on the operating sector for further details.

The following table shows the consolidated gross **profit** and **margin** in the first half of 2021 by Division, compared with the corresponding period of the previous year.

(thousands of euro)

<b>Business Unit</b>	<b>1<sup>st</sup> half 2021</b>	<b>1<sup>st</sup> half 2020</b>	<b>Total difference</b>	<b>Difference %</b>
Metallurgy	15,774	17,085	(1,311)	-7.7%
<i>% on the Division net sales</i>	<i>52.2%</i>	<i>50.9%</i>		
Vacuum Technology	4,629	3,285	1,344	40.9%
<i>% on the Division net sales</i>	<i>53.5%</i>	<i>61.3%</i>		
Medical	13,607	15,851	(2,244)	-14.2%
<i>% on the Division net sales</i>	<i>35.3%</i>	<i>39.5%</i>		
Specialty Chemicals	1,586	1,396	190	13.6%
<i>% on the Division net sales</i>	<i>28.3%</i>	<i>27.8%</i>		
Advanced Packaging	118	609	(491)	-80.6%
<i>% on the Division net sales</i>	<i>4.1%</i>	<i>12.1%</i>		
Not Allocated Costs	(334)	(3)	(331)	n.a.
<i>% on the Division net sales</i>	<i>n.a.</i>	<i>n.a.</i>		
<b>Gross profit</b>	<b>35,380</b>	<b>38,223</b>	<b>(2,843)</b>	<b>-7.4%</b>
<i>% on net sales</i>	<i>41.2%</i>	<i>42.9%</i>		

Gross profit in the **Metallurgy Division** amounted to 15,774 thousand of euro compared to 17,085 thousand of euro in the first half of 2020, as a consequence of lower revenues. On the other hand, gross margins increased from 50.9% to 52.2%, thanks to the increased contribution, above all, of the security and defence and SMA industrial segments, characterized by a more favourable product mix.

In the **Vacuum Technology Division**, the gross profit amounted to 4,629 thousand of euro in the first half of 2021, up sharply (+ 40.9%) compared to 3,285 thousand of euro in the corresponding period of 2020, due to higher sales and the resulting economies of scale, while the gross margins decreased (from 61.3% to 53.5%) due to the different product mix and the higher cost of raw materials.

In the **Medical Division**, the gross profit amounted to 13,607 thousand of euro, down compared to 15,851 thousand of euro in the first half of 2020, penalized by the devaluation of the dollar against the euro. Margins were also lower (from 39.5% to 35.3%), albeit gradually improving during the current half-year, due to both the temporary decline in volumes on a product line with higher than average margins, and investments at the new Bethel site to expand tube production capacity.

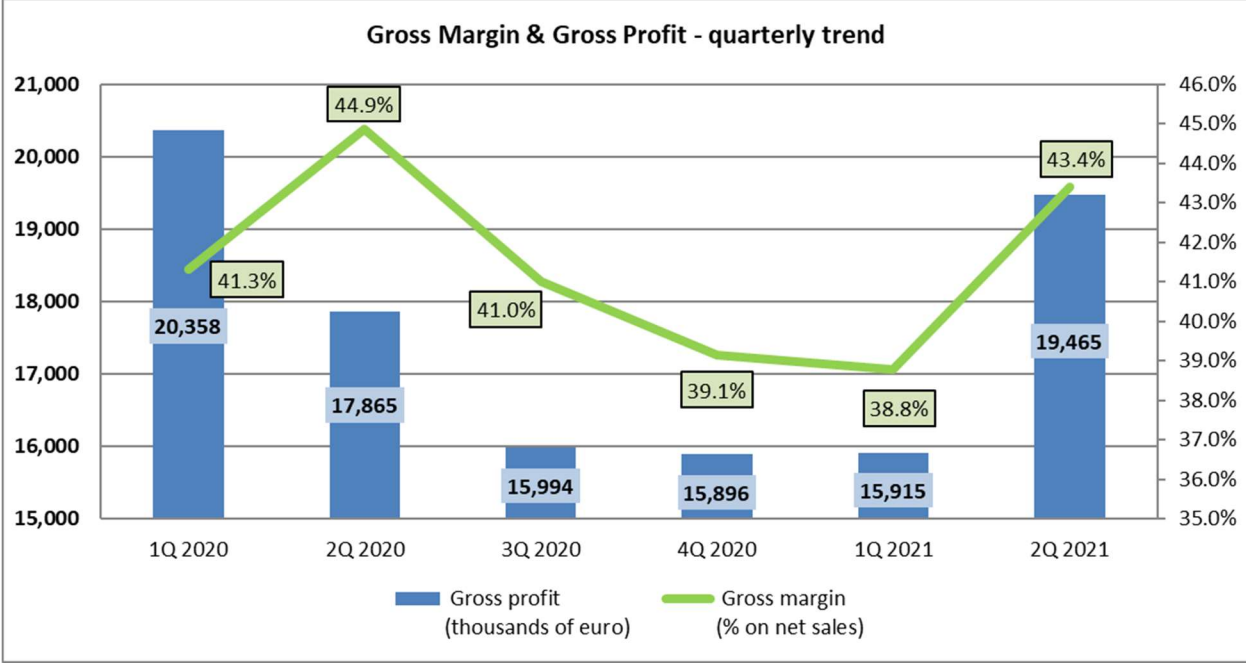
The **Specialty Chemicals Division** closed the first half of 2021 with a gross profit of 1,586 thousand of euro, up by 13.6% compared to 1,396 thousand of euro, mainly due to higher sales, against a slightly higher gross margin (from 27.8% to 28.3%), favoured by economies of scale.

The **Advanced Packaging Division** closed the current half-year with a gross profit of 118 thousand of euro (4.1% of revenues), compared to 609 thousand of euro in the corresponding period of 2020 (12.1% of revenues): the decrease is mainly due to lower economies of scale (higher incidence of indirect production costs) and to the initial phase of operation of the second lacquering line, not yet used at full capacity.

<sup>7</sup> Calculated as the ratio between the gross profit and the net consolidated revenues.

The **unallocated cost of sales**, equal to 334 thousand of euro in the first half of 2021, refers to costs incurred for a project to renovate and modernise some production units at the Lainate plant.

The following chart shows the **quarterly trend** of both **profit** and **consolidated gross margin**.



Of note, in the current half-year, is the gradual increase in both profit and gross margin, despite the penalizing effect of exchange rates, confirming the trend towards a generalized recovery and a return to pre-Covid values, especially in the medical segment.

Lastly, note that in the second quarter of 2020, the high margins were mainly due to temporary increases in inventory in the Medical and Specialty Chemicals Divisions.

The **consolidated operating profit** for the half-year 2021 was 7,544 thousand of euro (8.8% of consolidated revenues), compared to 11,143 thousand of euro in the corresponding period of the previous year (12.5% of consolidated revenues): excluding the strong penalizing effect of exchange rates (-1,968 thousand of euro), the organic decrease (-1,631 thousand of euro, equal to -14.6%) is entirely attributable to the increase in operating expenses, distributed over each of the three cost items, R&D, selling expenses and G&A (for details, please refer to the following paragraph commenting on operating expenses).

Lastly, note that in the previous year the item "Other net income (expenses)" included donations to research institutions and hospitals in connection with the Covid-19 crisis (689 thousand of euro).

The following table shows the **consolidated operating profit** for the first half of 2021 **by Division**, compared with the corresponding period of the previous year.

(thousands of euro)

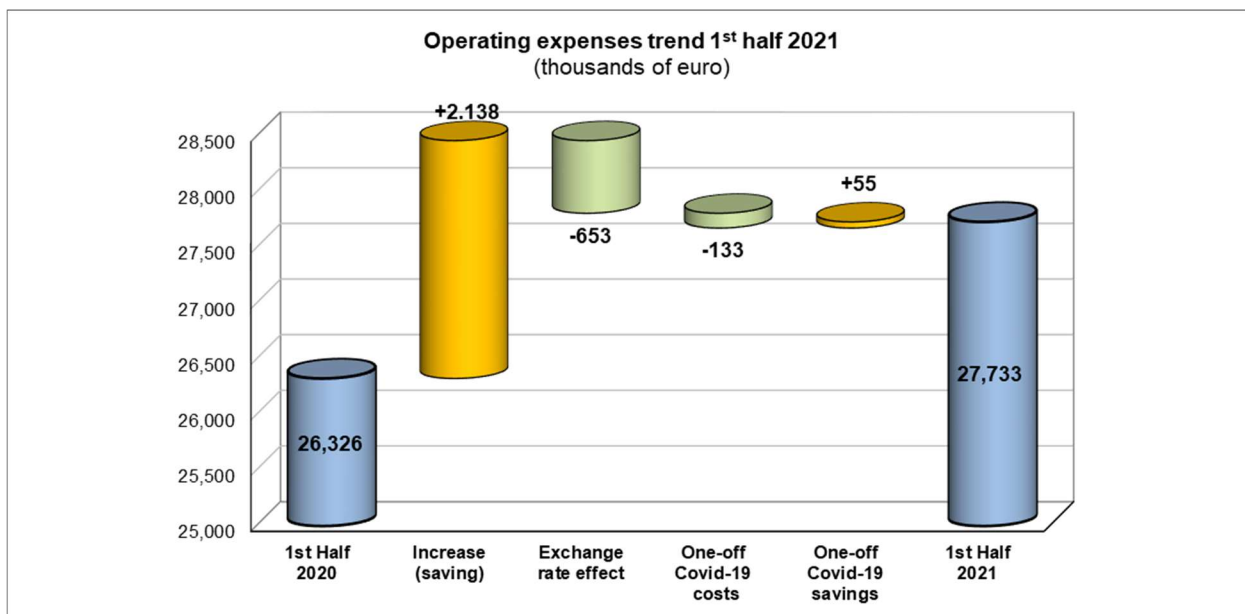
<b>Business Unit</b>	<b>1<sup>st</sup> half 2021</b>	<b>1<sup>st</sup> half 2020</b>	<b>Total difference</b>	<b>Difference %</b>
Metallurgy	10,624	11,221	(597)	-5.3%
Vacuum Technology	2,409	1,417	992	70.0%
Medical	9,403	11,558	(2,155)	-18.6%
Specialty Chemicals	515	555	(40)	-7.2%
Advanced Packaging	(1,630)	(1,125)	(505)	44.9%
Not Allocated Costs	(13,777)	(12,483)	(1,294)	10.4%
<b>Operating income (loss)</b>	<b>7,544</b>	<b>11,143</b>	<b>(3,599)</b>	<b>-32.3%</b>
<i>% on net sales</i>	<i>8.8%</i>	<i>12.5%</i>		

**Consolidated operating expenses** amounted to 27,733 thousand of euro (32.3% of revenues), compared to 26,326 thousand of euro (29.5% of revenues) in the corresponding half-year period of 2020. Excluding the effect of exchange rates (which reduced operating expenses by 653 thousand of euro), operating expenses increased by 2,060 thousand of euro: the increase is spread over all destinations and, in absolute value, is mainly concentrated in **general and administrative expenses** (+935 thousand of euro, net of the exchange rate effect), mainly due to the effect of higher costs in the IT area for the implementation of new information systems and higher consulting costs of the US affiliates for the recruitment of new personnel, in order to accompany the current phase of production expansion after Covid-19, as well as due to costs related to a project for the renovation and modernization of some offices of the Parent Company in Lainate.

**Selling expenses** (up by +626 thousand of euro, again net of the exchange rate effect) increased as a result of the increase in the average number of sales personnel of the Parent Company and of the higher bonuses set aside for the recovery of the business, as well as consultancy costs for a development opportunity on the foreign market, currently being assessed.

Lastly, **research and development expenses** (up by +499 thousand of euro, excluding the currency effect) increased due to the overcoming of the pandemic phase and the consequent return of R&D activities to pre-Covid levels, and for the Group's new approach to innovation, through the creation of a dedicated Strategic Innovation Office within the Parent Company. Lastly, note the slight increase in costs for the management and maintenance of patents.

The chart below shows the **trend for consolidated operating expenses** in the first half of 2021, highlighting the effect attributable to exchange rates and the organic variations, as well as the variation of extraordinary savings/costs associated with the Covid-19 emergency.



Overall, the item “**Personnel costs**” increased by 39,661 thousand of euro, compared to 39,681 thousand of euro in the same period in the previous year: excluding the currency effect (-2,037 thousand of euro), the increase (+2,017 thousand of euro) is attributable to the increase in the average number of employees, especially at Memry Corporation (business recovery after the pandemic phase and finalization of the new tube department in Bethel) and at the Parent Company (increase in sales personnel and the already mention of the creation, within the R&D area, of the *Strategic Innovation Office*). Lastly, note the increase in the use of temporary work at Memry Corporation, as well as the higher allocation to bonuses by the US subsidiaries, against the increase in revenues. Severance costs for the half year amounted to € 426 thousand (zero as at June 30, 2020).

The half-year 2021 result takes into account the **depreciation of property, plant and equipment** and **amortisation of intangible effects**, and of the **lease rights of use** of €5,667 thousand, compared to €5,196 thousand in the corresponding period of the previous year: the increase is mainly related to the depreciation of the Memry Corporation's new plants and equipment (both for the expansion of the existing production capacity and for the new Bethel tube department), as well as the depreciation of the new lacquering machine and the new R&D pilot plant in the Advanced Packaging Division, which came into operation at the end of the first half of 2020 and during the first quarter of 2021, respectively.

**Consolidated EBITDA** was equal to 13,231 thousand of euro (15.4% of consolidated revenues) in the first half of 2021, compared to 16,473 thousand of euro (18.5% of consolidated revenues) in the same period of 2020. Please note that the exchange rate effect was negative for -2,221 thousand of euro, net of which the EBITDA would have been equal to 15,452 thousand of euro (16.8% of consolidated revenues). The organic decline (-1,021 thousand of euro, equal to 6.2%) is due exclusively to the increase in operating expenses, with the same gross profit, especially for unallocated corporate costs.

The following table shows the **reconciliation between EBITDA and operating profit** in the first half of 2021, compared with the corresponding period of the previous year.

(thousands of euro)

	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	Total difference	Total difference
Operating income	7,544	11,143	(3,599)	-32.3%
Property, plant and equipment depreciation & intangible assets amortization	(4,564)	(4,161)	(403)	9.7%
Right of use amortization	(1,103)	(1,035)	(68)	6.6%
Write-down of assets	(6)	(115)	109	-94.8%
Bad debt provision (accrual) release	(14)	(19)	5	-26.3%
<b>EBITDA</b>	<b>13,231</b>	<b>16,473</b>	<b>(3,242)</b>	<b>-19.7%</b>
<i>% on net sales</i>	<i>15.4%</i>	<i>18.5%</i>		

The net balance of **other income (expenses)** was negative for an amount of 103 thousand of euro, compared to a negative balance of 754 thousand of euro in the first half of 2020. The reduction in net costs (651 thousand of euro) is due to the fact that in the first half of 2020 there were costs for Covid-19 donations, amounting to 689 thousand of euro.

The net balance of **financial income and expense** was negative for 1,135 thousand of euro, compared to a negative balance of 6,460 thousand of euro in the corresponding period of 2020. The positive change (7,595 thousand of euro) is mainly attributable to the fair value measurement of the securities portfolio, positive in the current half-year for 1,413 thousand of euro and negative in the first six months of 2020 for 6,476 thousand of euro, due to the Covid-19 financial crisis. Note also the lower bank commissions which in the first half of 2020 included costs related to the opening by the Parent Company of two new credit lines (approximately 195 thousand of euro). On the other hand, the current half-year includes net charges (564 thousand of euro) deriving from the partial disinvestment of the bond portfolio, replaced by a Dynamic Multi-Asset management (DMAS), with the aim of protecting the value of the invested capital, in the current global macroeconomic and monetary framework.

The loss deriving from **measurement using the equity method of the jointly controlled companies** amounted to 53 thousand of euro, almost exclusively attributable to the joint venture SAES RIAL Vacuum S.r.l., and compares with a loss of 884 thousand of euro in the corresponding period of the previous financial period, mainly attributable to the joint-venture Flexterra. For further details on the breakdown of these values, please refer to the paragraph "Performance of the joint ventures in the first half of 2021" and to Notes no. 8 and no. 16. Similarly, to the previous year, please note that, despite the joint venture Actuator Solutions closing the first half of 2021 with a slight profit, the SAES share of this net profit was not recorded by the Group, as the consolidated equity of the joint venture is still negative, against a SAES equity interest that has already been fully written off. The portion of the net loss realized by the joint venture Flexterra in the current half-year was also not recognized, as the investment had already been written-off<sup>8</sup> at the end of the previous year. It should also be noted that there is no legal or implicit obligation for SAES to recapitalize, as the equity of the joint venture as at June 30, 2021 is positive.

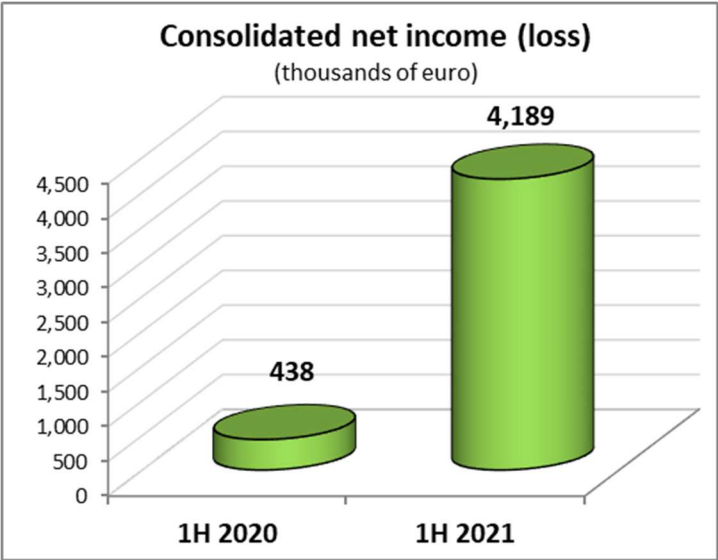
The sum of the **exchange rate differences** recorded a balance of -72 thousand of euro, essentially equal to zero, in the first six months of 2021, (-29 thousand of euro in the first half of 2020). Both these immaterial balances are mainly attributable to the effect of USD fluctuations against the euro on trade-related transactions, including intercompany.

**Consolidated income before taxes** amounted to 8,660 thousand of euro, compared to 3,770 thousand of euro in the first half of 2020. Excluding the penalizing effect of exchange rates (-1,948 thousand of euro), the organic increase in pre-tax profit would have been 6,838 thousand of euro, mainly due to the overcoming of the negative impact of the pandemic crisis on financial management.

<sup>8</sup> Equity investment completely written off zero as at December 31, 2020, following an impairment test.

**Income taxes** in the half-year amounted to 4,471 thousand of euro, compared to 3,332 thousand of euro in the corresponding half of 2020, and are mainly composed of taxes of US companies. The increase, with respect to the first six months of the previous year, is mainly attributable to the lower 2020 taxes of the subsidiary SAES Investments S.A., which had closed the previous half-year with a tax loss due to losses on securities resulting from the Covid-19 crisis.

The Group's **tax rate** was 51.6% (compared to 88.4% in the first half of 2020), still significant due to the fact that the Parent Company and SAES Coated Films S.p.A. ended the first half of the year with a negative taxable income, not recorded as deferred tax assets.



The **consolidated net profit** for the first half of 2021 amounted to 4,189 thousand of euro (4.9% of consolidated revenue) compared to a net profit of 438 thousand of euro for the first half of 2020 (0.5% of consolidated revenue). Also in this case, the exchange rate effect was strongly penalizing (-1,698 thousand of euro), while the organic change was positive for 5,449 thousand of euro.

**Financial position – Investments – Other information**

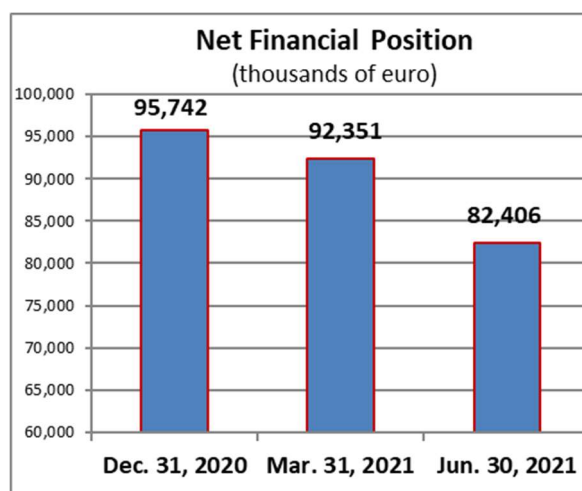
A breakdown of the items making up the consolidated net financial position is provided below.

(thousands of euro)

	June 30, 2021	March 31, 2021	December 31, 2020
Cash on hands	9	8	10
Cash equivalents	24,410	28,645	30,668
<b>Cash and cash equivalents</b>	<b>24,419</b>	<b>28,653</b>	<b>30,678</b>
Related parties financial assets, current	0	0	1
Securities - short term	70,279	70,120	70,661
Other financial receivables to third parties, current	0	0	11
<b>Current financial assets</b>	<b>70,279</b>	<b>70,120</b>	<b>70,673</b>
Bank overdraft	(44,508)	(35,880)	(33,491)
Current portion of long term debt	(4,142)	(4,933)	(5,199)
Derivative instruments evaluated at fair value	(38)	(123)	(32)
Other financial payables to third parties, current	(16)	(22)	(24)
Current financial liabilities for leases	(1,496)	(1,663)	(1,932)
<b>Current financial liabilities</b>	<b>(50,200)</b>	<b>(42,621)</b>	<b>(40,678)</b>
<b>Current net financial position</b>	<b>44,498</b>	<b>56,152</b>	<b>60,673</b>
Related parties financial assets, non current	49	49	49
Securities - long term	135,161	134,554	134,087
<b>Non current financial assets</b>	<b>135,210</b>	<b>134,603</b>	<b>134,136</b>
Long term debt	(93,965)	(94,987)	(95,496)
Non current financial liabilities for leases	(3,337)	(3,417)	(3,571)
<b>Non current financial liabilities</b>	<b>(97,302)</b>	<b>(98,404)</b>	<b>(99,067)</b>
<b>Non current net financial position</b>	<b>37,908</b>	<b>36,199</b>	<b>35,069</b>
<b>Net financial position</b>	<b>82,406</b>	<b>92,351</b>	<b>95,742</b>

(\*) Some amounts shown in the column do not coincide with the amounts reported in the 2020 Annual Financial Report and in the additional periodic information as of March 31, 2021, as they reflect some reclassifications in order to improve the presentation of the financial statements (in particular, the short-term loans for the import of goods by the subsidiary SAES Coated Films S.p.A. have been reclassified from the item "Other financial liabilities to third parties, current" to the item "Bank overdrafts").

The **consolidated net financial position** at June 30, 2021 was positive for 82,406 thousand of euro (cash for 24,419 thousand of euro and securities for 205,440 thousand of euro, against net financial liabilities for -147,453 thousand of euro), compared to a net financial position as at December 31, 2020 the net financial position for 95,742 thousand of euro (cash for 30,678 thousand of euro and securities for 204,748 thousand of euro, against net financial liabilities for -139,684 thousand of euro).





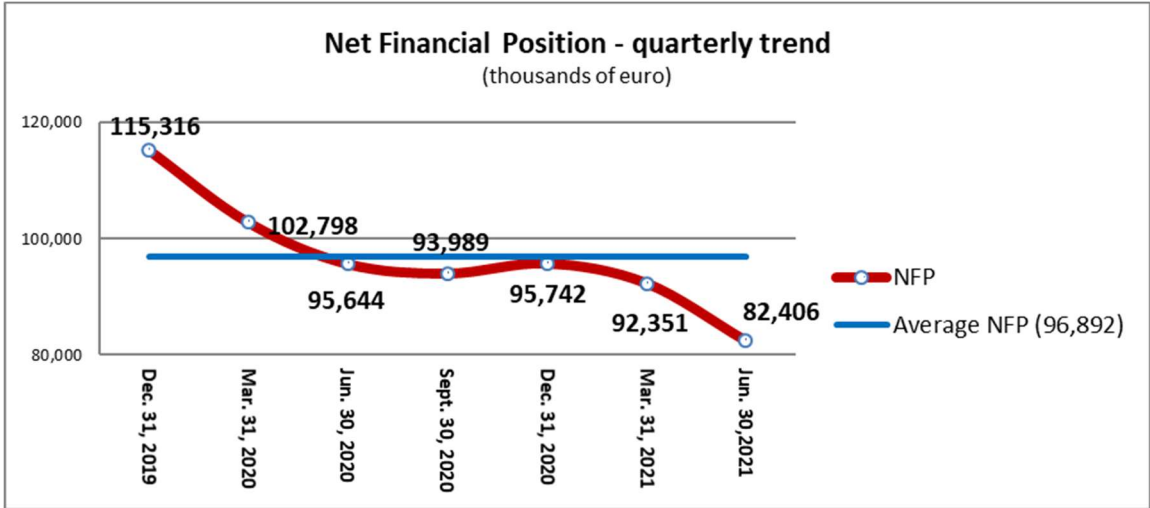
Compared to December 31, 2020, the decrease in the net financial position (-13,336 thousand of euro) was mainly attributable to the investments in intangible assets, property, plant and equipment (-8,247 thousand of euro) as well as to the outlay for dividends pertaining to the 2020 financial year, paid at the end of April 2021 (-7,440 thousand of euro), partially offset by positive financial flows (2,041 thousand of euro) linked to portfolio securities<sup>9</sup>.

With regard to **operating cash flows** (positive for 429 thousand of euro), the self-financing of the half-year 2021 was almost completely absorbed by the increase in net working capital, in particular the increase in trade receivables (consequence of the higher sales of the second quarter of 2021, compared to the last few months of 2020) and inventory (in anticipation of an increase in future sales).

Lastly, **investment activities** amounted to 51 thousand of euro in the EUREKA! venture capital fund and, within **financial management**, financial payables for new lease contracts entered into during the half-year (including interest accrued in the period and the financial effect for the early termination of some contracts) amounting to a total of 446 thousand of euro, to which negative flows of 733 thousand of euro are added for interest accrued on bank loans.

The exchange rate impact was positive (+1.1 million of euro), mainly due to the effect of the higher value of both the renminbi and the dollar as at June 30, 2021, compared to the end of 2020, on cash and cash equivalents in this currencies held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and the US subsidiaries.

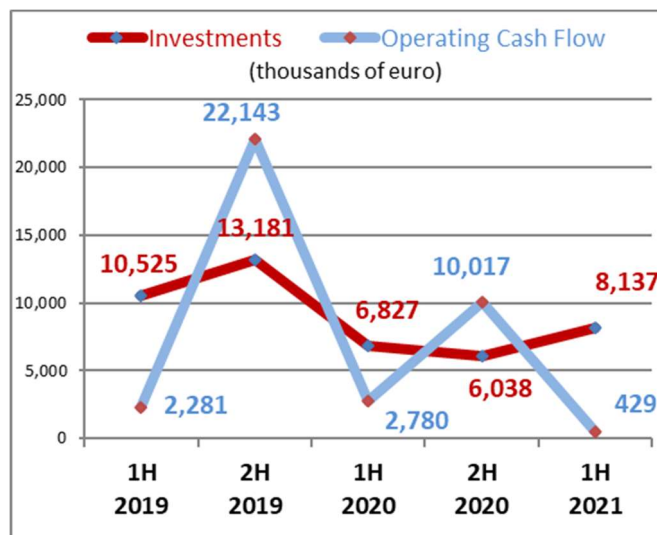
The chart below shows the **quarterly trend of the net financial position** during the last two years.



The net financial position in the **first quarter of 2021** was penalized above all by the increase in net working capital, which caused a negative closure of operations (-1.7 million of euro); the net capex also absorbed 3.1 million of euro in cash. In the **second quarter**, dividends were paid (7.4 million of euro) and net investments in property, plant and equipment and intangible assets of 5.2 million of euro were made, partially offset by positive flows from operations (2.2 million of euro) and those related to the securities portfolio (1.3 million of euro).

In the **year 2020**, the initial deterioration of the net financial position was mainly due to the write-down of securities in the portfolio due to Covid-19. In the second and third quarters, despite the partial recovery of the fair value of securities, the net financial position was further reduced as a result, respectively, of the payment of dividends and the recognition of financial payables for the signing of new lease contracts. Finally, in the fourth quarter, the net financial position recorded a reversal of the trend, thanks to the further recovery of securities.

<sup>9</sup> Coupons collected for +1,319 thousand of euro and changes in the fair value of securities of +1,413 thousand of euro, net of capital losses on securities of -564 thousand of euro of management fees of -127 thousand of euro.



The **cash flow deriving from operating activities** was positive in the first-half of 2021 for 429 thousand of euro compared to positive cash flows of 2,780 thousand of euro in the corresponding period of the previous year: this decrease in self-financing, in line with the decrease in consolidated EBITDA, as well as to the higher payments for taxes<sup>10</sup> only partially offset by the reduction by the lower increase in the net working capital.

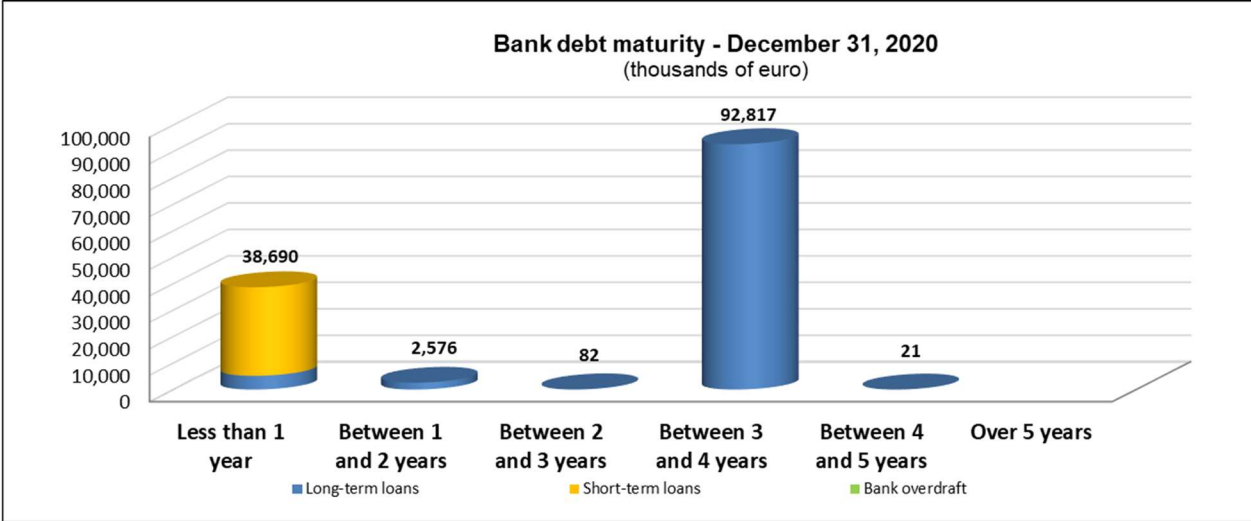
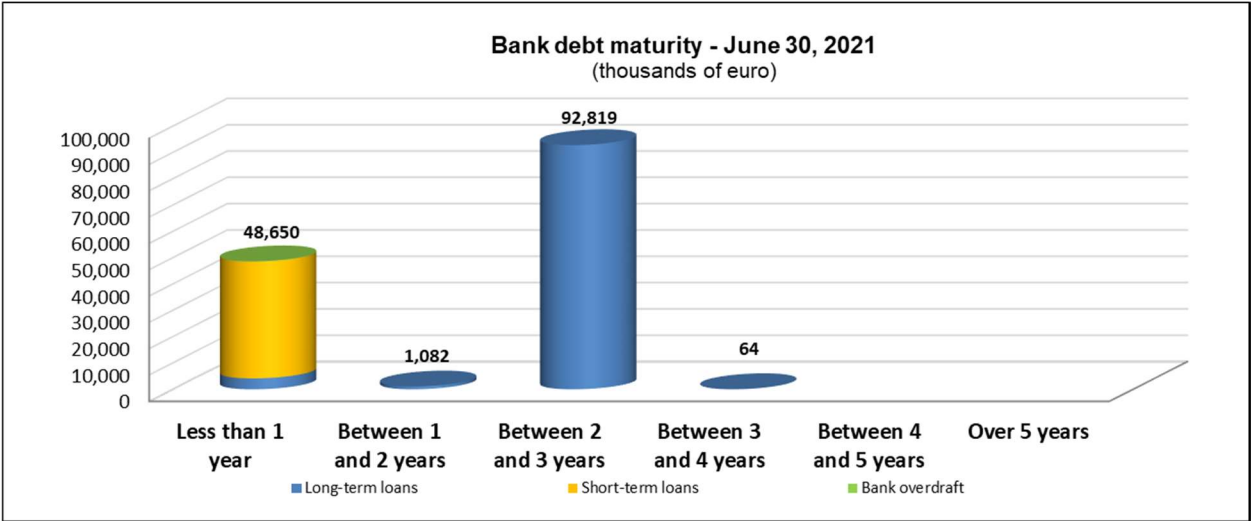
With regard to **working capital**, in the first half of 2021 there was an **increase in trade receivables** (as a result of higher sales in the Medical, Vacuum Technology and Advanced Packaging Divisions, as well as in the security and defence sector of the Metallurgy Division, in the second quarter of 2021 compared to the last few months of 2020) and the **increase in inventories** in anticipation of higher sales in the coming months in the consumer electronics sector (Specialty Chemicals Division) by the Parent Company and in the Nitinol sector, due to stocks related to the finalization of the new tubes department of Memry Corporation. On the other hand, the increase in current assets was partially offset by the **increase in trade payables**, mainly due to increased purchases of raw materials, in view of future sales, and to the Parent Company's IT projects for the implementation of new information systems, as well as the renovation and modernization of the spaces dedicated to the Lainate offices.

In the first half of 2021 the cash outlay for **investments in property, plant and equipment** was equal to 8,137 thousand of euro (6,827 thousand of euro in the corresponding period of 2020); on the other hand, the investments in intangible assets were not significant (116 thousand of euro compared to 106 thousand of euro as at June 30, 2020). Capex in the first half of 2021 includes investments related with the finalisation of a new department to manufacture Nitinol tubes at the Bethel plant, as well as investments in the expansion of the production capacity of a number of existing lines, again in the SMA medical business. In addition, please note the works for the expansion of the building of the subsidiary SAES Smart Materials, Inc. The remaining part of the capex was made mainly by the Parent Company and refers to the preparation of new production departments in the Specialty Chemicals area, the completion of the new lacquering pilot line for advanced packaging, as well as the purchase of equipment for the R&D laboratories and investments for the renovation and modernization of the offices in Lainate. Please refer to Notes no. 13 and no. 14 for further details on capex.

With regard to the **disposals of fixed assets**, collections for the disposal of assets were of an immaterial amount in the first half of 2021 (6 thousand of euro), while there were no disposals in the corresponding period of the previous year.

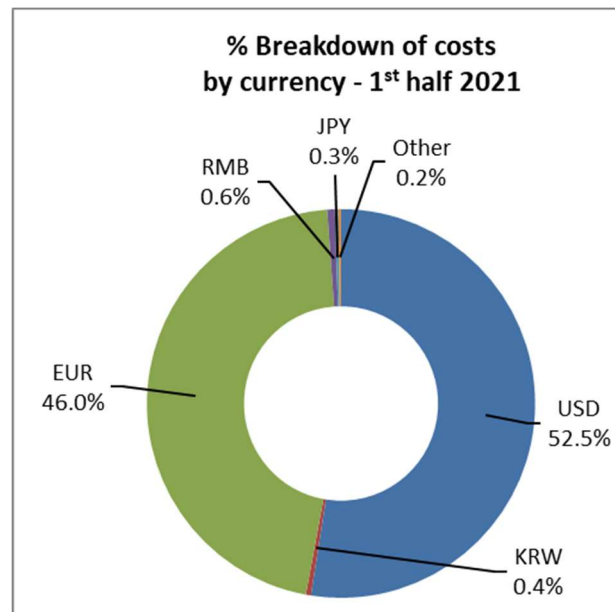
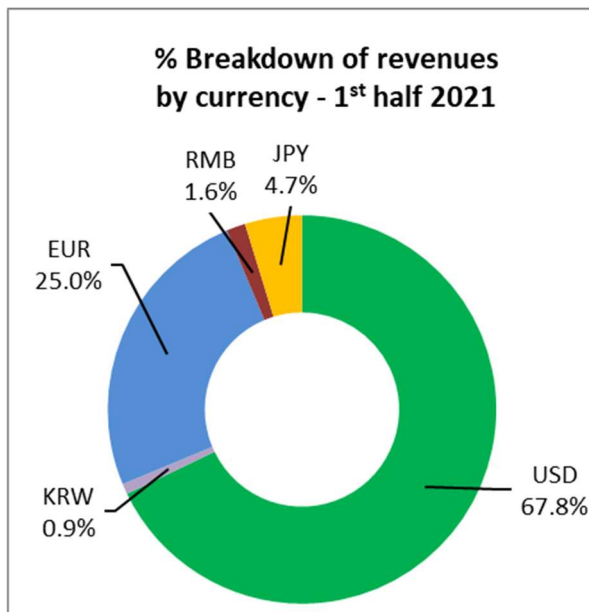
<sup>10</sup> In the first half of 2020, the lower disbursements for taxes were a consequence of the deferral of payments in the US, for the measures to support businesses implemented to deal with the Covid-19 emergency.

The following chart shows the **maturity profile** at June 30, 2021 of the consolidated bank debt compared with December 31, 2020.



The debt maturing in 2 to 3 years (3 to 4 years as at December 31, 2020) refers mainly to the long-term loan signed in April 2019 with Mediobanca - Banca di Credito Finanziario S.p.A. to cover the outlay for the purchase of treasury shares (voluntary partial public tender offer finalized at the end of May 2019). This five-year loan is scheduled to be repaid on a lump-sum basis on the due date (April 2024).

The **breakdown of revenues and costs** (cost of sales and operating expenses) in the first half of 2021 by **currency** is provided below:



## Performance of the Parent Company and its subsidiaries in the first half of 2021

### SAES GETTERS S.p.A. – Lainate, MI & Avezzano, AQ (Italy)

In the first half of 2021, the Parent Company recorded revenues of 31,397 thousand of euro, substantially in line (-0.3%) compared to 31,500 thousand of euro in the corresponding period of the previous year: the decreases in the electronic devices sector (slowdown in demand of getters for thermal sensors, due to market saturation after the peak of sales recorded in 2020 during the pandemic crisis), in the security and defence sector and in the SMA for industrial applications business (the latter penalized by US-China tensions in the consumer electronics market) were offset by the strong growth in sales of vacuum devices (Vacuum Technology Division).

The Parent Company closed the current half-year practically with a break-even (+67 thousand of euro), compared to +4,522 thousand of euro in the corresponding period of the previous year: the net result decreased due to higher operating expenses (increase in employment costs to strengthen the sales staff and to create a Strategic Innovation Committee in the R&D area, as well as higher IT costs for the implementation of new information systems and higher consulting costs for a development opportunity on the foreign market currently under evaluation) and lower dividends received by affiliates. On the other hand, there were lower costs of a financial nature (in particular, the first half of 2020 was penalized by charges related to the fair value measurement of the securities portfolio, as well as bank commissions for the opening of two new credit lines) and a reduction in the item "Other charges" which, as at June 30, 2020 included

extraordinary expenses of 689 of euro thousand in donations to front-line research organizations and hospitals battling against COVID.

Lastly, note that on June 1, 2021 the Parent Company established a new Branch located in Freiburg (Germany), with the purpose of scouting and promotion in markets deemed crucial for future growth. This Branch began operations in July 2021.

### SAES GETTERS/U.S.A., Inc., Colorado Springs, CO (USA)

In the first half of 2021 the company reported consolidated revenues of 17,818 thousand of dollars (14,783 thousand of euro at the average exchange rate of the first half of 2021), compared to 14,710 thousand of dollars (13,348 thousand of euro at the average exchange rate in the first half of 2020) in the corresponding period of the previous year, and consolidated net profit of 3,630 thousand of

dollars (3,012 thousand of euro), compared to consolidated net profit of 2,640 thousand of dollars (2,396 thousand of euro) in the first half of 2020.

Further notes are provided below.

The US parent company **SAES Getters/U.S.A., Inc.**, which operates primarily in the Metallurgy Division, particularly in security and defence, recorded revenues of 12,984 thousand of dollars (10,772 thousand of euro) compared to 10,596 thousand of dollars (9,615 thousand of euro) in the first half of the previous year: this increase (22.5%) is mainly concentrated in the security & defence business, driven by greater sales of alkaline dispensers for night-vision systems.

The company closed the current half-year with a net profit of 3,630 thousand of dollars (equal to 3,012 thousand of euro), up by 37.5% compared to a net profit of 2,640 thousand of dollars (equal to 2,396 thousand of euro) in the first half of the previous year, thanks to the increase in revenues and the higher income deriving from the equity valuation of the investment in Spectra-Mat, Inc., at parity of operating expenses.

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Sintered Components for Electronic Devices & Lasers Business, achieved revenues of 4,834 thousand of dollars (€4,011 thousand of euro) in the first half of 2021, compared to the 4,114 thousand of dollars (€3,733 thousand of euro) in the corresponding period of the previous year, due to greater sales of solid-state thermal dissipation devices.

The company closed the current half-year with a net profit of 585 thousand of dollars (485 thousand of euro), compared to 545 thousand of dollars (495 thousand of euro) as at June 30, 2020 (+7.3%): the increase in revenues was partially offset by a reduction in the gross margin, penalized by a different and less favourable product mix.

#### ***SAES GETTERS EXPORT Corp., Wilmington, DE (USA)***

The company, which is owned directly by SAES Getters S.p.A., operates with the objective of managing the exports of all the US Group's companies.

In the first half of 2021, it achieved a net profit of 1,502 thousand of dollars (1,246 thousand of euro), down compared to the corresponding period of 2020 (2,526 thousand of dollars, equal to 2,292 thousand of euro) due to the lower commissions received by all the US companies, particularly by the affiliate Memry Corporation, which benefited from the increase in sales in the US thanks to the restarting of deferred elective surgery procedures but suffered from a drop in turnover in Europe and Japan.

#### ***SAES GETTERS (NANJING) Co., Ltd., Nanjing (P.R. of China)***

The company manages the commercial activities of the Group in the People's Republic of China.

SAES Getters (Nanjing) Co., Ltd. closed the first half of 2021 with revenues of RMB 11,514 thousand (1,477 thousand of euro), down compared to RMB 21,283 thousand (2,746 thousand of euro) as at June 30, 2020, due to the slowdown in sales of getter components for thermo-scanners, which had seen strong growth in the previous year, during the Covid-19 pandemic.

The drop in revenues and the slight increase in operating expenses (in particular, higher labour costs, justified by the increase in the average number of employees, and higher travel expenses, following the overcoming of the pandemic crisis) caused a reduction in net profit (from RMB 2,830 thousand, equal to 365 thousand of euro, to RMB 727 thousand, equal to 93 thousand of euro).

### ***MEMRY GmbH in liquidation, Weil am Rhein (Germany)***

The company, which manufactures and sells shape memory alloy components for medical and industrial applications in the European market, after transferring all the manufacturing and sales activities to other companies of the Group<sup>11</sup> in October 2017, started the liquidation process, which was finalized in July 2021.

Memry GmbH closed the first half of 2021 with a loss of 17 thousand of euro (a loss of 22 thousand of euro at June 30, 2020), in both half-year periods of some residual costs, mainly for consultancy, in preparation to the liquidation, finalised in July 2021.

### ***SAES NITINOL S.r.l., Lainate, MI (Italy)***

The company, 100% owned by SAES Getters S.p.A., has as its business purpose the design, production and sale of shape memory alloy instruments and actuators, getters and any other equipment for the creation of high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, on July 5, 2011, the company established the joint venture Actuator Solutions GmbH, together with the German group Alfmeier Präzision (for further details on the joint venture, please refer to the Notes no. 8 and no. 16 of the Interim condensed consolidated financial statements).

SAES Nitinol S.r.l. closed the current half-year with a 272 thousand of euro profit, compared to a loss of €73 thousand of euro as at June 30, 2020, due to the release (300 thousand of euro) of the residual provision for risks, recognized as at December 31, 2019<sup>12</sup> relative to the equity investment in Actuator Solutions GmbH, following the improvement in the financial situation of the joint venture.

The result of both half-years includes the write-down (79 thousand of euro in the first half of 2021 and 239 thousand of euro in the corresponding period of 2020) of the financial receivable corresponding to the interest income accrued in the period on the loans granted in the past to Actuator Solutions GmbH, entirely written down because it is not considered recoverable. The reduction in both interest income and the related write-down is the result of the fact that, starting from January 1, 2021, the parties have formally agreed a reduction in the interest rate applied from 6% to 2%.

Lastly, it should be noted that in June 2021 SAES Nitinol S.r.l. waived part of the interest accrued in previous years on the above-mentioned loans, amounting to a total of 500 thousand of euro. This waiver had no effect on the results of the company as at June 30, 2021, as the financial receivable related to the interest-bearing loans (both principal and interest) was already fully written down as at December 31, 2020.

For further details on the loans granted by SAES Nitinol S.r.l. to the joint venture, please refer to the Note no. 20.

### ***SAES INNOVATIVE PACKAGING S.r.l., Lainate, MI (Italy) (formerly E.T.C. S.r.l. in liquidation)***

On July 24, 2020 the liquidation status of E.T.C. S.r.l. was revoked. Following this revocation, the company name was changed to SAES Innovative Packaging S.r.l. and its corporate purpose was modified to allow the company to directly or indirectly participate in investments or shareholdings in the packaging sector and in the scouting for new technologies in that sector.

The company, which is not currently operating, closed the first half of 2021 essentially at breakeven (loss of 1 thousand of euro), compared to a profit of 12 thousand of euro in the corresponding period of the previous year.

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<sup>11</sup> Memry Corporation, SAES Smart Materials, Inc. and SAES Getters S.p.A. (Avezzano plant).

<sup>12</sup> It should be noted that the provision for risks allocated as at December 31, 2019, equal to a total of 600 thousand of euro, had already been released for half of its amount (300 thousand of euro) during the second half of 2020.

### **SAES COATED FILMS S.p.A. – Roncello, MB & Lainate<sup>33</sup>, MI (Italy)**

SAES Coated Films S.p.A. (formerly Metalvuoto S.p.A.), based in the province of Monza Brianza, is a well-established player in the field of advanced packaging, producing metallised and innovative plastic films for food preservation. SAES Coated Films S.p.A. intends to compete in the “smart” food packaging sector, entering the market with a complete and innovative range of high-performance plastics, that are characterized by transparency, recyclability or compostability, and therefore with a low environmental impact.

In the first half of 2021 SAES Coated Films S.p.A. achieved revenues of 2,901 thousand of euro, compared to 5,032 thousand of euro in the corresponding period in the 2020: the decrease is exclusively due to the phase-out of more traditional metallised products completed in the second half of 2020; considering only lacquered products, sales are substantially in line with the first half of 2020 and are affected by some shifts in orders to the second quarter of 2021 due to tensions on the prices of plastics, which affect customers' procurement strategies.

Due to the reduction in sales revenues and a lower gross margin (6.1% in the current half-year, compared to 13.7% in the corresponding period of 2020) due to lower economies of scale and production inefficiencies related to the initial phase of operations of the second lacquering line, which entered into operation in the second half of the previous year and not yet used at full capacity, the current half-year ended with a net loss of 1,100 thousand of euro, compared to a more contained loss of 748 thousand of euro as at June 30, 2020.

Lastly, note that on March 31, 2021 SAES Coated Films S.p.A. finalized the establishment of a Branch in Freiburg im Breisgau (Germany), in line with the strategy that sees the company committed to improving its presence in strategic markets, in order to promote new business opportunities.

### **SAES INVESTMENTS S.A., Luxembourg (Luxembourg)**

SAES Investments S.A., with registered office in Luxembourg, fully controlled by SAES Getters S.p.A., has as its purpose to manage Group cash from the sale of the purification business finalised in 2018 with the goal of maintaining the capital in view of potential future commitments.

The company closed the first half of 2021 with a profit of 1,176 thousand of euro, compared with a loss of 3,725 thousand of euro in the corresponding period of 2020: the loss of the previous year was mainly due to the negative change in the fair value of securities held by the company, due to the Covid-19 financial crisis; the fair value measurement, on the other hand, turned positive during the first half of 2021 and is only partially offset by net charges deriving from the partial disinvestment of the bond portfolio, replaced by a Dynamic Multi-Asset management - DMAS (for further details on the portfolio securities and its changes during the current half-year, please refer to Note no. 18).

### **SAES GETTERS INTERNATIONAL LUXEMBOURG S.A., Luxembourg (Luxembourg)**

The main objectives of SAES Getters International Luxembourg S.A. are the management and the acquisition of investments, the optimal cash management, the grant of intra-group loans and the coordination of the Group services. The company became a full subsidiary of the Parent Company on December 16, 2020, the date of the transfer of 10% of the share capital of SAES Getters International Luxembourg S.A. from SAES Getters (Nanjing) Co., Ltd. to SAES Getters S.p.A. (already holding 90% of the shares) was completed, with the approval of the authorities of the People's Republic of China. As at June 30, 2021, the company recorded a net profit of 3,865 thousand of euro, compared to a net loss of 82 thousand of euro in the corresponding period of the previous year: the positive change is mainly due to dividends (4.1 million of euro) received by the subsidiary Memry Corporation in the

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<sup>33</sup> Local unit in Lainate, at the headquarters of the Parent Company.

first half of 2021 (in 2020, Memry Corporation had instead distributed dividends in the second half of the year).

Lastly, note that the financial receivable related to the interest accrued in the current period on the convertible loan granted by SAES Getters International Luxembourg S.A. to the joint venture Flexterra, Inc. in July 2020, amounting to 100 thousand of euro, was written down because it was deemed difficult to recover (for further details, please refer to Note no. 7 and Note no. 20).

Some notes on the performance of the subsidiaries of SAES Getters International Luxembourg S.A. are provided below.

**SAES Getters Korea Corporation**, Seoul (South Korea) is 62.52% owned by SAES Getters International Luxembourg S.A., while the remainder of the capital stock is held directly by the Parent Company SAES Getters S.p.A. The company operates as the Korean distributor of products made by other Group companies on the Korean territory.

In the first half of 2021 the company recorded revenues of KRW 1,036 million (769 thousand of euro), up (+8.3%) compared to KRW 957 million (720 thousand of euro) in the corresponding period of 2020, due to the higher sales in the vacuum systems field.

Thanks to the increase in revenues and a more favourable sales mix, the period ended with a loss of KRW 122 million (-91 thousand of euro), slightly lower than the loss of KRW 177 million (-133 thousand of euro) as at June 30, 2020.

**SAES Smart Materials, Inc.**, based in New Hartford, NY (USA), active in the development, production and sale of Nitinol semi-finished products, recorded revenues equal to US\$ 8,591 thousand (7,128 thousand of euro) compared to the 12,372 thousand of dollars (11,227 thousand of euro) in the corresponding period of the previous year: the drop (-30.6%) is mainly concentrated in the medical sector, due to the lower orders from some specific customers, characterised by high levels of stock, because more extensively affected by the Covid-19 crisis.<sup>14</sup> The reduction in revenues and the consequent lower economies of scale caused a reduction in net profit, which fell from 3,216 thousand of dollars (equal to 2,918 thousand of euro) in the first half of 2020 to 1,556 thousand of dollars (1,291 thousand of euro) in the first half of 2021.

**Memry Corporation**, Bethel, CT (USA), is a technological leader in the new generation medical devices with high engineering value sector, made of Nitinol shape memory alloy.

In the first half of 2021, the company achieved revenues of 43,573 thousand of dollars (36,152 thousand of euro), up 14% compared to 38,233 thousand of dollars (34,694 thousand of euro) in the corresponding period of the previous year, thanks to the gradual resumption of deferred surgical operations which, in the second quarter, returned to pre-Covid levels.

Despite the higher consultancy costs for the recruitment of new personnel in order to accompany the current phase of post-pandemic production expansion, the increase in revenues and the lower commissions on exports paid to the subsidiary SAES Getters Export, Corp. have allowed to close the current half-year with a net profit of 6,368 thousand of dollars (5,284 thousand of euro), up by 35.8% compared to 4,691 thousand of dollars (4,257 thousand of euro) in the first half of 2020.

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<sup>14</sup> At the Medical Division level, the decline in direct revenues in SAES Smart Materials, Inc. was more than offset by the increase in those in Memry Corporation.



## Performance of the joint ventures in the first half of 2021

### **ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)**

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and is 50% jointly owned by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. The joint venture is focused on the development, production and marketing of actuators that use shape memory alloys to replace the motor. In the third quarter of 2020, its Asian subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., completed the liquidation process, which had begun at the end of 2019.

Actuator Solutions recorded net revenues equal to 7,151 thousand of euro in the first half of 2021, compared to 7,880 thousand of euro in the corresponding period of 2020. Despite the recovery of the automotive market, revenues fell by 9.3%, but the two periods are not comparable as in the second half of 2020, Actuator Solutions sold a production line of actuators for the seat comfort business to the partner Alfmeier Präzision, giving up sales, but in return receiving a commission on them equal to the margin that would have been made if they had continued production. This transaction therefore reduced the revenues of the joint venture in the automotive sector, replaced exclusively by commissions, with no net effect on the performance. For information purposes, it should be noted that the pro-forma value of revenues, without considering the aforementioned sale of the seat comfort production line, would have been 9,729 thousand of euro, up 23.5% compared to the previous period: sales increased especially in the first months of the current year, while, starting from May 2021, they were penalized by difficulties in the procurement of electronic components.

The fees generated by application development in the actuators field grew by 16.7% compared to the first six months of 2020. Lastly, sales related to the contract for the development and assembly of devices for Covid-19 rapid diagnostic tests recorded revenues of 1,139 thousand of euro (1,019 thousand of euro in the first six months of 2020).

The gross margin was 29.7% in the first half of 2021, up compared to 27.3% in the corresponding period of 2020, due to the different offer mix and the higher incidence of revenues from application developments which, together with the Covid-19 rapid test assembly activities, are characterized by higher margins compared to the automotive seat comfort core business.

With the same gross profit and operating expenses, the operating profit for the half year was equal to 888 thousand of euro, down compared to 1,029 thousand of euro in the first half of 2020, as the 2020 figure included extraordinary income, equal to approximately 131 thousand of euro, related to the liquidation process of the Taiwanese subsidiary.

The net profit amounted to 1,253 thousand of euro, compared to 717 thousand of euro in the corresponding period of 2020: the increase is mainly due to the financial income, equal to €500 thousand, recognized by the joint venture following the partial waiver by the SAES Group of interest accrued on loans granted to Actuator Solutions GmbH. In addition, the interest rate charged on these loans was reduced from 6% to 2% from January 1, 2021, resulting in savings for the joint venture in the current period of approximately 160 thousand of euro.

(thousands of euro)

<b>Actuator Solutions</b>	<b>1<sup>st</sup> Half 2021</b>	<b>1<sup>st</sup> Half 2020</b>
	<b>100%</b>	<b>100%</b>
Total net sales	7,151	7,880
Cost of sales	(5,030)	(5,725)
<b>Gross profit</b>	<b>2,121</b>	<b>2,155</b>
<i>% on sales</i>	<i>29.7%</i>	<i>27.3%</i>
Total operating expenses	(1,262)	(1,290)
Other income (expenses), net	29	164
<b>Operating income (loss)</b>	<b>888</b>	<b>1,029</b>
<i>% on sales</i>	<i>12.4%</i>	<i>13.1%</i>
Interests and other financial income, net	377	(304)
Foreign exchange gains (losses), net	(9)	(23)
Income taxes	(3)	15
<b>Net income (loss)</b>	<b>1,253</b>	<b>717</b>

The SAES Group's share of the joint venture's result for the first half of 2021 was 626 thousand of euro (360 thousand of euro in the first half of 2020) but, similarly to the previous year, was not recognised by the Group as the joint venture's equity is still negative for around 2 million of euro<sup>15</sup>, against a SAES equity interest in Actuator Solutions that has already been fully written off.

The provision for risks, equal to 300 thousand of euro, which was allocated as at December 31, 2020 and which coincides with the pro-quota financial resources necessary for Actuator Solutions for its operations, was used in full during the current half-year.

Lastly, note that in the first half of 2021 the financial receivable related to the interest accrued in the period on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture in previous years, amounting to 79 thousand of euro, was written down as it was considered unlikely to be recovered (a similar writing down of 239 thousand of euro took place in the first half of 2020).

#### **SAES RIAL VACUUM S.r.l., Parma, PR (Italy)**

SAES RIAL Vacuum S.r.l., established at the end of 2015, is jointly controlled by SAES Getters S.p.A (49%) and Rodofil S.r.l. (51%). The company specializes in the design and manufacture of vacuum chambers for accelerators, synchrotrons and colliders and combines the expertise of SAES in the field of materials, vacuum applications and innovation, with the experience of Rodofil in the design, assembling and fine mechanical productions, with the aim of offering absolutely excellent quality products and of successfully competing in the international markets.

SAES RIAL Vacuum S.r.l. ended the first half of 2021 with revenues of 3,127 thousand of euro, strongly up (+76.5%) compared to 1,772 thousand of euro in the corresponding period of 2020 which, instead, had been characterised by the delay in some significant research projects also in part due to the Covid-19 pandemic. Despite the increase in revenues, the gross margin was down (from 17.7% to 12.3%) due to a different product mix, with the prevalence of projects with lower margins, and the half-year ended with a gross profit of 384 thousand of euro, compared to 313 thousand of euro in the first six months of 2020. The increase in absolute value of the gross profit then remained constant both at operating profit level (150 thousand of euro, compared to 76 thousand of euro in the first half of 2020), and net profit level (109 thousand of euro, compared to 48 thousand of euro in the first six months of 2020).

<sup>15</sup> Consolidated pro rata at 50%.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020
	<b>100%</b>	<b>100%</b>
Total net sales	3,127	1,772
Cost of sales	(2,743)	(1,459)
<b>Gross profit</b>	<b>384</b>	<b>313</b>
<i>% on sales</i>	<i>12.3%</i>	<i>17.7%</i>
Total operating expenses	(341)	(260)
Other income (expenses), net	107	23
<b>Operating income (loss)</b>	<b>150</b>	<b>76</b>
<i>% on sales</i>	<i>4.8%</i>	<i>4.3%</i>
Interests and other financial income, net	(12)	(14)
Foreign exchange gains (losses), net	(6)	0
Income taxes	(23)	(14)
<b>Net income (loss)</b>	<b>109</b>	<b>48</b>

The SAES Group's share of net profit of this joint venture for the first half of 2021 was equal to 53 thousand of euro (compared to 23 thousand of euro in the corresponding period of 2020).

#### ***FLEXTERRA, Inc., Skokie, IL (USA)***

Flexterra, Inc. based in Skokie (close to Chicago, Illinois, USA), was established at the end of 2016 as a start up with the purpose of the design, manufacturing and sale of materials and components for the manufacture of flexible displays. Flexterra, Inc. owns 100% of Flexterra Taiwan Co., Ltd. SAES currently holds 46.73% of the capital stock of the joint venture Flexterra, Inc.

During the first few months of 2021, the Flexterra project made some progress. In particular, some feasibility studies and joint experimentations were launched with an important Asian player for the development of innovative reading displays, to which Flexterra will be able to contribute with its advanced materials.

Flexterra, which is classified as a joint venture, ended the first half of 2021 with a net consolidated loss of 2,102 thousand of euro, essentially in line with that of the corresponding period of 2020 (mainly costs for employees engaged in research and general and administrative activities, consultancies, costs related to the management of patents and the amortization of intangible assets, including intellectual property). The reduction in operating expenses, exclusively attributable to the effect of exchange rates, was offset by the financial interest accrued on the convertible loan of 3 million of dollars granted by the SAES Group in July 2020.

(thousands of euro)

Flexterra	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020
	<b>100%</b>	<b>100%</b>
Total net sales	3	50
Cost of sales	(1)	(27)
<b>Gross profit</b>	<b>2</b>	<b>23</b>
<i>% on sales</i>	66.7%	46.0%
Total operating expenses	(2,010)	(2,132)
Other income (expenses), net	17	1
<b>Operating income (loss)</b>	<b>(1,991)</b>	<b>(2,108)</b>
<i>% on sales</i>	<i>n.a.</i>	<i>n.a.</i>
Interests and other financial income, net	(111)	(9)
Foreign exchange gains (losses), net	32	74
Income taxes	(32)	21
<b>Net income (loss)</b>	<b>(2,102)</b>	<b>(2,022)</b>

The share pertaining to the SAES Group in the loss of the first half of 2021 of the joint venture amounted to €982 thousand (a loss of -945 thousand of euro in the first half of 2020); however, as the SAES' equity investment in Flexterra has already been written off<sup>16</sup> in full and as there are to date any legal or implicit obligations for recapitalisation from the Group, SAES' liability for the share of the net loss was not recognised by the Group, in accordance with IAS 28.

Lastly, note that in the first half of 2021 the financial receivable related to the interest accrued in the period on interest-bearing loans granted by SAES Getters International Luxembourg S.A. to the joint venture in the previous year, amounting to 100 thousand of euro, was written down as it was considered unlikely to be recovered. It should be noted that the receivable corresponding to the principal and interest accrued in the second half of 2020 had already been written down as at December 31, 2020.

The following table shows the **Group's total profit (loss)**, obtained by incorporating the Group's joint ventures<sup>17</sup> with the proportional method instead of the equity method.

(thousands of euro)	1 <sup>st</sup> half 2021							
	Consolidated profit or loss	50% Actuator Solutions	Intercoy eliminations & other adjustments	49% SAES RIAL Vacuum S.r.l.	Intercoy eliminations & other adjustments	46.73% Flexterra	Intercoy eliminations & other adjustments	Total profit or loss of the Group
Total net sales	85,885	3,575	(141)	1,532	(289)	2		90,564
Cost of sales	(50,505)	(2,515)	141	(1,344)	289	(1)		(53,935)
<b>Gross profit</b>	<b>35,380</b>	<b>1,060</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>1</b>		<b>36,629</b>
<i>% on sales</i>	41.2%							40.4%
Total operating expenses	(27,733)	(631)	0	(167)	0	(939)	38	(29,432)
Other income (expenses), net	(103)	15		52		8		(28)
<b>Operating income (loss)</b>	<b>7,544</b>	<b>444</b>	<b>0</b>	<b>73</b>	<b>0</b>	<b>(930)</b>	<b>38</b>	<b>7,169</b>
<i>% on sales</i>	8.8%							7.9%
Interest and other financial income, net	1,135	189	(211)	(6)	0	(52)	47	1,102
Income (loss) from equity method evaluated companies	53		0		(53)		0	0
Write-down of investments from equity method evaluated companies	0							0
Foreign exchange gains (losses), net	(72)	(5)		(3)		15		(65)
<b>Income (loss) before taxes</b>	<b>8,660</b>	<b>628</b>	<b>(211)</b>	<b>64</b>	<b>(53)</b>	<b>(967)</b>	<b>85</b>	<b>8,206</b>
Income taxes	(4,471)	(2)		(11)		(15)		(4,499)
<b>Net income (loss) from continued operations</b>	<b>4,189</b>	<b>626</b>	<b>(211)</b>	<b>53</b>	<b>(53)</b>	<b>(982)</b>	<b>85</b>	<b>3,707</b>
Income (loss) from discontinued operations	0	0		0		0		0
<b>Net income (loss) for the period</b>	<b>4,189</b>	<b>626</b>	<b>(211)</b>	<b>53</b>	<b>(53)</b>	<b>(982)</b>	<b>85</b>	<b>3,707</b>
Net income (loss) pertaining to minority interest	0							0
<b>Net income (loss) pertaining to the Group</b>	<b>4,189</b>	<b>626</b>	<b>(211)</b>	<b>53</b>	<b>(53)</b>	<b>(982)</b>	<b>85</b>	<b>3,707</b>

<sup>16</sup> Equity investment completely written off zero as at December 31, 2020, following an impairment test.

<sup>17</sup> Actuator Solutions GmbH (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73%).

## Research, Development and Innovation

In the first half of 2021, **research and development expenses** amounted to a total of 5,665 thousand of euro (6.6% of consolidated net revenues) and were up both in absolute value and as a percentage of revenues compared to those of the corresponding period of 2020 (5,283 thousand of euro, equal to 5.9% of consolidated turnover), due to the overcoming of the pandemic phase and the consequent return of R&D activities to pre-Covid levels, and to the Group's new approach to innovation, through the creation of a dedicated *Strategic Innovation Office* (as better specified in the final part of this paragraph).

The activities of the **Group Research Labs** have supported the continuous growth of the SAES Group's technological platforms through radical innovation projects carried out mainly in the field of fine chemicals, for the development of both materials such as **specialty zeolites** and **organic capsules**, and systems such as **functional coatings** and **dispensable getter solutions**.

The development activities of the **specialty zeolite** platform were focused on two main areas: the first related to the synthesis and functionalisation of the structure, the second based on surface chemistry processes.

The first approach is currently used for the development of a new optical system, an optically active marker, to be used in the tracking of compostable polymeric formulations. This project, launched at the beginning of 2021 in collaboration with Novamont, represents an extremely innovative approach to support the spread of compostable plastics, through proper end-of-life management. The first phase of the study was completed in June 2021 and the results obtained will be the basis for the subsequent development phase.

Another important zeolite project concerns the development of systems with bactericidal and virucidal properties. After completing the tests for the evaluation of the virucidal properties in 2020 at the Department of Microbiology and Virology of the Policlinico San Matteo in Pavia, in the first half of 2021 this activity involved the performance of tests according to ISO 22196: 2011 standards. The tests, conducted in a certified laboratory, made it possible to certify the bactericidal properties of SAES zeolites dispersed in thin coatings against *Escherichia Coli* and *Staphylococcus Aureus*. The activity will continue to complete the procedures necessary to allow the marketing of these new functional materials in different forms, such as coatings, non-woven fabrics, dispersions, compounds. A patent application filed by the SAES Group is associated with this activity.

In parallel, the development of **organic capsules** and **spheres** with functional properties continues. New lacquers in aqueous dispersion were formulated, based on the integration of polyphenol capsules with antioxidant properties, for integration in food packaging structures. The functional tests were completed and the antioxidant coating was qualified by a well-known Italian food company specialized in the production of chocolate. The transfer of this production system to SAES Coated Films S.p.A. is scheduled and a plan is being defined to facilitate the introduction on the market of the first active packaging system. A SAES patent application is also associated with this product.

In parallel, the construction of a new Group Research Labs laboratory was completed, for the installation of a pilot chemical membrane emulsification plant. This plant, whose installation was postponed by about one year (from the third quarter of 2020 to the third quarter of 2021) due to delays due to the Covid-19 emergency, will support the development of core-shell structures for innovative capsules, able to introduce new functionalities in various industrial applications. The availability of the emulsification plant will also allow the industrialization of Oxaqua<sup>®</sup> 2.0, an innovative coating with high oxygen barrier properties for application on polymeric films, able to guarantee an expansion of the applications supported by the current products of SAES Coated Films S.p.A.

With regard to the development of new **functional coatings**, in the first half of 2021, two feasibility studies were completed for coatings with barrier properties to be applied directly on cellulose-based substrates, preserving their recyclable characteristics. The results showed promising characteristics and,

together with an industrial partner, the opportunity to activate a specific development project is being evaluated.

Furthermore, as part of the development of eco-friendly systems in a circular economy approach, a project proposal presented by SAES together with other partners was approved by the European Commission. The project will be activated in the second half of 2021 and involves the development of antioxidant coatings, using waste products from the fishing industry and their integration in functional coating lacquers. This project obtained the highest score among the approximately 100 project proposals submitted in Europe for this call.

In parallel, a development project was launched for an anti-bacterial coating that can be activated by means of UV-Vis irradiation. This activity was carried out in collaboration with two external partners, suppliers of functional materials, and will be completed in the coming months with the performance of functional tests at a certified laboratory. The adoption of this coating would make it possible to significantly increase the anti-bacterial effectiveness of ultraviolet radiation, allowing its implementation in different application areas.

All functional coating development activities are supported by the new SAES **pilot line for the roll-to-roll production of functional coatings**. This line makes the Lainate plant one of the most advanced prototyping centres in Europe for the development of innovative flexible packaging structures, high barrier performance for organic electronics and flexible electronics structures.

With regard to the **dispensable getter solutions**, the development of a new dispensable getter able to ensure adsorption properties for H<sub>2</sub>O and volatile organic substances was activated in the first half of 2021. This system is based on the integration of functional materials, both based on functional polymers and nanostructured fillers, within a dispensable organic matrix. The development is nearing completion and the possibility of a new patent application is being evaluated. The new dispensable getter solution will be applied in optoelectronic and photonic devices.

In parallel, validation tests were completed on optical communication components for another dispensable getter, ZeDry, capable of ensuring combined absorption properties for H<sub>2</sub>O and hydrogen, demonstrating the versatility of this new generation of SAES getters.

The product development activities of [SAES Coated Films S.p.A.](#) is focused on the development of aluminium oxide deposition technology on polyolefins, with particular reference to bi-oriented polypropylene and mono-oriented polyethylene, and on compostable substrates. The use of the aluminium oxide layer ensures high barrier performance and high transparency, broadening the spectrum of use of Coathink® technology in new application areas, such as pasteurization and sterilization. Moreover, this technology is more sustainable than traditional aluminium metallization from the point of view of end of life (recyclability in plastics). An incremental development activity was carried out on barrier films based on mono-oriented polyethylene, based on the feedback received from the market that reported critical issues related to sealing and dimensional stability during the lamination and printing processes. The work was carried out in collaboration with suppliers of basic films, leading to the development of new product codes.

After the success of the first high-barrier compostable packaging for the Misura line (Colussi), the number of projects has considerably increased, leading to the qualification and marketing of the product in new application sectors, such as those of chocolate, coffee pods, nutraceuticals and processed meat.

The [joint venture Flexterra](#) continued the development of organic semiconducting and dielectric materials, enabling the development of new display technologies, now in the industrial implementation phase at some Asian players. The use of Organic Thin Film Transistors (OTFT) in this area allows the achievement of flexibility and compatibility requirements with low-cost plastic supports, not compatible with conventional silicon-based technology.

In parallel, actions were taken to identify new applications for Flexterra materials. Organic semiconductors developed by Flexterra have been successfully tested in the creation of smart labels through ink-jet printing processes, where the electronic mobility of semiconductors is a crucial aspect.

These smart labels can be used in widespread systems, such as dose counters in medical devices (inhalers). As regards further applications, Flexterra materials are being tested in microfluidic devices, where the use of organic transistors could guarantee the introduction of new active control functions. The activation of a new development project, in collaboration with various companies of the SAES group, is being defined.

In the **Metallurgy** area, incremental development and process optimization activities continued for the production of SMA alloy wires with improved fatigue performance. The development of new characterization methods is underway, based on the identification of direct correlations between structural and functional properties, to enable rapid and effective screening of new alloys with particular attention to the reduction of intermetallic systems.

In the field of **bio-absorbable materials**, with reference to some quaternary systems subject to two patent applications, microbiology tests were completed, which confirmed the absence of cytotoxicity towards human cells due to degradation products (due to corrosion) from the new alloys. This activity completed the radical development phase of the new alloys. Assessments are underway to define the most suitable approaches to support application development.

As regards the new innovation strategies, in January 2021 the creation of the **Strategic Innovation Office (SIO)** was formalized, born from the desire and need to accelerate the Group's growth through new approaches to innovation and whose strategy is to bring design thinking models and design-driven approach into SAES, with its "human-centred" and market-oriented perspective, synergistically integrating them with the Group's skills, know-how and technologies. The *Strategic Innovation Office* is composed of the SAES Technology Observatory and the Innovation HUB, which work in synergy, combining technology-oriented and market-oriented points of view and an understanding of human behaviour.

The Group's innovation processes are being reviewed and the strategic innovation plan for the coming years is being defined. In particular, three macro objectives were identified:

1. innovation and growth: testing new innovation strategies, through an agile and dynamic methodology;
2. exploration and research: predicting future scenarios, interpreting developments and changes in the world;
3. "venture" activities: creating an innovation ecosystem, exploiting interaction with ventures (start-ups, SMEs and large companies) and launching new companies (internal start-ups and spin-offs).

It should be noted, lastly, that all research and development costs incurred by the Group during the period were charged directly to the income statement, as they did not meet the requirements for capitalization.

### **Impact of the Covid-19 pandemic on half-year 2021 results**

The Covid-19 crisis, which began in China at the beginning of 2020 and spread to Northern Italy in the second half of February of the same year, later extending to almost all corners of the globe, has drastically penalised the **previous year's** consolidated results. The business that was most affected by the pandemic was that of Nitinol medical devices, penalized by the suspension by hospitals of deferrable interventions (elective surgeries), in order to concentrate resources on Covid-19 cases.

The **current half-year** saw the gradual overcoming of the Covid-19 crisis. In particular, after a first quarter that had already shown some signs of recovery, although still burdened by the effects of the pandemic, especially on the Medical Division, in the second quarter of 2021 the sales of the medical sector returned to pre-Covid levels.



Due to the pandemic, the Group incurred **exceptional costs**, in particular costs for sanitization and adaptation of access points and workspaces to ensure employee safety, as well as healthcare prevention expenses and consulting and training costs. These expenses were only partially offset by the **savings** resulting from the use of the **Wage Guarantee Fund** in the Lainate plant and by the **support measures put in place by the US Government** for businesses and households (in particular, partial reimbursement of days not worked due to Covid-19). The following tables provide details of these net extraordinary costs, both in the current and in the previous half-year.

(thousands of euro)	1 <sup>st</sup> half 2021					
	Direct labour	Manufacturing overhead	Research & development expenses	Selling expenses	General & administrative expenses	Total
<b>One-off Covid-19</b>						
Personnel costs	(29)	(13)	(6)	(2)	16	(34) (*)
Maintenance and repairs					68	68
Various materials					3	3
Transports					0	0
Consultant fees and legal expenses					10	10
General services (canteen, cleaning, vigilance, etc.)					75	75
Training costs					0	0
<b>Total cost of sales &amp; operating expenses one-off Covid-19</b>	<b>(29)</b>	<b>(13)</b>	<b>(6)</b>	<b>(2)</b>	<b>172</b>	<b>122</b>

(\*) The amount is composed by:

- savings for the US governmental measures to support companies and families, equal to -54 thousands of euro;

- additional personnel costs, equal to +20 thousands of euro.

(thousands of euro)	1 <sup>st</sup> half 2020					
	Direct labour	Manufacturing overhead	Research & development expenses	Selling expenses	General & administrative expenses	Total
<b>One-off Covid-19</b>						
Personnel costs	(101)	(53)	(44)	(11)	47	(162) (*)
Maintenance and repairs					30	30
Various materials					103	103
Transports					3	3
Consultant fees and legal expenses					73	73
General services (canteen, cleaning, vigilance, etc.)					38	38
Training costs					3	3
<b>Total cost of sales &amp; operating expenses one-off Covid-19</b>	<b>(101)</b>	<b>(53)</b>	<b>(44)</b>	<b>(11)</b>	<b>297</b>	<b>88</b>

(\*) The amount is composed by:

- CIGO savings in the Lainate plant of the Parent Company, equal to -55 thousands of euro;

- savings for the US governmental measures to support companies and families, equal to -167 thousands of euro;

- additional personnel costs, equal to +60 thousands of euro.

Please also note that in the first half of 2020 the SAES Group had made **donations** for a total of 689 thousand of euro to research organizations and hospitals operating on the front line in the battle against COVID-19, as well as to the Italian Civil Defence (the related costs are classified under "Other expenses").

(thousands of euro)	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020
<b>One-off Covid-19</b>		
Other income	0	0
Other expenses	0	(689)
<b>Total other income (expenses) one-off Covid-19</b>	<b>0</b>	<b>(689)</b>

During 2020, the pandemic had also slowed down **Research & Development projects** due to delays in the supply of raw materials and components for new plants, and the impossibility of physical meetings for carrying out test activities. Face-to-face meetings resumed progressively during the first half of 2021.

Lastly, it is noted that the impact of Covid-19 on the financial markets led to a strong fall in the **fair value of securities** held by the Group for the investment of liquidity. The negative effect that emerged in the first quarter 2020 was gradually reabsorbed in the following months, making it possible to close the year with a securities valuation in line with the value as at December 31, 2019. The change in the fair value of the securities portfolio during the first half of 2021 was positive for 1.4 million of euro.



## Subsequent events

On July 2, 2021, SAES Getters S.p.A. signed a **convertible loan of 1.5 million of euro in favour of the German company Rapitag GmbH**, based in Munich.

Rapitag is a start-up that develops products for mobile check-out, based on IoT (Internet of Things) solutions, to encourage the digital transformation of physical stores. In particular, Rapitag has developed patented IoT tags for 1-click purchases, speeding up purchases and ensuring anti-theft functionality, with the aim of supporting digital transformation in the retail sector.

The loan agreement envisages that the resources provided by SAES are used by Rapitag for the prototyping activity to be carried out through the joint venture **Actuator Solutions GmbH as exclusive contractor**. Also according to the agreement, Rapitag will only use SMA shape memory alloy **wires supplied by SAES**. The loan is granted by SAES in two tranches, the first of which, amounting to € 800 thousand, transferred upon signature of the agreement, will be used to finance the company's operations; the second (amounting to 740 thousand of euro) will be disbursed in subsequent tranches corresponding to the costs incurred by Rapitag for the development of the prototypes. The loan, expiring on December 31, 2024, can be extended by agreement between the parties and will accrue an annual interest of 6%. The loan may be repaid before the maturity date upon the occurrence of certain significant events, including receivership, liquidation of Rapitag, change of control of more than 50% or waiver by one of the Founding Shareholders. SAES will have the right to convert its receivable into new Rapitag shares (conversion shares) at any time between July 1, 2022 and June 30, 2023 or upon the occurrence of a qualified share capital increase of at least 500 thousand of euro, as well as on the maturity date. The price of each conversion share will be calculated by dividing the value of the company prior to the last share capital increase, net of a discount coefficient, by the number of shares outstanding before the share capital increase.

On July 7, 2021, SAES Getters S.p.A. finalised the closing for **the acquisition of 100% of the capital stock of Strumenti Scientifici Cinel S.r.l. (CINEL)**, an established international player in the sector of components and scientific instruments for particles synchrotrons and accelerators, based in the province of Padua. The price was €19 million, paid to CINEL's shareholders in a single tranche and in cash, already available to SAES. This consideration was set by calculating the equity value, adding the enterprise value (equal to 8 times the EBITDA obtained as the arithmetic average of the EBITDA resulting from the financial statements approved for the years 2019 and 2020), the net financial position (NFP) at the closing date, as well as the difference between the net working capital (NWC) estimated at the closing date and the Company's net working capital (NWC) for the financial year ended as at December 31, 2020. Any deviations between the estimated values of NFP and NWC and the actual values at closing will constitute a price adjustment element (estimated at around 0.7 million of euro, to the benefit of the former CINEL's shareholders).

The spaces used to date by CINEL, already sold to another company, will be leased through the signing of a specific six-year contract.

Agreements are envisaged with the current owners who will continue to work with SAES as consultants, in order to guarantee business continuity in the transition phase.

The objective of the acquisition, for SAES, is to strengthen its competitive position in the vacuum sector, through an expansion of the range of products for particle accelerators and synchrotrons, entirely made in Italy, and at the forefront on a global scale.

Strumenti Scientifici Cinel S.r.l. achieved net revenues<sup>18</sup> of approximately 8.4 million of euro in 2020, with an EBITDA margin of 29.3%. In 2019, revenues amounted to 5.7 million of euro, with an EBITDA margin of 27.5%. As at December 31, 2020, the shareholders' equity of the company amounted to 2.9 euro million, while the net financial position was positive for approximately 2.9 million of euro. The company employs around 35 people.

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<sup>18</sup> It should be noted that the value of net revenues was determined by applying national accounting standards.

On July 22, 2021, the liquidation process of the German subsidiary Memry GmbH was completed (started at the end of 2017) with the cancellation of the company from the Register of Companies.

With regard to the investment completed in the venture capital fund EUREKA! on July 27, 2021, a payment of €50 thousand was made, including both the portion of commissions and management fees, and the portion of an investment made by the fund in Aquaseek S.r.l., a newly established spin-off company of the Politecnico di Torino, which intends to develop and market an innovative system (AWG, Atmospheric Water Generator) for the collection and conversion of environmental humidity, in order to make it available in liquid and drinkable form, useful in environments of water scarcity or usable in parallel with other resources.

On August 18, 2021, an agreement was finalized by SAES Getters International Luxembourg S.A. to disburse to the joint venture Flexterra, Inc. a second convertible loan for a total value of 2 million of dollars, with the same characteristics as the one granted last year (July 2020). The loan, with a duration of one year and on which an interest of 8% will accrue, will be paid in two tranches: the first, equal to US\$ 1 million, at the signing of the contract and the second, again for the amount of 1 million of dollars, in November 2021. The latter will be conditional on the achievement by the joint venture of pre-established commercial objectives. The agreement also provides for the extension of the maturity date of the convertible loan of 3 million of dollars granted in July 2020 and the alignment of the maturity to that of the new loan (i.e., August 2022, if only the first tranche of the loan is disbursed, or November 2022, if both tranches are disbursed).

No further forward sale contracts were entered into after June 30, 2021.

Note that the fair value of the Group's securities portfolio, consisting primarily of "Buy & Hold" assets, as at the end of August 2021 has increased by around 0.03% compared to the value at June 30, 2021.

## Business outlook

A further consolidation in the Medical Division and a gradual recovery of activity in the industrial world are expected during the remainder of the year.

## Group's main risks and uncertainties

For the analysis of the Group's main risks and uncertainties and the priority mitigation actions to overcome these risks and uncertainties please refer to the 2020 Consolidated Financial Statements.

In particular, with reference to the financial risks, the main financial risks for the SAES Group are the following ones:

- **Interest-rate risk**, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of investments in cash and cash equivalents and the securities portfolio;
- **Exchange rate risk**, linked to the volatility of exchange rates, which may affect the relative value of the Group's costs and revenues according to the currencies in which the accounting transactions are denominated, as well as the amount of exchange differences, and may therefore have an impact on the Group's economic result. The figures of the financial receivables/payables denominated in currencies other than the euro also depend on the exchange rate, so not only the economic result is affected, but also the net financial position;
- **Commodity price risk**, which may affect the Group's product margins if these changes are not charged to the price agreed upon with customers;

- Credit risk, associated with the solvency of customers and, in general, the ability to collect and measure financial receivables;
- Liquidity risk, associated with the Group's ability to raise funds to finance its operating activities or with the capacity of the sources of funding if the Group were to adopt strategic decisions involving some extraordinary expenditure (such as merger & acquisition transactions or organizational rationalization and restructuring activities).

In addition, there are the risks brought about by the spread of Covid-19, which can result in a decrease in revenues, an increase in the stocks of raw materials (to face the risk of a suspension in the provisioning process) or of finished products (due to a delay in customers' orders) as well as a lengthening of credit collection times, which would make it necessary to fund a stronger working capital.

#### Interest rate risk

The Group's financial debts, both short- and long-term ones, are structured on a variable interest rate basis, excluding some specific positions; therefore they are subject to the risk of interest rate fluctuations.

With regards to long-term financial debts, the exposure to interest rate variation is handled by way of entering into Interest Rate Swap agreements, with a view to guarantee a level of financial expenditures which are sustainable by the SAES Group's financial structure. For details of the contracts as at June 30, 2021 please refer to Note no. 35.

The Group also constantly controls the interest rate trend for the possible signing of further contracts to hedge the risk linked to the interest rate fluctuations on the variable interest loans on which no hedging contracts have been signed.

The funding for the working capital is managed through short-term financing transactions and, as a consequence, the Group does not hedge against the interest rate risk.

#### Exchange rate risk

The Group is exposed to the exchange rate risk on foreign commercial transactions.

Such exposure is mainly generated by sales in currencies other than the reference currency: during the first half of 2021 around 75% of the Group's sales and only around 54% of the Group's operating costs were denominated in a currency other than the euro.

In order to manage the economic impact generated by the fluctuations in exchange rates versus the euro, primarily of the US dollar and of the Japanese yen, the Group can sign hedging contracts, whose values are determined by the Board of Directors at the start of the year according to the net currency cash flows expected to be generated by SAES Getters S.p.A.<sup>19</sup> The maturities of any hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

Moreover, the Group can occasionally hedge specific transactions in a currency other than the reference currency, to mitigate the effect on profits and losses of the exchange rate volatility, with reference to financial receivables/payables, also inter-company ones, denominated in a currency different from the one used in the financial statements, including those relating to the cash pooling (executed by foreign affiliates, but denominated in euro).

Finally, the Group constantly monitors exchange rate trends in order to decide whether to enter into further risk hedging contracts linked to exchange rate fluctuations in the foreign currency takings from extraordinary company transactions or for funding needed to purchase in other currencies besides the euro.

Please refer to the Note no. 35 for further details on the contracts signed during the first half of 2021 and for those still in place as at June 30, 2021.

#### Commodity price risk

The Group's exposure to commodity price risks is usually moderate. The procurement procedure requires the Group to have more than one supplier for each commodity deemed to be critical. In order to reduce

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<sup>19</sup> The other Group companies are not included in this valuation as they have operating revenues and costs mainly in the same functional currency of the financial statements and, therefore, are characterized by natural hedging.

its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling the commodity price volatility. The Group monitors the trends of the price of the main commodities subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions using derivative instruments with the aim of neutralising the price volatility of its commodities.

### Credit risk

The Group deals predominantly with well-known and reliable customers. The Sales and Marketing Department assesses new customers' solvency and periodically checks to ensure that credit limit conditions are met. The balance of receivables is constantly monitored so as to minimize the risk of potential losses, particularly given the current difficult macroeconomic situation further affected by the COVID-19 epidemic.

The credit risk associated with other financial assets, including cash and cash equivalents and securities portfolio, is not significant due to the nature of the counterparties. The bank deposits are held with leading Italian and international financial institutions. Also with reference to the securities portfolio, investments are never made directly, but instead with leading specialist financial operators, mainly with the aim of maintaining capital in view of potential future loans. In addition, the Administration Finance and Control Division carefully and constantly monitors investments and the value of resources invested, periodically reporting on these monitoring activities to the Board of Directors.

### Liquidity risk

This risk can arise from the incapacity to obtain the necessary financial resources to grant the continuity of the Group's operations.

In order to minimize such risk, the Administration Finance and Control Division acts as follows:

- constantly monitors the Group's financial requirements in order to obtain credit lines necessary to meet such requirements;
- optimizes the liquidity management through a centralized management system of available liquidity (cash pooling) in euro which involves nearly all of the Group's companies;
- manages the correct balance between short-term financing and medium/long-term financing depending on the expected generation of operating cash flows.

For further information about the Group's financial debt as at June 30, 2021 and about the maturity date of these debts please refer to Note no. 28.

As at June 30, 2021, the Group was not significantly exposed to liquidity risk, also considering the availability of bank deposits and liquid securities, as well as taking account of the unused credit lines to which it has access. For more details please see the Note no. 25.

### Equity management

The objective pursued by the Group is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximise the value for shareholders.

No changes were made to equity management objectives or policies during the first half of 2021. Some performance indicators, such as the debt-to-equity ratio, defined as net debt over equity, are periodically monitored with the aim of keeping them at low levels, and in any case lower than what is required by the contracts signed with the financial institutions.

### Going concern

The financial statements are prepared on the basis of **business continuity** as, even though in the presence of a difficult and uncertain economic and financial environment caused by the Covid-19 pandemic, in the light of the results achieved in the first half of 2021 and, in particular, of the progressive increase in the Medical Division sales, returned to pre-Covid levels in the second half of the current

period, there are no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - Presentation of Financial Statements) regarding business continuity.

The duration and extent of the future spread of the Covid-19 pandemic and its related economic and financial effects remain difficult to forecast and are subject to constant ongoing monitoring by the Group. However, it should also be noted that SAES' global presence, in terms of both manufacturing and sales, and its positioning in businesses considered essential, reduce the risk. In addition, the positive net financial position, along with the availability of unused credit lines, constitute a further guarantee of business continuity.

### **Related party transactions**

With regard to the Group's related party transactions, please note that they fall within ordinary operations and are settled at market or standard conditions. Complete disclosure on related party transactions incurred during the half year is provided in Note no. 41 of the interim condensed consolidated financial statements.

### **Consob regulatory simplification process**

On November 13, 2012, the Board of Directors approved, pursuant to article 3 of Consob Resolution no. 18079/2012, to adhere to the *opt-out* provisions as envisaged by article 70, paragraph 8, and article 71, paragraph 1-*bis* of the Consob Regulation related to Issuer Companies, and it therefore avails itself of the right of making exceptions to the obligations to publish information documents required in connection with significant mergers, spin-offs and capital increases by contributions in kind, acquisitions and disposals.

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2021

Consolidated statement of profit or loss for the first semester 2021			
(thousands of euro)	Notes	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020
<b>Total net sales</b>	3	85,885	89,099
Cost of sales	4	(50,505)	(50,876)
<b>Gross profit</b>		<b>35,380</b>	<b>38,223</b>
Research & development expenses	5	(5,665)	(5,283)
Selling expenses	5	(6,061)	(5,656)
General & administrative expenses	5	(15,993)	(15,368)
Write-down of trade receivables	5	(14)	(19)
<b>Total operating expenses</b>		<b>(27,733)</b>	<b>(26,326)</b>
Other income (expenses), net	6	(103)	(754)
<b>Operating income (loss)</b>		<b>7,544</b>	<b>11,143</b>
Interests and other financial income	7	2,972	1,604
Interests and other financial expenses	7	(1,663)	(7,877)
Write-down of financial receivables and other financial assets	7	(174)	(187)
Share of result of investments accounted for using the equity method	8	53	(884)
Foreign exchange gains (losses), net	9	(72)	(29)
<b>Income (loss) before taxes</b>		<b>8,660</b>	<b>3,770</b>
Income taxes	10	(4,471)	(3,332)
<b>Net income (loss) from continued operations</b>		<b>4,189</b>	<b>438</b>
Net income (loss) from discontinued operations		0	0
<b>Net income (loss) for the period</b>		<b>4,189</b>	<b>438</b>
Minority interests in consolidated subsidiaries		0	0
<b>Group net income (loss) for the period</b>		<b>4,189</b>	<b>438</b>
Net income (loss) per ordinary share	11	0.22404	0.00000
- from continued operations		0.22404	0.00000
- from discontinued operations		0.00000	0.00000
Net income (loss) per savings share	11	0.24067	0.05936
- from continued operations		0.24067	0.05936
- from discontinued operations		0.00000	0.00000

Consolidated statement of other comprehensive income for the first semester 2021			
(thousands of euro)	Notes	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020
<b>Net income (loss) for the period from continued operations</b>		<b>4,189</b>	<b>438</b>
Exchange differences on translation of foreign operations	27	3,863	205
Exchange differences on equity method evaluated companies	27	0	13
Total exchange differences		3,863	218
<b>Total components that will be reclassified to the profit (loss) in the future</b>		<b>3,863</b>	<b>218</b>
Fair value variation of investments in other companies	27	(51)	0
Income taxes	27	0	0
Fair value variation of investments in other companies, net of taxes		(51)	0
<b>Total components that will not be reclassified to the profit (loss) in the future</b>		<b>(51)</b>	<b>0</b>
<b>Other comprehensive income (loss), net of taxes - continued operations</b>		<b>3,812</b>	<b>218</b>
<b>Total comprehensive income (loss), net of taxes - continued operations</b>		<b>8,001</b>	<b>656</b>
<b>Net income (loss) for the period from discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Other comprehensive income (loss), net of taxes - discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income (loss), net of taxes - discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income (loss), net of taxes</b>		<b>8,001</b>	<b>656</b>
<i>attributable to:</i>			
- Equity holders of the Parent Company		8,001	656
- Minority interests		0	0

**Consolidated statement of financial position for the first semester 2021**

(thousands of euro)	Notes	June 30, 2021	December 31, 2020 (*)
<b><u>ASSETS</u></b>			
<b>Non current assets</b>			
Property, plant and equipment	13	78,741	73,353
Intangible assets	14	41,667	41,165
Right of use	15	4,747	5,415
Investments accounted for using the equity method	16	2,205	2,152
Investments in other companies	17	1,274	1,274
Securities in the portfolio	18	135,161	134,087
Deferred tax assets	19	8,203	9,061
Financial receivables from related parties	20	49	49
Other long term assets	21	1,443	1,448
<b>Total non current assets</b>		<b>273,490</b>	<b>268,004</b>
<b>Current assets</b>			
Inventory	22	32,478	30,012
Trade receivables	23	25,579	19,453
Other receivables, accrued income and prepaid expenses	24	4,938	5,965
Cash and cash equivalents	25	24,419	30,678
Financial receivables from related parties	20	0	1
Securities in the portfolio	18	70,279	70,661
Other financial receivables from third parties	26	0	11
<b>Total current assets</b>		<b>157,693</b>	<b>156,781</b>
<b>Total assets</b>		<b>431,183</b>	<b>424,785</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
Capital stock		12,220	12,220
Share issue premium		25,724	25,724
Treasury shares		(93,382)	(93,382)
Legal reserve		2,444	2,444
Other reserves and retained earnings		281,484	284,188
Other components of equity		6,044	2,181
Net income (loss) of the period		4,189	4,787
<b>Group shareholders' equity</b>	27	<b>238,723</b>	<b>238,162</b>
Other reserves and retained earnings of third parties		0	0
<b>Minority interests in consolidated subsidiaries</b>	27	<b>0</b>	<b>0</b>
<b>Total equity</b>		<b>238,723</b>	<b>238,162</b>
<b>Non current liabilities</b>			
Financial debts	28	93,965	95,496
Financial liabilities for leases	29	3,337	3,571
Deferred tax liabilities	19	8,064	7,758
Severance indemnities and other employee benefits	30	8,853	8,005
Provisions for risks and charges	31	1,089	991
<b>Total non current liabilities</b>		<b>115,308</b>	<b>115,821</b>
<b>Current liabilities</b>			
Trade payables	32	12,605	11,424
Other payables	33	10,666	12,840
Accrued income taxes	34	213	155
Provisions for risks and charges	31	2,748	5,136
Derivative financial instruments measured at fair value	35	38	32
Current portion of medium/long term financial debts	28	4,142	5,199
Financial liabilities for leases	29	1,496	1,932
Other financial liabilities to third parties	36	16	24
Bank debts	37	44,508	33,491
Accrued expenses and deferred income	38	720	569
<b>Total current liabilities</b>		<b>77,152</b>	<b>70,802</b>
<b>Total equity and liabilities</b>		<b>431,183</b>	<b>424,785</b>

(\*) Some amounts shown in the column do not coincide with the amounts reported in the 2020 Annual Financial Report, as they reflect some reclassifications in order to improve the presentation of the financial statements (in particular, the short-term loans for the import of goods by the subsidiary SAES Coated Films S.p.A. have been reclassified from the item "Other financial liabilities to third parties" to the item "Bank overdrafts").



## Consolidated Cash Flows Statement for the first semester 2021

(thousands of euro)	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020
<b>Cash flows from operating activities</b>		
Net income (loss) from continued operations	4.189	438
Net income (loss) from discontinued operations	0	0
Current income taxes	3.287	2.921
Changes in deferred income taxes	1.184	411
Depreciation of financial leased assets	1.103	1.035
Write-down (revaluation) of financial leased assets	6	0
Depreciation	3.898	3.525
Write-down (revaluation) of property, plant and equipment	0	115
Amortization	666	636
Write-down (revaluation) of intangible assets	0	0
Net loss (gain) on disposal of fixed assets	(1)	0
Interest and other financial (income) expenses, net	(1.188)	7.344
Write-down of trade receivables	14	19
Other non-monetary costs (revenues)	(18)	1
Accrual (utilization) of investments provision	946	1.294
Accrual for termination indemnities and similar obligations	(2.364)	(2.087)
	<b>11.722</b>	<b>15.652</b>
<b>Working capital adjustments</b>		
<i>Cash increase (decrease)</i>		
Account receivables and other receivables	(6.169)	(1.541)
Inventory	(1.783)	(6.321)
Account payables	1.181	(3.798)
Other current payables	(2.023)	632
	<b>(8.794)</b>	<b>(11.028)</b>
Payment of termination indemnities and similar obligations	(145)	(335)
Interests and other financial payments	(114)	(477)
Interests and other financial receipts	46	62
Taxes paid	(2.286)	(1.094)
<b>Net cash flows from operating activities</b>	<b>429</b>	<b>2.780</b>
<b>Cash flows from investing activities</b>		
Disbursements for acquisition of tangible assets	(8.137)	(6.827)
Proceeds from sale of tangible and intangible assets	6	0
Disbursements for acquisition of intangible assets	(116)	(106)
Purchase of securities, net of disinvestments	156	(1.431)
Income from securities, net of management fees	1.187	1.170
Investments in other companies	(40)	0
<b>Net cash flows from investing activities</b>	<b>(6.944)</b>	<b>(7.194)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term financial liabilities, current portion included	0	0
Proceeds from short term financial liabilities	10.874	758
Dividends payment	(7.440)	(9.198)
Repayment of long term financial liabilities	(2.603)	(2.739)
Interests paid on long term financial liabilities	(587)	(618)
Interests paid on short term financial liabilities	(140)	(21)
Other costs paid	(13)	(15)
Financial receivables repaid (granted) from related parties	0	0
Interests receipts on financial receivables from related parties	1	1
Other financial payables	0	21
Repayment of financial liabilities for leased assets	(1.074)	(1.042)
Interests paid on leased assets	(112)	(88)
<b>Net cash flows from financing activities</b>	<b>(1.094)</b>	<b>(12.941)</b>
Net foreign exchange differences	1.203	23
Net (decrease) increase in cash and cash equivalents	<b>(6.406)</b>	<b>(17.332)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>30.700</b>	<b>48.521</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>24.294</b>	<b>31.189</b>



**Consolidated statement of changes in equity as at June 30, 2021**

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
<b>December 31, 2020</b>	<b>12,220</b>	<b>25,724</b>	<b>(93,382)</b>	<b>2,444</b>	<b>2,181</b>	<b>0</b>	<b>284,188</b>	<b>4,787</b>	<b>238,162</b>	<b>0</b>	<b>238,162</b>
Distribution of 2020 result							4,787	(4,787)	0		0
Dividends paid							(7,440)		(7,440)		(7,440)
<b>Net income (loss)</b>								<b>4,189</b>	<b>4,189</b>	<b>0</b>	<b>4,189</b>
Other comprehensive income (loss)					3,863		(51)		3,812		3,812
<b>Total comprehensive income (loss)</b>					<b>3,863</b>	<b>0</b>	<b>(51)</b>	<b>4,189</b>	<b>8,001</b>	<b>0</b>	<b>8,001</b>
<b>June 30, 2021</b>	<b>12,220</b>	<b>25,724</b>	<b>(93,382)</b>	<b>2,444</b>	<b>6,044</b>	<b>0</b>	<b>281,484</b>	<b>4,189</b>	<b>238,723</b>	<b>0</b>	<b>238,723</b>

**Consolidated statement of changes in equity as at June 30, 2020**

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
<b>December 31, 2019</b>	<b>12,220</b>	<b>25,724</b>	<b>(93,382)</b>	<b>2,444</b>	<b>12,088</b>	<b>0</b>	<b>273,599</b>	<b>19,837</b>	<b>252,530</b>	<b>0</b>	<b>252,530</b>
Distribution of 2019 result							19,837	(19,837)	0		0
Dividends paid							(9,198)		(9,198)		(9,198)
<b>Net income (loss)</b>								<b>438</b>	<b>438</b>	<b>0</b>	<b>438</b>
Other comprehensive income (loss)					218				218		218
<b>Total comprehensive income (loss)</b>					<b>218</b>	<b>0</b>	<b>0</b>	<b>438</b>	<b>656</b>	<b>0</b>	<b>656</b>
<b>June 30, 2020</b>	<b>12,220</b>	<b>25,724</b>	<b>(93,382)</b>	<b>2,444</b>	<b>12,306</b>	<b>0</b>	<b>284,238</b>	<b>438</b>	<b>243,988</b>	<b>0</b>	<b>243,988</b>

## Explanatory notes

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of preparation

SAES Getters S.p.A., the Parent Company with headquarters in Lainate, and its subsidiaries (hereinafter "SAES Group") operate both in Italy and abroad in the development, manufacturing and marketing of getters and other components for applications where stringent vacuum conditions are required (electronic devices, industrial lamps, vacuum systems and thermal insulation solutions). The Group also operates in the field of advanced materials, particularly in the business of shape memory alloys for both medical and industrial applications. Lastly, SAES has recently developed a technology platform that integrates getter materials in a polymeric matrix, which can be used in several application fields (sustainable packaging, OLED displays, optoelectronic, photonics and telephony applications).

The preparation of the financial statements is based on the historical cost criterion, except when specifically required by the applicable standards, as well as on the going concern assumption, given that, despite a difficult economic and financial environment caused by the Covid-19 pandemic, there are no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - Presentation of Financial Statements) regarding business continuity.

S.G.G. Holding S.p.A.<sup>20</sup> is a relative majority shareholder<sup>21</sup> and does not exercise any management and coordination activity with respect to SAES Getters S.p.A. pursuant to article 2497 of the Italian Civil Code (as specified in the 2020 Report on corporate governance and ownership).

The Board of Directors approved and authorized the publication of the interim condensed consolidated financial statements as at June 30, 2021, with the resolution passed on September 9, 2021.

The interim condensed consolidated financial statements of the SAES Group is presented in euro (rounded to the nearest thousand), which is the Group's functional currency.

Foreign subsidiaries are included in the consolidated financial statements according to the standards described in Note no. 2 "Accounting standards".

#### Accounting schedules

The presentation adopted is compliant with the provisions of Revised IAS 1, that provides for the consolidated statement of profit (loss) and of other comprehensive income (the Group elected to present two different statements) and a statement of consolidated financial position that includes only the details of operations on the Group's shareholders' equity, while changes in the minority interests are presented in a separate line.

Moreover, it should be noted that:

- the consolidated statement of financial position has been prepared by classifying assets and liabilities as current or non-current and by stating "Assets held for sale" and "Liabilities held for sale" in two separate items, as required by IFRS 5;

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<sup>20</sup> With registered office in Milan, via Santa Maria Fulcorina, 2.

<sup>21</sup> As at June 30, 2021, S.G.G. Holding S.p.A. held 34.44% of the ordinary shares of SAES Getters S.p.A. and, taking account of the shares with increased voting rights, has 45.01% of the total voting rights that can be exercised on that date (including the voting rights of the treasury stock held by SAES Getters S.p.A. in the calculation).

- the consolidated statement of profit or loss has been prepared by classifying operating expenses by allocation, inasmuch this form of disclosure is considered more suitable to represent the Group's specific business, complies with internal reporting procedures and is in line with standard industry practice;
- the consolidated cash flow statement has been prepared by stating cash flows provided by operating activities according to the "indirect method" as allowed by IAS 7.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, significant income and expenses arising from non-recurring transactions or from events that do not recur frequently during the normal conduct of operations are specifically identified in the consolidated statement of profit or loss by allocation and their detailed information is provided in the Explanatory notes to the consolidated financial statements.

Non-recurring events and transactions are identified primarily on the basis of the nature of the transactions. In particular, non-recurring income/expenses include cases that by their nature do not occur consistently in the course of normal operating activities. In further detail:

- income/expenses arising from the sale of real property;
- income/expenses arising from the sale of business divisions and equity investments;
- income/expenses arising from reorganization processes associated with extraordinary corporate transactions (mergers, de-mergers, acquisitions and other corporate transactions);
- income/expenses arising from discontinued businesses.

On the basis of Consob resolution no. 15519 of July 27, 2006, the values of positions or transactions with related parties have been highlighted separately from the related items in the Explanatory Notes to the consolidated interim financial statements.

### **Reclassifications on balance sheet values as at December 31, 2020**

Compared to December 31, 2020, some **reclassifications** are highlighted, without any effect on the net result and on the shareholders' equity, aimed at improving the representation of the consolidated statement of financial position; in particular, the short-term loans for the import of goods held by the subsidiary SAES Coated Films S.p.A. were reclassified from the item "Other financial payables to third parties" to the item "Bank overdrafts".

### **Segment information**

The Group's financial reporting is broken down into the following business segments:

- Metallurgy;
- Vacuum Technology;
- Medical;
- Specialty Chemicals;
- Advanced Packaging.

There were no changes in the structure of the operating segments compared to the previous year.

### **Seasonality of revenues**

Based on historical trends, the revenues of the different businesses are not characterised by significant seasonal circumstances.

## Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as at June 30, 2021.

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
<b>Directly-controlled subsidiaries:</b>				
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	33,000,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	6,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	100.00	-
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
Memry GmbH in liquidation Weil am Rhein (Germany)	EUR	330,000	100.00	-
SAES Innovative Packaging S.r.l. Lainate, Milan (Italy)	EUR	75,000	100.00	-
SAES Nitinol S.r.l. Lainate, Milan (Italy)	EUR	10,000	100.00	-
SAES Coated Films S.p.A. Roncello, MB & Lainate, Milan (Italy)	EUR	50,000	100.00	-
SAES Investments S.A. Luxembourg (Luxembourg)	EUR	30,000,000	100.00	-
<b>Indirectly-controlled subsidiaries:</b>				
<i>Through SAES Getters/U.S.A., Inc.:</i>				
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
<i>Through SAES Getters International Luxembourg S.A.:</i>				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	524,895,000	37.48	62.52
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	-	100.00
Memry Corporation Bethel, CT (USA) & Freiburg (Germany)	USD	30,000,000	-	100.00

The following table shows the companies included in the scope of consolidation according to the equity method as at June 30, 2021.

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
Actuator Solutions GmbH Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*
SAES RIAL Vacuum S.r.l. Parma, Parma (Italy)	EUR	200,000	49.00	-
Flexterra, Inc. Skokie, IL (USA)	USD	33,382,842	-	46.73**
Flexterra Taiwan Co., Ltd. Zhubei City (Taiwan)	TWD	5,000,000	-	46.73***

\* % of indirect ownership held through SAES Nitinol S.r.l.

\*\* % of indirect ownership held through SAES Getters International Luxembourg S.A.

\*\*\* % indirect ownership held through the joint venture Flexterra, Inc. (which holds a 100% interest in Flexterra Taiwan Co., Ltd.).

The following table shows the investments in other companies as at June 30, 2021, other than subsidiaries, associates or joint ventures, included in the scope of consolidation through measurement at fair value, pursuant to IFRS 9.

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
Eureka! Fund I - Technology Transfer Milan (Italy)	EUR	4,730,804*	5.85**	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	48,565	-	0.86***

\* Total capital payments by investors as at June 30, 2021, against a total commitment of €51,290,500.

\*\* Compared to December 31, 2020, the equity investment of SAES was diluted from 7.51% to 5.85% following the completion of the third closing by the EUREKA! Fund, on the basis of which new investors were formally admitted, with a total theoretical contribution to the investment of approximately € 11.3 million.

\*\*\* % of indirect ownership held through SAES Getters International Luxembourg S.A. Compared to 31 December 2020, this investment was diluted from 0.87% to 0.86% following the issue of new ordinary preference shares in January 2021, upon completion of the same round of financing for a total of £ 7.5 million, in which the SAES Group also participated.

With reference to the changes in the scope of consolidation during the first half of 2021, it should be noted that:

- on March 31, 2021, the establishment of a **Branch of SAES Coated Films S.p.A. in Freiburg - Germany** (registration number HRD723906) was completed, in line with the strategy that sees the company committed to improving its presence in strategic markets, in order to boost new business opportunities.
- On June 1, 2021, the **German Branch of SAES Getters S.p.A.** was established, located in **Freiburg - Germany** (registration number HRB724326), mainly with a scouting and promotion function, in line with the strategy that will see the Group committed to improving its presence in markets deemed crucial for future growth.

Lastly, note that in the first half of 2021 SAES Getters S.p.A. made capital injections into the venture capital fund EUREKA! Fund I - Technology Transfer for a total amount of 102 thousand of euro and received a repayment of approximately 51 thousand of euro following the finalization of the third Closing by the same fund. As at June 30, 2021, against a total commitment of 3 million of euro, SAES Getters S.p.A. made capital injections into the EUREKA! totalling 277 thousand of euro<sup>22</sup> while the residual commitment is equal to 2,723 thousand of euro.

## 2. ACCOUNTING STANDARDS

### Consolidation principles

Following the entry into force of the European Regulation no. 1606/2002, the SAES Group adopted the IAS/IFRS accounting standards starting from January 1, 2005.

The separate financial statements for the year ending June 30, 2021 have been prepared in accordance with the IFRSs issued by the *International Accounting Standards Board* ("IASB") and approved by the European Union ("IFRS"), Consob resolutions no. 15519 and no. 15520 of July 27, 2006, Consob communication no. DEM/6064293 of July 28, 2006 as well as article 149-*duodecies* of the Issuers' Regulations. The abbreviation "IFRS" includes all revised International Accounting Standards ("IAS") and all interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC"), including those previously issued by the *Standing Interpretations Committee* ("SIC").

<sup>22</sup> Amounts net of the repayments recognized by the fund following the capital injections made by the new investors (second and third closing).

The interim condensed consolidated financial statements as at June 30, 2021 were prepared according to IAS 34 revised - *Interim financial reporting*, applicable to interim reporting and therefore has to be read jointly with the consolidated financial statements as at December 31, 2020, since they do not include all the disclosures required for the annual financial statements prepared according to IAS/IFRS.

For comparison purposes 2020 comparative figures have also been presented, in application of IAS 1 - *Presentation of Financial Statements*.

### **IFRS accounting standards, amendments and interpretations applicable from January 1, 2021**

The accounting standards, amendments and interpretations which were applied for the first time starting from January 1, 2021 are set out below.

#### ***Covid-19-related Rent Concessions (Amendment to IFRS 16)***

On May 28, 2020, the IASB published "*Covid-19-related Rent Concessions (Amendment to IFRS 16)*". For tenants, the document allows the option of accounting for decreases in lease payables related to Covid-19 without assessing, by analysing the contracts, whether the IFRS 16 definition of 'lease modification' is satisfied. Therefore, tenants applying this option will be able to account for the effects of decreases in rent instalments directly in the statement of profit or loss as at the effective date of the decrease.

This amendment applies to financial statements starting on June 1, 2020.

The adoption of this amendment did not affect the Group's financial statements.

#### ***Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)***

On May 28, 2020, the IASB published "*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*". The amendments allow the temporary exemption for the application of IFRS 9 to be extended until January 1, 2023 for insurance companies.

These amendments became effective from January 1, 2021.

The adoption of this amendment did not affect the Group's financial statements, as the specific case did not occur.

#### ***Interest Rate Benchmark Reform – Phase 2***

On August 27, 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document "*Interest Rate Benchmark Reform - Phase 2*" which contains amendments to the following standards:

- IFRS 9 – *Financial Instruments*;
- IAS 39 – *Financial Instruments: Recognition and Measurement*;
- IFRS 7 – *Financial Instruments: Disclosures*;
- IFRS 4 – *Insurance Contracts*; and
- IFRS 16 *Leases*.

These amendments became effective from January 1, 2021.

The adoption of this amendment did not affect the Group's financial statements.

### **IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, but whose application is not yet mandatory and not adopted in advance by the Group**

Below are the principles and amendments approved by the European Union but not yet mandatorily applicable and not adopted by the Group in advance at June 30, 2021.

#### ***Amendments to IFRS 3 – Business Combinations, IAS 16 – Property, Plant and Equipment and IAS 37 – Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020***

On May 14, 2020, the IASB published the following amendments:

- o ***Amendments to IFRS 3 – Business Combinations***: the amendments update the reference in IFRS 3 to the revised version of the Conceptual Framework, without changing the provisions.

- **Amendments to IAS 16 – Property, Plant and Equipment** - the amendments do not allow the deduction of the amount received from goods produced in an asset's trial phase from the cost of property, plant and equipment. Such revenues from sales and the related costs are therefore recognised in the statement of profit or loss.
- **Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets** - the amendment clarifies that all costs directly attributable to the contract must be considered when estimating any contract liabilities. Consequently, the measurement of any contract liability includes not only the incremental costs (e.g., the cost of material directly used in processing), but also all costs that the company cannot avoid in that it signed the contract (e.g., the percentage depreciation of machinery used to fulfil the contract).
- **Annual Improvements 2018-2020** - the amendments were made to IFRS 1 – *First-time Adoption of International Financial Reporting Standards*, IFRS 9 – *Financial Instruments*, IAS 41 – *Agriculture* and the *Illustrative Examples* in IFRS 16 – *Leases*.

All these amendments will become effective from January 1, 2022.

The adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

### **IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union**

At the date of these consolidated financial statements, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and the principles described below.

#### **IFRS 17 – Insurance Contracts**

On May 18, 2017, the IASB issued IFRS 17 – *Insurance Contracts* that will replace IFRS 4 – *Insurance Contracts*.

The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents rights and obligations deriving from the insurance contracts it issues. The IASB developed this standard to eliminate inconsistencies and weaknesses in existing accounting practices, by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new principle also envisages some submission and reporting requirements to improve the comparability between the entities of this sector.

The new standard measures an insurance contract based on a General Model or a simplified version of it, called Premium Allocation Approach (PAA).

The main features of the General Model are as follows:

- estimates and assumptions of future cash flows are always the current ones;
- the measurement reflects the time value of money;
- estimates provide for an extensive use of information available in the market;
- there is a current and explicit risk measurement;
- the expected profit is deferred and aggregated in groups of insurance contracts at the time of their initial recognition;
- the expected profit is recognised in the hedging period taking into account the adjustments resulting from variations in the assumptions related to the cash flows of each group of contracts.

The PAA envisages measurement of the liability for the residual coverage of a group of insurance contracts provided that, on initial recognition, the entity provides that such a liability represents a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA. The simplifications arising from application of the PAA method do not apply to the assessment of liabilities for existing claims that are measured using the General Model. However, it is not necessary to discount those cash flows if the balance to be paid or settled is expected to take place within one year from the date in which the claim was filed.

The entity must apply the new principle to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

This standard will apply from January 1, 2023, but early application is allowed only for entities applying IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers*.

The adoption of this standard is not expected to have any significant impact on the consolidated financial statements of the Group.

#### ***Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***

On January 23, 2020, the IASB published the document "*Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*". The aim of the document is to clarify how to classify current or non-current payables and other liabilities.

The amendments apply from January 1, 2023, but an earlier adoption is allowed.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements of the Group.

#### ***Amendment to IAS 1 and to IFRS Practice Statement 2 - Disclosure of Accounting Policies***

##### ***Amendment to IAS 8 - Definition of Accounting Estimates***

On February 12, 2021 the IASB published two amendments called "*Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*" and "*Definition of Accounting Estimates - Amendments to IAS 8*". The amendments aim to improve disclosure on accounting policies in order to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish between changes in accounting estimates and changes in *accounting policies*.

The amendments will apply from January 1, 2023, but an earlier adoption is allowed.

The adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

#### ***Covid-19 - Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)***

On March 31, 2021 the IASB published an amendment called "*Covid-19 - Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)*", extending the period of application of the amendment to IFRS 16, issued in 2020 and relating to the accounting of the facilities granted to lessees, due to Covid-19, by one year.

The changes will apply starting from April 1, 2021, but an early application is allowed.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements of the Group.

#### ***Amendment to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

On May 7, 2021 the IASB published an amendment entitled "*Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies how deferred taxes on certain transactions that may generate assets and liabilities of the same amount, such as *leasing* and dismantling obligations, must be accounted for.

The amendments will apply from January 1, 2023, but an earlier adoption is allowed.

The Company will assess the possible impacts on the consolidated financial statements of the Group deriving from the adoption of this amendment, even though today there are no significant effects expected.



### **IFRS 14 - Regulatory Deferral Accounts**

On January 30, 2014, the IASB published IFRS 14 - *Regulatory Deferral Accounts*, which allows only those adopting IFRS for the first time to continue to recognize the amounts relating to assets subject to regulated tariffs ("Rate Regulation Activities"), according to the previous accounting standards adopted. As the Group is not a first-time adopter, this standard is not applicable.

### **Use of estimates and subjective valuations**

The preparation of the interim condensed consolidated financial statements and of the relative notes in application of IFRS, requires the use of estimates and assumptions from management that have an effect on the values of assets and liabilities, as well as the disclosure of contingent assets and liabilities on the reporting date. If such estimates and assumptions, which are based on the best evaluation currently available, should differ from the actual circumstances in the future, they will be modified accordingly during the period in which said circumstances change.

In particular, estimates and subjective valuations are used to recognize provisions for credit risk, obsolete and slow-rotation inventory, depreciation and amortization, prepaid taxes, restructuring provisions as well as other accruals and provisions, including risk provisions. The estimates are also used to define the duration and interest rate of the transactions that relate to lease contracts. Estimates and assumptions are reviewed periodically and the effects of all changes are immediately reflected in the statement of profit or loss.

Moreover, we report that some evaluation processes, particularly the most complex ones, such as the determination of impairment of non-current assets, are generally conducted in complete form solely for the preparation of the annual report, when all the required information is available, except in circumstances where there are indicators of impairment that require an immediate assessment of impairment.

In a likely manner, the actuarial valuations required to determine the provisions for employee benefits are normally conducted for the preparation of the annual report.

At the reference date of these interim condensed consolidated financial statements there were no changes in the estimates and assumptions used during the closing process of the financial statements as at December 31, 2020.

### **Criteria for translating items expressed in foreign currencies**

The consolidated financial statements are presented in euro, which is the functional currency of the Group.

Each Group company defines the functional currency for its financial statements. Transactions in foreign currencies are initially recorded at the exchange rate (related to the functional currency) at the date of the transaction.

All of the assets and liabilities of foreign companies in currencies other than the euro that fall within the scope of consolidation are translated using the exchange rates in force as of the balance sheet data (current exchange rate method), whereas the associated revenues and costs are converted at the average exchange rates for the period. Translation differences resulting from the application of this method are classified as a shareholders' equity item until the equity investment is sold. In preparing the consolidated cash flow statement, the cash flows of consolidated foreign companies expressed in currencies other than the euro are translated using the average exchange rates for the period.

Non-current items measured at historical cost in a foreign currency (including goodwill and adjustments to the fair value generated during the purchase price allocation of a foreign company) are translated at the exchange rates at the date of their initial recording. At a later stage, these figures are translated at the exchange rate at period end.

The following table shows the exchange rates used for the translation of foreign financial statements.

expressed in foreign currency (per 1 euro)

Currency	June 30, 2021		December 31, 2020		June 30, 2020	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US dollar	1.2053	1.1884	1.1422	1.2271	1.1020	1.1198
Japanese yen	129.8681	131.4300	121.8458	126.4900	119.2668	120.6600
South Korean won	1,347.5387	1,341.4100	1,345.5765	1,336.0000	1,329.5321	1,345.8300
Renminbi (P.R. of China)	7.7960	7.6742	7.8747	8.0225	7.7509	7.9219
Taiwan dollar	33.7755	33.1584	33.6227	34.4807	33.0702	33.0076

When the IFRS were first adopted, the combined translation differences generated by the consolidation of foreign companies outside the Eurozone were set at zero, as allowed by IFRS 1 (First-time Adoption of International Financial Reporting Standards) and therefore only the translation differences accumulated and recognized after January 1, 2004 contribute to determining capital gains and losses generated by their transfer, if any.

### 3. NET SALES

In the first half of 2021, consolidated net sales were equal to 85,885 thousand of euro, compared to 89,099 thousand of euro in the first half of 2020. The reduction (-3.6%) is entirely attributable to the negative effect of exchange rates (-6.6%), mainly related to the devaluation of the US dollar against the euro. Excluding this effect, consolidated revenues rose organically by 3%.

Organic growth was mainly driven by the vacuum systems segment (Vacuum Technology Division) and by the Nitinol medical devices segment (Medical Division): the first thanks to the general growth in revenues in all applications; the second for the already mentioned overcoming of the Covid-19 crisis, thanks to the progressive resumption of deferred interventions. This growth more than offsets the drop in the Electronic Devices business (Metallurgy Division) following the saturation of the thermo-scanner market, which had shown a strong growth in demand, linked to the pandemic crisis, and in the shape memory alloys for industrial applications business (again Metallurgy Division), penalized by international tensions between the US and China in the telecom market.

In the Speciality Chemicals Division, note the increase in sales of advanced materials in the consumer electronics business and the higher sales of dispensable dryers for passive matrix OLED displays and oximeter displays.

Lastly, in the Advanced Packaging Division, the decline in sales is due to the presence in the first half of the previous year of revenues deriving from the sale of more traditional metallised products, whose phase-out was completed in the third quarter of 2020.

The following table shows a breakdown of revenues by business sector.

(thousands of euro)

Divisions & Businesses	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	9,025	9,524	(499)	-5.2%	-6.4%	1.2%
Electronic Devices	6,220	7,702	(1,482)	-19.2%	-3.9%	-15.3%
Healthcare Diagnostics	2,503	2,752	(249)	-9.0%	-4.0%	-5.0%
Lamps	1,574	1,946	(372)	-19.1%	-3.4%	-15.7%
Thermal Insulated Devices	1,592	1,674	(82)	-4.9%	-7.7%	2.8%
Sintered Components for Electronic Devices & Lasers	4,012	3,733	279	7.5%	-10.1%	17.6%
SMA Industrial	5,277	6,208	(931)	-15.0%	-3.0%	-12.0%
<b>Metallurgy Division</b>	<b>30,203</b>	<b>33,539</b>	<b>(3,336)</b>	<b>-9.9%</b>	<b>-5.3%</b>	<b>-4.6%</b>
Solutions for Vacuum Systems	8,645	5,359	3,286	61.3%	-7.6%	68.9%
<b>Vacuum Technology Division</b>	<b>8,645</b>	<b>5,359</b>	<b>3,286</b>	<b>61.3%</b>	<b>-7.6%</b>	<b>68.9%</b>
Nitinol for Medical Devices	38,522	40,145	(1,623)	-4.0%	-8.9%	4.9%
<b>Medical Division</b>	<b>38,522</b>	<b>40,145</b>	<b>(1,623)</b>	<b>-4.0%</b>	<b>-8.9%</b>	<b>4.9%</b>
Functional Dispensable Products	5,603	5,024	579	11.5%	-1.6%	13.1%
<b>Specialty Chemicals Division</b>	<b>5,603</b>	<b>5,024</b>	<b>579</b>	<b>11.5%</b>	<b>-1.6%</b>	<b>13.1%</b>
Advanced Coatings	2,912	5,032	(2,120)	-42.1%	0.0%	-42.1%
<b>Advanced Packaging Division</b>	<b>2,912</b>	<b>5,032</b>	<b>(2,120)</b>	<b>-42.1%</b>	<b>0.0%</b>	<b>-42.1%</b>
<b>Total consolidated net sales</b>	<b>85,885</b>	<b>89,099</b>	<b>(3,214)</b>	<b>-3.6%</b>	<b>-6.6%</b>	<b>3.0%</b>

Please refer to the Interim Report on operations for further details and comments.

#### 4. COST OF SALES

The cost of sales amounted to 50,505 thousand of euro in the first half of 2021, compared to 50,876 thousand of euro in the corresponding period of the previous year.

A **breakdown of the cost of sales by category** is provided below, compared with the actual figure of the first half of 2020.

(thousands of euro)

Cost of sales	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	Difference
Raw materials	14,491	16,854	(2,363)
Direct labour	14,204	14,452	(248)
Manufacturing overhead	23,743	23,019	724
Increase (decrease) in work in progress and finished goods	(1,933)	(3,449)	1,516
<b>Total cost of sales</b>	<b>50,505</b>	<b>50,876</b>	<b>(371)</b>

Breaking down the decrease due to the exchange rate performance (-3,224 thousand of euro), the percentage change in the cost of sales (+5.6%) was substantially in line with the overall growth in sales revenue (+3%).

In particular, observing the individual components of the cost of sales, again net of the effect of currencies, the **cost of direct labour** and the **manufacturing overhead costs** increased by a higher percentage than the organic change in revenues (organic increase respectively equal to +4.8% and +9.2%) because penalised by the temporary drop in volumes on a product line with a margin higher than the average in the Nitinol medical sector, as well as by production inefficiencies in the advanced packaging (the second lacquering line, which entered into operation in mid-2020, is not yet used at full capacity). Indirect production costs also include costs related to the project to renovate the Lainate production site and make it safe (334 thousand of euro).

The **cost of raw materials** instead recorded a lower percentage increase (+0.4%, also including the change in inventories of semi-finished and finished products, in addition to that of raw materials) due to

the more favourable sales mix in all operating segments, with the exclusion of the Vacuum Technology Division, penalized by a higher incidence of the cost of the raw material.

## 5. OPERATING EXPENSES

Operating expenses in the first half of 2021 amounted to 27,733 thousand of euro compared to 26,326 thousand of euro in the same period of the previous year.

A **breakdown by function of operating expenses**, compared with the previous year, is given below.

(thousands of euro)

Operating expenses	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	Difference
Research & development expenses	5,665	5,283	382
Selling expenses	6,075	5,675	400
General & administrative expenses	15,993	15,368	625
<b>Total operating expenses</b>	<b>27,733</b>	<b>26,326</b>	<b>1,407</b>

Excluding the effect of currencies (reduction in operating costs of 653 thousand of euro), operating expenses increased by 2,060 thousand of euro (+7.8%). The increase is spread over all destinations and, in absolute value, is mainly concentrated in **general and administrative expenses** (+935 thousand of euro, equal to +6.1%, net of the exchange rate effect), mainly due to the effect of higher costs in the IT area for the implementation of new information systems and higher consulting costs of the US affiliates for the recruitment of new personnel in order to accompany the current phase of production expansion after Covid-19, as well as due to costs related to a project for the renovation and modernization of some offices of the Parent Company in Lainate.

**Selling expenses** (+626 thousand of euro, equal to +11%, again net of the exchange rate effect) increased as a result of the increase in the average number of sales personnel of the Parent Company and of the higher bonuses set aside for the recovery of the business, as well as consultancy costs for a development opportunity on the foreign market, currently being assessed.

Lastly, **research and development expenses** (+499 thousand of euro, equal to +9.4%, excluding the currency effect) increased due to the overcoming of the pandemic phase and the consequent return of R&D activities to pre-Covid levels, and for the Group's new approach to innovation, through the creation of a dedicated Strategic Innovation Office within the Parent Company. Lastly, note the slight increase in costs for the management and maintenance of patents.

A breakdown of **costs (costs of sales and operating expenses) by nature** included in the cost of sales and operating expenses, compared with June 30, 2020, is given below, with evidence of the effect attributable to the fluctuation in exchange rates.

(thousands of euro)

of which:

Total costs by nature	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	Difference	Translation differences
Raw materials	14,491	16,854	(2,363)	(927)
Personnel costs	39,661	39,681	(20)	(2,037)
Corporate bodies	2,531	2,445	86	0
Travel expenses	113	238	(125)	(7)
Maintenance and repairs	2,365	1,804	561	(67)
Various materials	4,768	4,355	413	(311)
Transports	841	976	(135)	(26)
Commissions	95	183	(88)	(7)
Licenses and patents	383	348	35	(16)
Consultant fees and legal expenses	3,628	3,464	164	(84)
Audit fees	295	306	(11)	(0)
Rent and operating leases	335	227	108	(7)
Insurances	610	565	45	(22)
Advertising costs	132	119	13	(3)
Utilities	2,170	1,919	251	(65)
Telephones and faxes	163	151	12	(11)
General services (canteen, cleaning, vigilance, etc.)	1,001	906	95	(29)
Training costs	129	53	76	(3)
Depreciation	3,898	3,525	373	(150)
Amortization	666	636	30	(38)
Right of use depreciation	1,103	1,035	68	(65)
Write-down of non current assets	6	115	(109)	0
Provision (release) for bad debts	14	19	(5)	0
Other	773	727	46	(30)
<b>Total costs by nature</b>	<b>80,171</b>	<b>80,651</b>	<b>(480)</b>	<b>(3,904)</b>
Increase (decrease) in work in progress and finished goods	(1,933)	(3,449)	1,516	27
<b>Total cost of sales and operating expenses</b>	<b>78,238</b>	<b>77,202</b>	<b>1,036</b>	<b>(3,877)</b>

The main changes are commented below.

Excluding the exchange rate effect (which led to a reduction in costs of € 900 thousand), the decrease in the item "**Raw materials**" was more than offset by the opposite change in the item "**Increase (decrease) in work in progress and finished goods**". The slight overall increase (+0.4%) is related to the organic increase in sales revenues, with a more favourable product mix than in the first half of 2020.

The item "**Personnel costs**" increased by 2,017 thousand of euro, net of the impact of currencies, due to the increase in the average number of employees, especially at Memry Corporation (business recovery after the pandemic phase and finalization of the new tube department in Bethel) and at the Parent Company (increase in sales personnel and creation, within the R&D area, of the Strategic Innovation Office). Lastly, note the increase in the use of temporary work at Memry Corporation, as well as the higher allocation to bonuses, by the US subsidiaries, against the increase in revenues. Severance costs for the half year amounted to 426 thousand of euro (zero as at June 30, 2020).

The increase in the item "**Maintenance and repairs**" (+628 thousand of euro, net of the exchange rate effect) is mainly attributable to the Parent Company and refers to the costs for the renovation of some production departments and spaces dedicated to offices, at the Lainate site. Lastly, in the current half-year, there were higher costs related to the Covid-19 pandemic, which occurred in Italy only from the end of February 2020.

The item "**Various materials**" increased (+724 thousand of euro, net of the impact of exchange rates) due to the increase in variable production costs in the Medical Division, as a result of the increase in sales, and higher costs in the IT area for the implementation of new information systems.

The item **"Commissions"** is reduced due to the effect of lower commissions paid on sales of SMA trained wire for consumer electronics applications, down in the first half of 2021 compared to the corresponding period last year.

The item **"Consultant fees and legal expenses"** increased (+248 thousand of euro, excluding the currency effect) as a result of special strategic projects aimed at commercial expansion in the packaging sector and on the foreign market, currently under assessment, as well as for the recruiting of new personnel by the US affiliates in order to accompany the current phase of production expansion after Covid-19.

The change in the item **"Utilities"** is related to the increase in both consumption and unit costs of electricity, both lower in the first half of 2020 due to the Covid-19 pandemic.

The increase in the item **"Depreciation"** (523 thousand of euro, net of the exchange rate effect) is mainly related to the depreciation of the Memry Corporation's new plants and equipment (both for the expansion of the existing production capacity and for the new tube department of Bethel), as well as the depreciation of the new lacquering machine and the new R&D pilot plant in the Advanced Packaging Division, which came into operation at the end of the first half of 2020 and during the first quarter of 2021, respectively.

The item **"Write-down of non-current assets"** as at June 30, 2020, included the write-down of the residual value of an SMA furnace decommissioned during the previous half-year period by the affiliate SAES Smart Materials, Inc.

It should be noted that the item **"Provision (release) for bad debts"** includes the generic write-down of trade receivables, including those not yet past due, in application of the Expected Credit Loss model envisaged by IFRS 9 (cost equal to 16 thousand of euro) in the current half-year period, against a revenue of - €6 thousand in the corresponding period of the previous year).

The breakdown by nature of **extraordinary items related to the COVID-19 pandemic**, included in the cost of sales and in operating expenses for the first half of 2021 and of the corresponding period in 2020 is provided below, with the relative nature details.

(thousands of euro)	1 <sup>st</sup> half 2021					Total
	Direct labour	Manufacturing overhead	Research & development expenses	Selling expenses	General & administrative expenses	
<b>One-off Covid-19</b>						
Personnel costs	(29)	(13)	(6)	(2)	16	(34) (*)
Maintenance and repairs					68	68
Various materials					3	3
Transports					0	0
Consultant fees and legal expenses					10	10
General services (canteen, cleaning, vigilance, etc.)					75	75
Training costs					0	0
<b>Total cost of sales &amp; operating expenses one-off Covid-19</b>	<b>(29)</b>	<b>(13)</b>	<b>(6)</b>	<b>(2)</b>	<b>172</b>	<b>122</b>

(\*) The amount is composed by:

- savings for the US governmental measures to support companies and families, equal to -54 thousands of euro;
- additional personnel costs, equal to +20 thousands of euro.

(thousands of euro)	1 <sup>st</sup> half 2020					
	Direct labour	Manufacturing overhead	Research & development expenses	Selling expenses	General & administrative expenses	Total
One-off Covid-19						
Personnel costs	(101)	(53)	(44)	(11)	47	(162) (*)
Maintenance and repairs					30	30
Various materials					103	103
Transports					3	3
Consultant fees and legal expenses					73	73
General services (canteen, cleaning, vigilance, etc.)					38	38
Training costs					3	3
<b>Total cost of sales &amp; operating expenses one-off Covid-19</b>	<b>(101)</b>	<b>(53)</b>	<b>(44)</b>	<b>(11)</b>	<b>297</b>	<b>88</b>

(\*) The amount is composed by:

- CIGO savings in the Lainate plant of the Parent Company, equal to -55 thousands of euro;
- savings for the US governmental measures to support companies and families, equal to -167 thousands of euro;
- additional personnel costs, equal to +60 thousands of euro.

The extraordinary expenses (of around 176 thousand of euro in the current half-year period and 310 thousand of euro in the corresponding period of 2020) refer mainly to costs for sanitization and adaptation of access points and workspaces to ensure employee safety, as well as healthcare and prevention expenses and consulting and training costs. Also note the decrease in the cost of labour, in total -54 thousand of euro at June 30, 2021, correlated to the support measures implemented by the US Government that benefited all the US operating subsidiaries of the Group (in the first half of 2020, the reduction in the cost of labour was -222 thousand of euro, made possible only by the support measures implemented by the US government but also by the recourse to the government furlough scheme at the Parent Company's Lainate plant).

## 6. OTHER INCOME (EXPENSES)

The item "Other income (expenses)" as at June 30, 2021 recorded a negative balance of 103 thousand of euro compared to an again negative value of 754 thousand of euro in the corresponding period of the previous year.

A breakdown of both half-year periods is provided below.

(thousands of euro)	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020	Difference
Other income	158	226	(68)
Other expenses	(261)	(980)	719
<b>Total other income (expenses)</b>	<b>(103)</b>	<b>(754)</b>	<b>651</b>

The item "Other income" includes all those revenues that do not fall within the ordinary operations of the Group, such as, for example, the proceeds from the sale of scrap materials, and it is in line with the first half of 2020.

The item "Other expenses", however, mainly includes the property taxes and other taxes, other than income taxes, mostly paid by the Group's Italian companies. The change is a consequence of the fact that as at June 30, 2020, the item included the donations, amounting to a total of 689 thousand of euro, made by the Parent Company and by research and hospital facilities working on the front line to overcome the Covid-19 emergency, as well as to the Italian Civil Defence.

## 7. FINANCIAL INCOME (EXPENSES) AND WRITE-DOWN OF FINANCIAL ASSETS

The following tables show the financial income (expenses) breakdown in the first half of 2021, compared to the corresponding period of the previous year.

(thousands of euro)

Financial income	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020	Difference
Bank interest income	5	58	(53)
Other financial income	221	244	(23)
Gains from securities evaluated at fair value	1,413	0	1,413
Other income and coupons collected on securities	1,319	1,292	27
Gains realized on derivative instruments	0	0	0
Gains from derivative instruments evaluated at fair value	14	10	4
<b>Total financial income</b>	<b>2,972</b>	<b>1,604</b>	<b>1,368</b>

(thousands of euro)

Financial expenses	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020	Difference
Bank interests and other bank expenses	845	1,035	(190)
Other financial expenses	2	95	(93)
Losses from securities evaluated at fair value	0	6,476	(6,476)
Commissions and other securities costs	691	168	523
Interest on lease financial liabilities	112	88	24
Realized losses on derivative instruments	13	15	(2)
Losses from derivative instruments evaluated at fair value	0	0	0
<b>Total financial expenses</b>	<b>1,663</b>	<b>7,877</b>	<b>(6,214)</b>
Write-down of financial receivables and other financial assets	174	187	(13)
<b>Total financial expenses &amp; write-down of financial assets</b>	<b>1,837</b>	<b>8,064</b>	<b>(6,227)</b>

The item "Other financial income" is mainly composed by interest income accrued on interest-bearing loans granted by the Group to the joint ventures Actuator Solutions GmbH and SAES RIAL Vacuum S.r.l., as well as on the convertible loan for the value of \$3 million granted in July 2020 to Flexterra, Inc. The balance as at June 30, 2021 is in line with the corresponding period of the previous year since the reduction in the interest rate applied from January 1, 2021 on loans granted to the German joint venture was offset by interest income from Flexterra Inc., not included in the first half of 2020.

The items "Gains/Losses from securities evaluated at fair value" are associated with the measurement at fair value of the securities subscribed<sup>23</sup> to invest the cash deriving from the extraordinary sale of the purification business completed at the end of June 2018. During the current half-year, there was an increase in the fair value of securities of +1,413 thousand of euro, compared to a negative change in the first six months of 2020 (-6,476 thousand of euro), as a result of the Covid-19 crisis on the financial markets.

Again in relation to the securities portfolio, income from the collection of coupons ("Other income and coupons collected on securities") amounted to € 1,319 thousand, in line with the € 1,292 thousand of June 30, 2020.

Lastly, the item "Commissions and securities costs", in addition to the management fees of the above-mentioned securities portfolio (127 thousand of euro as at June 30, 2021, compared to 168 thousand of

<sup>23</sup> Securities subscribed by the Parent Company and SAES Investments S.A.



euro as at June 30, 2020), in the current half-year also includes net charges (564 thousand of euro) deriving from the partial disinvestment of the bond portfolio, replaced by a Dynamic Multi-Asset management (DMAS), with the aim of protecting the value of the invested capital, in the current macroeconomic and monetary global framework.

Please refer to Note no. 18 for further details on the securities subscribed.

The item "Bank interests and other bank expenses" included interest expenses on both short term and long term loans granted to the Parent Company, SAES Coated Films S.p.A. and the US subsidiary Memry Corporation, as well as the bank fees related to the credit lines held by the Italian companies of the Group. The decrease compared to the previous year is due to the fact that the amount as at June 30, 2020 included the upfront fees related to the opening by the Parent Company of two new revolving credit lines (approximately 195 thousand of euro).

Interest expenses on leases amounted 112 thousand of euro in the first half of 2021, compared to €88 thousand in the corresponding period of the previous year, and were a consequence of the application of the IFRS 16 standard. The increase is mainly related to the Parent Company's new leased offices in Milan (starting from July 1, 2020).

The item "Income/Losses from derivative instruments evaluated at fair value" represents the effect on the statement of profit or loss of the fair value measurement of the hedge contracts, including those embedded, on the long-term variable rate loans subscribed by the Parent Company.

The item "Realized losses on derivative instruments" includes the interest differentials actually paid to credit institutes for those contracts in the period.

The item "Write-down of financial receivables and other financial assets" in both half years includes the write-down of the financial receivable (equal to -79 thousand of euro as at June 30, 2021 and -239 thousand of euro as at June 30, 2020) that the Group granted to Actuator Solutions GmbH, for interest accrued in the period on interest-bearing loans that SAES Nitinol S.r.l. granted to the joint venture during previous years (from 2014 to 2018). In the first half of 2021, the item also includes the write-down of the receivable for interest accrued on the aforementioned convertible loan granted by SAES Getters International Luxembourg S.A. to Flexterra, Inc. (-100 thousand of euro), also written down because it was deemed difficult to recover, similar to that granted to Actuator Solutions GmbH.

Lastly, the item "Write-down of financial receivables and other financial assets" includes write-downs of financial assets (in particular, cash and cash equivalents) in application of IFRS 9. Expected losses were calculated according to a default percentage associated with each bank with which the funds are deposited, obtained on the basis of the rating of each bank. Compared to December 31, 2020, given the riskiness associated with some of the banks with which the Group has essentially unchanged relationships, this calculation led to a reduction in the expected losses on cash and cash equivalents of € 5 thousand, due to the reduced cash held by the Group (€ 24.4 million at June 30, 2021 compared to € 30.7 million at December 31, 2020). The decrease in expected losses as at June 30, 2020, was instead 52 thousand of euro.

## **8. SHARE OF RESULT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

The item "Income (loss) from equity method evaluated companies" includes the Group's share in the net income of the joint ventures Actuator Solutions GmbH<sup>24</sup>, SAES RIAL Vacuum S.r.l. and Flexterra, Inc.<sup>25</sup>, consolidated with the equity method.

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<sup>24</sup> It should be noted that Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., both controlled by Actuator Solutions GmbH and in liquidation since the end of 2019, concluded the liquidation process in September 2020.

<sup>25</sup> Flexterra, Inc., in turn, consolidated the wholly owned subsidiary Flexterra Taiwan Co., Ltd. (established in January 2017).

(thousands of euro)

	<b>1<sup>st</sup> Half 2021</b>	<b>1<sup>st</sup> Half 2020</b>	<b>Difference</b>
Actuator Solutions	0	0	0
SAES RIAL Vacuum S.r.l.	53	23	30
Flexterra (*)	0	(907)	907
<b>Total income (loss) from equity method evaluated companies</b>	<b>53</b>	<b>(884)</b>	<b>937</b>

(\*) Amount obtained by adding to SAES's share of the result of the joint venture, the reversal of the amortization on the portion of the capital gain of the IP sold by the Group to Flexterra, Inc. in 2019 (38 thousands of euro both in the first half of 2021 and in the first half of 2020).

In the first half of 2021, the net result deriving from the valuations using the equity method was positive for 53 thousand of euro, attributable exclusively to the joint venture **SAES RIAL Vacuum S.r.l.**, and compared with a loss of 884 thousand of euro in the corresponding period in 2020, mainly attributable to **Flexterra** (-907 thousand of euro).

**SAES RIAL Vacuum S.r.l.** closed the first half of 2021 with a net profit of 109 thousand of euro, more than doubled compared to the corresponding period of the previous year, thanks to the strong growth in revenues (+76.5%), despite a decreasing gross margin due to the different product mix. The income recognized by the Group for the equity valuation was 53 thousand of euro.

**Flexterra**, born as a technological start-up, in the first half of 2021 continued the development activities on its chemical formulations, starting some joint trials with an important Asian player for the use of these materials in innovative reading displays. Since these are prototyping activities, revenues for the first half of 2021 were still insignificant (3 thousand of euro), against operating costs of more than 2 million of euro (mainly research and development costs and, in an absolute lower value, general and administrative costs). The share pertaining to the SAES Group in the net loss of the first half of 2021 of the joint venture was not, however, recorded by the Group as a liability, in accordance with IAS 28, as the SAES' equity investment in Flexterra has already been written off<sup>26</sup> at the closing date of the previous financial year. Please, also note there are to date no legal or implicit recapitalisation obligations on the part of the SAES, as the joint venture's shareholders' equity as at 30 June 2021 was positive.

In spite of the fact that **Actuator Solutions** closed the first half of 2021 in profit (+1,253 thousand of euro), in line with the previous financial year, SAES' share (+626 thousand of euro) was not recorded by the Group as the joint venture's shareholders' equity is still negative for around 2 million of euro<sup>27</sup>, against a SAES' equity interest in Actuator Solutions already full written off.

For further details on the performance of the joint ventures please refer to the Interim Report on operations, paragraph "Performance of the joint ventures in the first half of 2021" and to Note no. 16.

<sup>26</sup> Equity investment completely written off zero as at December 31, 2020, following an impairment test.

<sup>27</sup> Consolidated pro-rata at 50%.

## 9. FOREIGN EXCHANGE GAINS (LOSSES), NET

In the first half of 2021, the exchange rate management recorded a balance that essentially broke even (-72 thousand of euro), in line with the corresponding period of the previous year (-29 thousand of euro). The result on exchanges close to zero confirms the overall effectiveness of hedging policies implemented by the Group, adopted for the purpose of limiting impact on currency fluctuations.

Details of the foreign exchange gains and losses as at June 30, 2021 compared to the same period of the previous year are set out in the table below.

(thousands of euro)

Foreign exchange gains and losses	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020	Difference
Foreign exchange gains	331	340	(9)
Foreign exchange losses	(398)	(369)	(29)
<b>Foreign exchange gains (losses), net</b>	<b>(67)</b>	<b>(29)</b>	<b>(38)</b>
Realized exchange gains on forward contracts	15	0	15
Realized exchange losses on forward contracts	0	0	0
Gains (losses) from forward contracts evaluated at fair value	(20)	0	(20)
<b>Gains (losses) on forward contracts</b>	<b>(5)</b>	<b>0</b>	<b>(5)</b>
<b>Total foreign exchange gains (losses), net</b>	<b>(72)</b>	<b>(29)</b>	<b>(43)</b>

Both balances are mainly due to the effect of the movements of the US dollar against the euro on commercial transactions, including inter-company transactions (in the current financial year, changes attributable to exchange rates are mainly concentrated in the first half of the year).

For details on the forward contracts signed during the current half-year and on those still open as at June 30, 2021, please refer to the paragraph "Significant events during the half-year" in the Interim report on operations and to Note no. 35. No forward currency sale contract was finalized in the previous year.

## 10. INCOME TAXES

As at June 30, 2021, income taxes amounted to 4,471 thousand of euro, compared to 3,332 thousand of euro in the corresponding period of the previous year.

The related details are provided below.

(thousands of euro)

	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020	Difference
Current taxes	3,287	2,921	366
Deferred taxes	1,184	411	773
<b>Total</b>	<b>4,471</b>	<b>3,332</b>	<b>1,139</b>

In both half-year periods, the item mainly consisted of taxes of US companies. The increase as at June 30, 2021 compared to the first six months of the previous year, is mainly attributable to the lower 2020 taxes of the subsidiary SAES Investments S.A., which had closed the previous half-year with a tax loss due to losses on securities resulting from the Covid-19 crisis.

The Group's tax rate was 51.6% (compared to 88.4% in the first half of 2020), still significant due to the fact that the Parent Company and SAES Coated Films S.p.A. ended the first half of the year with a negative taxable income, not recorded as deferred tax assets.

As in the first half of 2020, no Group company recognized deferred tax assets on the fiscal losses realized at June 30, 2021. These fiscal losses totalled 9,665 thousand of euro and compare to fiscal losses of negative 6,813 thousand of euro in the first half of 2020. The increase is mainly linked to the negative taxable amount of the Parent Company and of SAES Coated Films S.p.A., only partially offset by the fact that SAES Investments S.A. closed the current half-year with a fiscal profit, against negative taxable amounts as at June 30, 2020, due to losses on securities related to the Covid-19 financial crisis.

Following the changes made by Law Decree no. 142 of November 29, 2018, to the reference provisions on "*Controlled Foreign Companies (CFC) regime*", Article 167, paragraph 5 of the Consolidated Law on Income Tax, on December 9, 2020 SAES Getters S.p.A. filed a request, pursuant to Article 11, paragraph 1(b) of Law no. 212, July 27, 2000, to obtain the opinion of the Italian tax authorities on the non-application of this legislation to the US subsidiary SAES Getters Export, Corp. (ICD).

On April 1, 2021, the Company received a request from the Revenue Agency for additional documentation on the aforementioned request for a ruling. Pending the production of additional documentation, on July 5, 2021 the Inland Revenue Agency published the draft circular regarding the CFC regulations, as amended by Legislative Decree no. 142/2018, currently in the consultation phase until August 6, 2021, which provides indications on the validity of the previous opinions issued by the Inland Revenue in force of the previous CFC regulation, stating that the positive response, provided in response to requests for ruling submitted under the same circumstances, continues to be valid for the purposes of the new legislation.

In this regard, please note that on January 31, 2012 the Company obtained a positive opinion on the non-application of the CFC regulations in force at the time, pursuant to Article 167, paragraph 8-ter of the Consolidated Law on Income Tax and it is believed that the substance of the case in question has not changed.

In light of the above, the Company is waiting for the final circular, to assess the need to make progress or not with the ruling presented or to consider the positive opinion issued in 2012 still valid.

If it were to proceed with the ruling, the company continues to believe that the risk of a negative response from the Italian Tax Authorities is remote for the reasons already reported in the Financial Statements for the year ended 31 December 2020.

The estimate of the potential liability in the event of a negative response is equal to €1.8 million; this is the IRES due by the Parent Company, calculated for transparency on the taxable income of SAES Getters Export, Corp. for the period from January 1, 2019 and June 30, 2021, net of the release of deferred tax liabilities calculated as at June 30, 2021, on the distributable profits of this US affiliate.

## **11. EARNINGS (LOSS) PER SHARE**

As indicated in Note no. 27, SAES Getters S.p.A.'s capital stock is represented by two different types of shares (ordinary shares and savings shares) which bear different rights with regard to the distribution of dividends.

The portion of profits due to each share type is calculated based on the respective rights to receive dividends. Therefore, in order to calculate the earnings per share, the value of the preferred dividends contractually assigned to savings shares has been deducted from the net income of the period, assuming the theoretical distribution of the latter. The value obtained is divided by the average number of outstanding shares in the semester.

If the period ended with a loss, the latter would be instead allocated equally to each type of shares.

The following table shows the result per share in the first half of 2021, compared with the figure for the corresponding value of the first half of 2020.

Earning (loss) per share	1 <sup>st</sup> half 2021			1 <sup>st</sup> half 2020		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (thousands of euro)			4,189			438
Theoretical preference dividends (thousands of euro)		1,022	1,022		438	438
Profit (loss) attributable to the different categories of shares (thousands of euro)	2,413	753	3,167	0	0	0
<b>Total profit (loss) attributable to the different categories of shares (thousands of euro)</b>	<b>2,413</b>	<b>1,776</b>	<b>4,189</b>	<b>0</b>	<b>438</b>	<b>438</b>
Average number of outstanding shares	10,771,350	7,378,619	18,149,969	10,771,350	7,378,619	18,149,969
<b>Basic earning (loss) per share (euro)</b>	<b>0.22404</b>	<b>0.24067</b>		<b>0.00000</b>	<b>0.05936</b>	
- from continued operations (euro)	0.22404	0.24067		0.00000	0.05936	
- from discontinued operations (euro)	0.00000	0.00000		0.00000	0.00000	
<b>Diluted earning (loss) per share (euro)</b>	<b>0.22404</b>	<b>0.24067</b>		<b>0.00000</b>	<b>0.05936</b>	
- from continued operations (euro)	0.22404	0.24067		0.00000	0.05936	
- from discontinued operations (euro)	0.00000	0.00000		0.00000	0.00000	

## 12. SEGMENT INFORMATION

For management purposes, the Group is articulated into five Divisions, according to the reference technology area of the products and services provided:

- **Metallurgy** – metallic-based getter and metal dispenser components used in a wide range of industrial applications (electronic vacuum devices, MEMS, image diagnostic systems, thermal insulation systems and lamps) and shape memory alloy components and devices for industrial applications (home automation, white goods industry, consumer electronics, medical business, the automotive and luxury goods sector);
- **Vacuum Technology** – devices based on getter materials for vacuum systems with applications in the industrial sector, in research and in particle accelerators;
- **Medical** – raw materials, semi-finished products and super-elastic components in Nitinol alloy for medical applications, mainly in the non-invasive surgical sector;
- **Specialty Chemicals** – getter materials integrated in polymeric matrices for OLED, optoelectronic, photonics and telephony applications;
- **Advanced Packaging** – advanced coating solutions for packaging and innovative plastic films for the food packaging market, and more generally, for the sustainable packaging sector, also fully recyclable and biodegradable.

The operating structure is unchanged compared to the previous year.

The Top Management separately monitors the results of the various Divisions in order to make decisions concerning the allocation of resources and investments and to determine the Group's performance. Each sector is evaluated according to its operating result; financial income and expenses, foreign exchange performance and income taxes are measured at the overall Group level and thus they are not allocated to the operating segments.

Internal reports are prepared in accordance with IFRSs and no reconciliation with the carrying amounts is therefore necessary.

The "Not Allocated Costs" column includes the corporate costs, i.e. those expenses that cannot be directly attributed or allocated in a reasonable way to any business unit, but refer to the Group as a whole, and the costs related to basic research projects or aimed at diversifying into innovative businesses.

A breakdown of the main income statement items by operating segment is provided below.

(thousands of euro)

Consolidated statement of profit or loss	Metallurgy		Vacuum Technology		Medical		Specialty Chemicals		Advanced Packaging		Not Allocated Costs		Total	
	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020	1 <sup>st</sup> half 2021	1 <sup>st</sup> half 2020
<b>Total net sales</b>	<b>30,203</b>	<b>33,539</b>	<b>8,645</b>	<b>5,359</b>	<b>38,522</b>	<b>40,145</b>	<b>5,603</b>	<b>5,024</b>	<b>2,912</b>	<b>5,032</b>	<b>0</b>	<b>0</b>	<b>85,885</b>	<b>89,099</b>
Cost of sales	(14,429)	(16,454)	(4,016)	(2,074)	(24,915)	(24,294)	(4,017)	(3,628)	(2,794)	(4,423)	(334)	(3)	(50,505)	(50,876)
<b>Gross profit</b>	<b>15,774</b>	<b>17,085</b>	<b>4,629</b>	<b>3,285</b>	<b>13,607</b>	<b>15,851</b>	<b>1,586</b>	<b>1,396</b>	<b>118</b>	<b>609</b>	<b>(334)</b>	<b>(3)</b>	<b>35,380</b>	<b>38,223</b>
% on net sales	52.2%	50.9%	53.5%	61.3%	35.3%	39.5%	28.3%	27.8%	4.1%	12.1%	n.a.	n.a.	41.2%	42.9%
Total operating expenses	(5,185)	(5,908)	(2,219)	(1,882)	(4,226)	(4,309)	(1,067)	(800)	(1,731)	(1,740)	(13,305)	(11,687)	(27,733)	(26,326)
Other income (expenses), net	35	44	(1)	14	22	16	(4)	(41)	(17)	6	(138)	(793)	(103)	(754)
<b>Operating income (loss)</b>	<b>10,624</b>	<b>11,221</b>	<b>2,409</b>	<b>1,417</b>	<b>9,403</b>	<b>11,558</b>	<b>515</b>	<b>555</b>	<b>(1,630)</b>	<b>(1,125)</b>	<b>(13,777)</b>	<b>(12,483)</b>	<b>7,544</b>	<b>11,143</b>
% on net sales	35.2%	33.5%	27.9%	26.4%	24.4%	28.8%	9.2%	11.0%	-56.0%	-22.4%	n.a.	n.a.	8.8%	12.5%
Interest and other financial income (expenses), net													1,309	(6,273)
Write-down of financial assets													(174)	(187)
Gains (losses) from equity method evaluated companies													53	(884)
Foreign exchange gains (losses), net													(72)	(29)
<b>Income (loss) before taxes</b>													<b>8,660</b>	<b>3,770</b>
Income taxes													(4,471)	(3,332)
<b>Net income (loss) from continued operations</b>													<b>4,189</b>	<b>438</b>
Net income (loss) from discontinued operations													0	0
<b>Net income (loss)</b>													<b>4,189</b>	<b>438</b>
Minority interests in consolidated subsidiaries													0	0
<b>Group net income (loss)</b>													<b>4,189</b>	<b>438</b>

## Information on geographical areas

Please refer to the table and the comments in the Interim Report on operations for the breakdown of revenues by customer location.

A breakdown of consolidated net sales according to the country of the Group's company generating the revenue is provided below.

(thousands of euro)

Country in which the Group's entity is located	1 <sup>st</sup> half 2021	%	1 <sup>st</sup> half 2020	%	Total difference
Italy	30,117	35.1%	31,699	35.6%	(1,582)
Europe	0	0.0%	0	0.0%	0
North America	53,656	62.4%	54,101	60.7%	(445)
South Korea	747	0.9%	713	0.8%	34
China	1,360	1.6%	2,518	2.8%	(1,158)
Other Asian countries	5	0.0%	68	0.1%	(63)
Others	0	0.0%	0	0.0%	0
<b>Total net sales</b>	<b>85,885</b>	<b>100.0%</b>	<b>89,099</b>	<b>100.0%</b>	<b>(3,214)</b>

The decline in revenues in Italy is mainly due to the phase-out of traditional metallised products in the advanced packaging sector, completed in the third quarter of 2020, while the first half of 2021 only includes revenues from the sale of the most innovative lacquered products.

The decline in revenues in China is related to the already mentioned saturation of the thermo-scanner market, which had shown a strong growth in demand last year, linked to the pandemic crisis.

The decline in revenues in North America is exclusively due to the penalizing effect of currencies.

### 13. PROPERTY, PLANT AND EQUIPMENT

Net property, plant and equipment amounted to 78,741 thousand of euro as at June 30, 2021, showed an increase of 5,388 thousand of euro compared to December 31, 2020.

The changes that occurred during the current half-year period are shown below.

(thousands of euro)

Property, plant and equipment	Land	Building	Plant and machinery	Assets under construction and advances	Total
<b>December 31, 2020</b>	<b>4,550</b>	<b>24,772</b>	<b>34,207</b>	<b>9,824</b>	<b>73,353</b>
Acquisitions	0	114	1,128	6,895	8,137
Disposals	0	0	(5)	0	(5)
Reclassifications	0	635	5,170	(5,746)	59 (*)
Depreciation	0	(878)	(3,020)	0	(3,898)
Write-downs	0	0	0	0	0
Revaluations	0	0	0	0	0
Translation differences	102	266	541	186	1,095
<b>June 30, 2021</b>	<b>4,652</b>	<b>24,909</b>	<b>38,021</b>	<b>11,159</b>	<b>78,741</b>
<b>December 31, 2020</b>					
Historical cost	4,608	50,168	146,445	10,196	211,417
Accumulated depreciation and write-downs	(58)	(25,396)	(112,238)	(372)	(138,064)
<b>Net book value</b>	<b>4,550</b>	<b>24,772</b>	<b>34,207</b>	<b>9,824</b>	<b>73,353</b>
<b>June 30, 2021</b>					
Historical cost	4,710	51,352	145,911	11,531	213,504
Accumulated depreciation and write-downs	(58)	(26,443)	(107,890)	(372)	(134,763)
<b>Net book value</b>	<b>4,652</b>	<b>24,909</b>	<b>38,021</b>	<b>11,159</b>	<b>78,741</b>

(\*) Reclassification from "Intangible assets" to "Tangible fixed assets".

As at June 30, 2021, land and buildings were not burdened by mortgages or other guarantees.

In the first half of 2021, investments in property, plant and equipment were equal to 8,137 thousand of euro and included the finalisation of a new department to manufacture Nitinol piping at the Bethel plant of Memry Corporation, as well as investments in expansion of the production capacity of a number of existing lines, again in the SMA medical business. Please also note, as they are of strategic importance, the expansion works of the building of the subsidiary SAES Smart Materials, Inc. The remaining part of the investments was made mainly by the Parent Company and refers to the preparation of new production departments in the Speciality Chemicals area, the completion of the new lacquering pilot line for advanced packaging, as well as the purchase of equipment for the R&D laboratories and investments for the renovation and modernization of the offices at the Lainate headquarters.

Depreciation for the period, equal to 3,898 thousand of euro, up compared to the first half of 2020 (3,525 thousand of euro), despite the opposite effect attributable to exchange rates (equal to -150 thousand of euro), mainly for amortization of the new Memry Corporation's plants and equipment (both for the expansion of the existing production capacity, and dedicated to the new Bethel tube department), as well as the depreciation of the new lacquering machine and the new pilot plant in the Advanced Packaging Division, which came into operation respectively at the end of the first half of 2020 and during the first quarter of 2021.

The translation differences (gains of 1,095 thousand of euro) relate to assets owned by the US companies and result from the revaluation of the US dollar as at June 30, 2021 compared to the exchange rate of December 31, 2020.

The item "Assets under construction and advances" mainly includes assets still under construction or for which the final testing process is not yet complete. As at June 30, 2021, this item included the new and more technologically advanced metallization system (advanced packaging business),



for which the final testing is expected in the second half of 2021, as well as investments yet to be completed in the Nitinol segment, aimed at the expansion of the SAES Smart Materials, Inc. building, and the construction of the above mentioned new Bethel tube department. Lastly, please note the advances of the Parent Company for the purchase of laboratory instruments related to the project to renovate the Lainate offices.

All the property, plant and equipment described in this paragraph are owned by the SAES Group. Please refer to Note no. 15 for more details on the leased assets as at June 30, 2021, where the right of use was recognised under capital assets in application of IFRS 16 - Leases.

#### 14. INTANGIBLE ASSETS

Net intangible assets amounted to 41,667 thousand of euro as at June 30, 2021 and recorded an increase of 502 thousand of euro compared to December 31, 2020.

The changes that occurred during the current half-year period are shown below.

(thousands of euro)

Intangible assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
<b>December 31, 2020</b>	<b>35,417</b>	<b>0</b>	<b>4,027</b>	<b>470</b>	<b>938</b>	<b>313</b>	<b>41,165</b>
Acquisitions	0	0	20	0	8	88	116
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	2	126	0	(187)	(59) <sup>(*)</sup>
Depreciation	0	0	(273)	(187)	(206)	0	(666)
Write-downs	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0
Translation differences	1,058	0	12	8	28	5	1,111
<b>June 30, 2021</b>	<b>36,475</b>	<b>0</b>	<b>3,788</b>	<b>417</b>	<b>768</b>	<b>219</b>	<b>41,667</b>
<b>December 31, 2020</b>							
Historical cost	43,103	183	10,135	11,312	21,355	1,052	87,140
Accumulated depreciation and write-downs	(7,686)	(183)	(6,108)	(10,842)	(20,417)	(739)	(45,975)
<b>Net book value</b>	<b>35,417</b>	<b>0</b>	<b>4,027</b>	<b>470</b>	<b>938</b>	<b>313</b>	<b>41,165</b>
<b>June 30, 2021</b>							
Historical cost	44,161	183	10,228	11,310	21,788	958	88,628
Accumulated depreciation and write-downs	(7,686)	(183)	(6,440)	(10,893)	(21,020)	(739)	(46,961)
<b>Net book value</b>	<b>36,475</b>	<b>0</b>	<b>3,788</b>	<b>417</b>	<b>768</b>	<b>219</b>	<b>41,667</b>

(\*) Reclassification from "Intangible assets" to "Tangible fixed assets".

Investments in the period, of an insignificant amount, amounted to 116 thousand of euro and are mainly related to IT projects of the Parent Company and of the subsidiary SAES Coated Films S.p.A.

The amortization for the period, equal to 666 thousand of euro, is essentially in line with the first half of 2020 of 636 thousand of euro. The exchange rate effect was -38 thousand of euro.

The translation differences (gains of 1,111 thousand of euro) relate to the intangible assets owned by the US companies and result from the revaluation of the US dollar as at June 30, 2021 compared to the exchange rate of December 31, 2020

All intangible assets, except for goodwill, are considered to have finite useful lives and are systematically amortized to account for their expected residual use.

Goodwill is not amortized, rather, on an annual basis or more frequently if there are impairment loss indicators, its recoverable value is reviewed based on the expected cash flows of the related Cash Generating Unit - CGU (impairment test).



## Goodwill

The changes in the item "Goodwill" and the Cash Generating Unit (CGU) to which the goodwill is allocated are highlighted below, as better specified below.

(thousands of euro)

Divisions	December 31, 2020	Change in consolidation area	Write-downs	Other movements	Translation differences	June 30, 2021
Metallurgy	945	0	0	0	0	945
Vacuum Technology	0	0	0	0	0	0
Medical	34,472	0	0	0	1,058	35,530
Specialty Chemicals	0	0	0	0	0	0
Advanced Packaging	0	0	0	0	0	0
Not allocated	0	0	0	0	0	0
<b>Total goodwill</b>	<b>35,417</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,058</b>	<b>36,475</b>

The increase for the period is exclusively due to the effect of exchange rates (especially related to the revaluation of the US Dollar at June 30, 2021 compared to the exchange rates of December 31, 2020) on goodwill in currencies other than the euro.

The following table shows the gross book values of goodwill and their accumulated write-downs for impairment from January 1, 2004 to June 30, 2021 and as at December 31, 2020.

(thousands of euro)

Divisions	June 30, 2021			December 31, 2020		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Metallurgy	1,008	(63)	945	1,008	(63)	945
Vacuum Technology	0	0	0	0	0	0
Medical (*)	38,930	(3,400)	35,530	37,872	(3,400)	34,472
Specialty Chemicals	0	0	0	0	0	0
Advanced Packaging	2,409	(2,409)	0	2,409	(2,409)	0
Not allocated	358	(358)	0	358	(358)	0
<b>Total goodwill</b>	<b>42,705</b>	<b>(6,230)</b>	<b>36,475</b>	<b>41,647</b>	<b>(6,230)</b>	<b>35,417</b>

(\*) The difference between the gross value as at June 30, 2021 and the gross value as at December 31, 2020 is due to the translation differences on goodwill amounts denominated in currencies other than euro.

## Impairment testing of non-current assets

Pursuant to IAS 36, impairment testing of **non-current assets** (property, plant and equipment, **intangible assets**, goodwill included, and **rights of use** of **leased assets**) is normally carried out in full only when preparing the annual report, or more frequently if specific events or circumstances occur that could be assumed to cause impairment.

For the purpose of impairment testing, non-current assets are allocated to Cash Generating Units (CGUs) or groups of CGUs, in accordance with the maximum aggregation limits which cannot be larger than the operating segment identified pursuant to IFRS 8. More specifically, the CGUs identified by the SAES Group for impairment testing coincide with the following operating segments (as indicated in Note no. 12):

- Metallurgy;
- Vacuum Technology;
- Medical;
- Specialty Chemicals;
- Advanced Packaging.

With regard to the first four CGUs identified above (**Metallurgy, Vacuum Technology, Medical and Specialty Chemicals**), no recoverability analysis was carried out as at June 30, 2021, as no

impairment indicator was found to indicate lasting impairment in relation to goodwill and other assets, both tangible and intangible, recorded in the financial statements at the same date.

Also with regard to the **Advanced Packaging CGU**, although the results of the first half of 2021 are lower than expected due to the aforementioned tensions on prices in the plastics market that should be reabsorbed in the second half of the year, the forecasts approved at the beginning of the 2021 financial year were confirmed, thanks to a greater concentration of orders in the second half of 2021 and, therefore, no indicators were identified that require a verification of the recoverable value of fixed assets. In any case, a sensitivity analysis was carried out prudentially by reducing the projected EBITDA for the period from June 30, 2021 to December 31, 2025 and no impairment was necessary also with regard to this analysis.

The estimates concerning the recoverable value of **investments measured with the equity method**, made in the financial statements as at December 31, 2020 are also still considered to be valid. Please refer to Note no. 16 for further details.

## 15. RIGHT OF USE

The right of use assets, resulting from lease, rental or use of third-party asset contracts, were recognized separately, and amounted to 4,747 thousand of euro at June 30, 2021, decreasing by 668 thousand of euro compared to December 31, 2020.

The changes that occurred during the current half-year period are shown below.

(thousands of euro)

Right of use	Building	Plant and machinery	Cars	Total
<b>December 31, 2020</b>	<b>4,351</b>	<b>358</b>	<b>706</b>	<b>5,415</b>
New leases agreements subscribed in the period	131	27	228	386
Early termination of leases agreements	0	0	(15)	(15)
Reclassifications	0	0	0	0
Depreciation	(872)	(61)	(170)	(1,103)
Write-downs	0	0	(6)	(6)
Translation differences	69	1	0	70
<b>June 30, 2021</b>	<b>3,679</b>	<b>325</b>	<b>743</b>	<b>4,747</b>
<b>December 31, 2020</b>				
Historical cost	6,942	612	1,218	8,772
Accumulated depreciation and write-downs	(2,591)	(254)	(512)	(3,357)
<b>Net book value</b>	<b>4,351</b>	<b>358</b>	<b>706</b>	<b>5,415</b>
<b>June 30, 2021</b>				
Historical cost	6,974	640	1,283	8,897
Accumulated depreciation and write-downs	(3,295)	(315)	(540)	(4,150)
<b>Net book value</b>	<b>3,679</b>	<b>325</b>	<b>743</b>	<b>4,747</b>

The new contracts signed during the period that fall within the scope of application of the IFRS 16 accounting standard mainly refer to the renewal of the lease of the offices of the Asian subsidiary SAES Getters Korea Corporation, as well as to the renewal of some car fleet rental contracts of the Parent Company and of the subsidiary SAES Coated Films S.p.A.

The item "Early termination of lease agreements" mainly refers to the Parent Company's withdrawal from a company car rental agreement.

Depreciation for the period, equal to 1,103 thousand of euro, increased compared to the first half of 2020 (1,035 thousand of euro), despite the opposite effect of exchange rates (equal to -65

thousand of euro), mainly due to depreciation accounted for by the Parent Company for the Milan offices, leased starting from July 2020 and intended for the Corporate and Management functions.

The translation differences (gains of 70 thousand of euro) refer to rights of use of the US companies and are due to the appreciation of the US dollar as at June 30, 2021 compared to the exchange rate at December 31, 2020.

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at June 30, 2021 the item includes the share of equity attributable to the Group in the joint venture Actuator Solutions GmbH<sup>28</sup>, SAES RIAL Vacuum S.r.l. and Flexterra, Inc<sup>29</sup>.

The following table shows the changes in this item during the first half of 2021.

(thousands of euro)

Investments accounted for using the equity method	December 31, 2020	Additions	Capital payments	Share of the net result	Share of other comprehensive income (loss)	Dividends paid	Write-downs	Other variations	June 30, 2021
Actuator Solutions	0			0					0
SAES RIAL Vacuum S.r.l.	2,152			53					2,205
Flexterra	0			(38)	0			38	0
<b>Total</b>	<b>2,152</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>2,205</b>

The change in the period (for a total of +53 thousand of euro) is the consequence of the adjustment of the value of the investment of SAES's share of the result achieved by the joint venture **SAES RIAL Vacuum S.r.l.** in the first half of 2021.

In compliance with the provisions of IAS 28, SAES' share of the total profit achieved by **Actuator Solutions GmbH** for the first half of 2021 (+626 thousand of euro<sup>30</sup>) was not recorded by the Group as the joint venture's shareholders' equity is still negative for 2.1 million of euro<sup>31</sup>, against a SAES' equity interest in Actuator Solutions already fully written off.

Again in accordance with IAS 28, SAES' share of the net loss of **Flexterra** in the same period (-835 thousand of euro<sup>32</sup>) was not recognised as SAES' investment in the joint venture had already been fully written off<sup>33</sup> and since there is to date no legal or implied obligation with regard to its recapitalisation by the Group.

The "Other variations" column (+38 thousand of euro) represents the reversal of the amortization on the portion of the capital gain realised by the SAES in 2019 with the sale to Flexterra, Inc. of patents owned by Group and eliminated at the consolidated financial statements level (as set forth in IAS 28, income from related parties was recognized limited to the minority interest in the joint venture).

### **Actuator Solutions GmbH**

<sup>28</sup> It should be noted that Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., both controlled by Actuator Solutions GmbH and in liquidation since the end of 2019, concluded the liquidation process in September 2020.

<sup>29</sup> Flexterra, Inc. (USA), in turn, consolidates its wholly owned subsidiary Flexterra Taiwan Co., Ltd.

<sup>30</sup> In the first half of 2020, the unrecognised portion of the total profit amounted to 360 thousand of euro.

<sup>31</sup> Consolidated pro rata at 50%.

<sup>32</sup> In the first half of 2020, the portion of the overall loss recognized in the statement of comprehensive income amounted to 932 thousand of euro.

<sup>33</sup> Equity investment completely written off as at December 31, 2020, following the impairment test.

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and is 50% jointly owned by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. The joint venture is focused on the development, production and marketing of actuators that use shape memory alloys to replace the motor. During 2020, its Asian subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd. completed the liquidation process, which began at the end of 2019.

The table below shows the SAES Group interest in Actuator Solutions' assets, liabilities, revenues and costs.

(thousands of euro)

Actuator Solutions	June 30, 2021	December 31, 2020
<b>Statement of financial position</b>	<b>50%</b>	<b>50%</b>
Non current assets	2,796	3,012
Current assets	1,573	1,809
<b>Total assets</b>	<b>4,369</b>	<b>4,821</b>
Non current liabilities	4,166	4,306
Current liabilities	2,288	3,226
<b>Total liabilities</b>	<b>6,454</b>	<b>7,532</b>
Capital stock, reserves and retained earnings	(2,711)	(2,970)
Net income (loss) for the period	626	189
Other comprehensive income (loss) for the period (*)	0	70
<b>Total equity</b>	<b>(2,085)</b>	<b>(2,711)</b>

(\*) Currency translation difference reserve arising from the conversion in euro of the financial statements of the subsidiary Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., from January 1, 2020 until the liquidation date (September 2020), as well as the release of the conversion reserve in the P&L following the liquidation of the two Asian subsidiaries.

(thousands of euro)

Actuator Solutions	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020
<b>Statement of profit or loss and of other comprehensive income</b>	<b>50%</b>	<b>50%</b>
Net sales	3,575	3,940
Cost of sales	(2,515)	(2,863)
<b>Gross profit</b>	<b>1,060</b>	<b>1,077</b>
Total operating expenses	(631)	(645)
Other income (expenses), net	15	82
<b>Operating income (loss)</b>	<b>444</b>	<b>514</b>
Interest and other financial income, net	189	(152)
Foreign exchange gains (losses), net	(5)	(12)
Income taxes	(2)	8
<b>Net income (loss)</b>	<b>626</b>	<b>358</b>
Exchange differences	0	2
<b>Total comprehensive income (loss)</b>	<b>626</b>	<b>360</b>

Overall<sup>34</sup>, Actuator Solutions recorded net revenues of 7,151 thousand of euro in the first half of 2021, compared to 7,880 thousand of euro in the corresponding period in 2020. Despite the signs of recovery in the automotive market, revenues fell by 9.3%, but the two years are not comparable since in the second half of 2020 Actuator Solutions sold a production line of actuators for the seat comfort business to its partner Alfmeier Präzision, renouncing sales, but receiving in exchange a commission on them equal to the margin that would have been realized if the production activity had continued. This agreement further reduced the joint venture's revenues in the automotive sector, replaced entirely by commissions, with no net effect on its performance. For information purposes, it should be noted that the pro-forma value of revenues, without considering the aforementioned sale of the seat comfort production line, would have been 9,729 thousand of euro, up 23.5% compared to the previous period: sales increased especially in the first months of the current year, while, starting from May 2021, they were penalized by difficulties in the procurement of electronic components.

Fees generated by application development activities in the actuator sector increased by 16.7% compared to the first six months of 2020. Lastly, sales related to the contract for the development

<sup>34</sup> Values at 100%.

and assembly of devices for Covid-19 rapid diagnostic tests recorded revenues of €1,139 thousand of euro (1,019 thousand of euro in the first six months of 2020).

The gross margin was 29.7% in the first half of 2021, up compared to 27.3% in the corresponding period of 2020, due to the different offer mix and the higher incidence of revenues from application developments which, together with the Covid-19 rapid test assembly activities, are characterized by higher margins compared to the seat comfort automotive core business.

With the same gross profit and operating expenses, the operating profit for the half year was equal to 888 thousand of euro, down compared to 1,029 thousand of euro in the first half of 2020, since the 2020 figure included extraordinary income, equal to approximately 131 thousand of euro, related to the liquidation process of the Taiwanese subsidiary.

Net profit amounted to 1,253 thousand of euro, compared to 717 thousand of euro in the corresponding period of 2020: the increase is mainly due to the financial income, equal to 500 thousand of euro, recognized by the joint venture following the partial waiver by the SAES Group of interest accrued on loans granted to Actuator Solutions GmbH. In addition, the interest rate applied to these loans as from 1 January 2021 was reduced from 6% to 2%, resulting in savings for the joint venture of approximately 160 thousand of euro.

For further details on the developments in Actuator Solutions GmbH, please refer to the paragraph dedicated to the joint venture in the Interim Report on operations of the SAES Group.

The share pertaining to SAES Group (equal to 50%) of the result of the joint venture in the first half of 2021 amounted to 626 thousand of euro (+358 thousand of euro in the first half of 2020, to be added to the other positive components of the comprehensive income statement for 2 thousand of euro, consisting of the translation differences generated by the consolidation of the subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., both not yet liquidated).

As reported previously, similarly to the previous year, SAES' share of the total profit for the first half of 2021 (+626 thousand of euro) was not recorded by the Group as the joint venture's equity is still negative, against a SAES equity interest in Actuator Solutions GmbH that has already been fully written off.

As the value of the investment in Actuator Solutions GmbH at June 30, 2021 had been fully written off and since there were no recapitalization obligations, it was not necessary to carry out any impairment testing.

The provision for risks, equal to 300 thousand of euro, which was allocated as at December 31, 2020 and which coincides with the pro-quota financial resources necessary for Actuator Solutions for its operations, was used in full during the current half-year.

Please refer to Note no. 20 for information on the recoverability of the financial receivable owed to the Group by the joint venture.

The following table provides the number of employees of the joint venture Actuator Solutions GmbH as at June 30, 2021 split by category, based on the percentage of ownership held by the Group (equal to 50%).

Actuator Solutions	June 30, 2021	December 31, 2020
	50%	50%
Managers	1	1
Employees and middle management	13	13
Workers	7	8
<b>Total (*)</b>	<b>21</b>	<b>21</b>

(\*) The figure excludes the personnel employed with contract other than salaried employment, equal to 6 units as at June 30, 2021 and at December 31, 2020 (according to the percentage held by the Group).

The number of employees was essentially the same as the end of the 2020 financial period.

### **SAES RIAL Vacuum S.r.l.**

SAES RIAL Vacuum S.r.l., established at the end of 2015, is jointly controlled by SAES Getters S.p.A (49%) and Rodofil S.r.l. (51%). The company specializes in the design and manufacture of vacuum chambers for accelerators, synchrotrons and colliders and combines the expertise of SAES in the field of materials, vacuum applications and innovation, with the experience of Rodofil in the design, assembling and fine mechanical productions, with the aim of offering absolutely excellent quality products and of successfully competing in the international markets.

The Group's equity investment is accounted for using the equity method since the transaction qualifies as a joint control arrangement and, specifically, as a joint venture. In this regard, it should be noted that a key factor in qualifying the agreement is the signing of shareholders' agreements that envisage that the decisions on some significant activities are taken with the unanimous consent of the parties, irrespective of their ownership percentage in the capital stock.

A put & call option is in place between the shareholders SAES Getters S.p.A. and Rodofil S.r.l. for which, by virtue of new agreements between the parties under negotiation, the terms of exercise have been redefined, postponing them from mid-year in 2021 to the end of the year 2021.

In particular, in the period between October 1, 2021 and October 31, 2021, Rodofil S.r.l. will be able to sell its shares in a single tranche to SAES Getters S.p.A. by exercising the put option for a minimum of 2% up to 51% of the capital stock of SAES RIAL Vacuum S.r.l. at a price relating to the company's performance, estimated for any extraordinary costs and non-recurring investments.

If Rodofil S.r.l. does not exercise this put option, SAES Getters S.p.A. has the right to exercise, from November 1 to November 30, 2021, a call option again in a single tranche for a percentage of shares equivalent to 30% of the capital stock, at a price calculated with a similar mechanism, but without adjustments for any extraordinary costs or investments.

Please note that as, at June 30, 2021, the Management did not have enough information to perform an accurate fair value measurement of the above options, the latter are not valued in the financial statements.

The table below shows the SAES Group interest in SAES RIAL Vacuum S.r.l.'s assets, liabilities, revenues and costs.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	June 30, 2021	December 31, 2020
<b>Statement of financial position</b>	<b>49%</b>	<b>49%</b>
Non current assets	322	302
Current assets	1,649	1,695
<b>Total assets</b>	<b>1,971</b>	<b>1,997</b>
Non current liabilities	195	201
Current liabilities	964	1,037
<b>Total liabilities</b>	<b>1,159</b>	<b>1,238</b>
Capital stock, reserves and retained earnings	759	451
Net income (loss) for the period	53	309
Other comprehensive income (loss) for the period (*)	0	(1)
<b>Total equity</b>	<b>812</b>	<b>759</b>

(\*) Actuarial differences on the employee severance indemnities (TFR), in accordance with the IAS 19.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020
<b>Statement of profit or loss and of other comprehensive income</b>	<b>49%</b>	<b>49%</b>
Net sales	1,532	868
Cost of sales	(1,344)	(715)
<b>Gross profit</b>	<b>188</b>	<b>153</b>
Total operating expenses	(167)	(127)
Other income (expenses), net	52	11
<b>Operating income (loss)</b>	<b>73</b>	<b>37</b>
Interest and other financial income, net	(6)	(7)
Foreign exchange gains (losses), net	(3)	0
Income taxes	(11)	(7)
<b>Net income (loss)</b>	<b>53</b>	<b>23</b>
Actuarial gain (loss) on defined benefit plans, net of taxes	0	0
<b>Total comprehensive income (loss)</b>	<b>53</b>	<b>23</b>

Overall<sup>35</sup>, SAES RIAL Vacuum S.r.l. ended the first half of 2021 with revenue of 3,127 thousand of euro, strongly up (+76.5%) compared to 1,772 thousand of euro in the corresponding period of 2020 which, on the other hand, had been characterised by delays in certain major research projects, also due to the COVID-19 pandemic. Despite the increase in revenues, the gross margin was down (from 17.7% to 12.3%) due to a different product mix, with the prevalence of projects with lower margins, and the half-year ended with a gross profit of 384 thousand of euro, compared to 313 thousand of euro in the first six months of 2020. The increase in absolute value of the gross profit then remained constant both with regard to operating profit (150 thousand of euro, compared to 76 thousand of euro in the first half of 2020), and net profit (109 thousand of euro, compared to 48 thousand of euro in the first six months of 2020).

For further details on the developments in SAES RIAL Vacuum S.r.l., please refer to the paragraph dedicated to the joint venture in the SAES Group Interim Report on operations.

The share of the SAES Group (49%) in the joint venture's profit in the first half of 2021 amounted to +53 thousand of euro (+23 thousand of euro in the corresponding period of 2020).

The difference, equal to 1,393 thousand of euro, between the book value of the investment (2,205 thousand of euro) and the value of the share of the SAES Group in the company's net assets (812 thousand of euro) represents the implicit goodwill included in the book value of the investment.

Since the plans and the other indicators used to estimate the recoverable amount of the investment as at December 31, 2020 were still valid, no impairment test was carried out as at June 30, 2021.

Please refer to Note no. 20 for information on the recoverability of the financial receivable owed to the Group by the joint venture.

<sup>35</sup> Values at 100%.

The following table provides the number of employees of the joint venture SAES RIAL Vacuum S.r.l. as at June 30, 2021 split by category, based on the percentage of ownership held by the SAES Group (49%).

SAES RIAL Vacuum S.r.l.	June 30, 2021	December 31, 2020
	49%	49%
Managers	0	0
Employees and middle management	8	8
Workers	5	5
<b>Total (*)</b>	<b>13</b>	<b>13</b>

(\*) The figure excludes the personnel employed with contract other than salaried employment, equal to 2 units as at June 30, 2021 and to 1 unit at December 31, 2020 (according to the percentage held by the Group).

The number of employees was essentially the same as the end of the 2020 financial period.

### **Flexterra**

Flexterra originated from a technological partnership activated in the previous years between SAES and the US company Polyera in the field of flexible thin film transistors for new generation displays. More specifically, Flexterra, Inc. based in Skokie (close to Chicago, Illinois, USA), was established at the end of 2016 as a development start up by SAES (through the subsidiary SAES Getters International Luxembourg S.A.) and the previous shareholders and lenders of Polyera, with the purpose of the design, manufacturing and sale of materials and components for the manufacture of flexible displays.

Flexterra, Inc. owns 100% of Flexterra Taiwan Co., Ltd.

During the first months of 2021, the Flexterra project made some progress. In particular, some feasibility studies and joint experimentations were launched with an important Asian player for the development of innovative reading displays, to which Flexterra will be able to contribute with its advanced materials.

SAES currently holds 46.73% of the capital stock of Flexterra, Inc.

The Group's equity investment is accounted for using the equity method since, irrespective of the ownership percentage in the capital stock, the operation is classified as a joint control agreement and, specifically, a joint venture, based on the Board's composition (five members, two of which appointed by SAES) and the shareholder agreements (that provide that the decisions on relevant matters are taken with the consent of at least four of the five Board members).

The value of the investment as at June 30, 2021 is the initial overall contribution (8,146 thousand of euro, equal to 8,500 thousand of dollars) of SAES Getters International Luxembourg S.A. in the capital stock of Flexterra, Inc., increased by the capital stock increases in the final part of 2018 (for a total value of 6,201 thousand of euro, corresponding to 7,100 thousand of dollars), adjusted for the SAES Group's share in the result and in the total other profits (loss) from 2017 to date. The latter includes the expenses related to the issue of equity instruments, as well as the currency translation difference reserve arising from the conversion in euro of the financial statements of Flexterra, Inc. and its subsidiary Flexterra Taiwan Co., Ltd. (respectively expressed in US Dollars and Taiwanese Dollars).

In calculating the final value of the equity investment it is also necessary to add the write-downs for impairment (-4,300 thousand of euro in 2018; -555 thousand of euro in 2019; -591 thousand of euro in 2020, with the consequent writing off of the value of the equity investment).

Finally, it should be noted that the value of the investment was also adjusted for the unrealized portion of the capital gain achieved by the SAES in 2019 with the sale to the Flexterra, Inc. joint



venture of patents owned by the Group (-1,059 thousand of euro), as well as for the reversal of the corresponding portion of amortization on the capital gain eliminated at the consolidated level (+190 thousand of euro, of which +152 thousand of euro relative to previous years and +38 thousand of euro for the first half of 2021).

(thousands of euro)

	Initial capital injections	Subsequent capital increases	Share of the net result	Share of other comprehensive income (loss)	Write-downs	Other variations	June 30, 2021
Flexterra	8,146	6,201	(7,004)	(1,028)	(5,446)	(869)	0

The table below shows the SAES Group share of Flexterra's assets, liabilities, revenues and costs.

(thousands of euro)

Flexterra	June 30, 2021	December 31, 2020
<b>Statement of financial position</b>	<b>46.73%</b>	<b>46.73%</b>
Non current assets	5,519	5,628
Current assets	580	1,086
<b>Total assets</b>	<b>6,099</b>	<b>6,714</b>
Non current liabilities	70	44
Current liabilities	1,537	1,343
<b>Total liabilities</b>	<b>1,607</b>	<b>1,387</b>
Capital stock, reserves and retained earnings	5,154	7,595
Reserve for stock option plans	173	173
Net income (loss) for the period	(982)	(1,811)
Other comprehensive income (loss) for the period (*)	147	(630)
<b>Total equity</b>	<b>4,492</b>	<b>5,327</b>

(\*) Currency translation difference reserve arising from the conversion in euro of the financial statements of Flexterra, Inc. and of Flexterra Taiwan Co., Ltd.

(thousands of euro)

Flexterra	1 <sup>st</sup> Half 2021	1 <sup>st</sup> Half 2020
<b>Statement of profit or loss and of other comprehensive income</b>	<b>46.73%</b>	<b>46.73%</b>
Net sales	2	23
Cost of sales	(1)	(13)
<b>Gross profit</b>	<b>1</b>	<b>10</b>
Total operating expenses	(939)	(996)
Other income (expenses), net	8	0
<b>Operating income (loss)</b>	<b>(930)</b>	<b>(986)</b>
Interest and other financial income, net	(52)	(4)
Foreign exchange gains (losses), net	15	35
Income taxes	(15)	10
<b>Net income (loss)</b>	<b>(982)</b>	<b>(945)</b>
Exchange differences and capital expenditure costs	147	13
<b>Total comprehensive income (loss)</b>	<b>(835)</b>	<b>(932)</b>

In total<sup>36</sup>, Flexterra closed the first half of 2021 with a net loss of -2,102 thousand of euro, in line with the corresponding period of 2020 (mainly costs for employees engaged in research and general and administrative activities, consulting, costs related to the management of patents and the amortization of intangible assets, including intellectual property). The reduction in operating expenses, exclusively attributable to the effect of exchange rates, was offset by the financial interest accrued on the convertible loan of 3 million of dollars granted by the SAES Group in July 2020.

For further details on the developments in Flexterra, please refer to the paragraph dedicated to the joint venture in the SAES Group Interim Report on operations.

The SAES Group's share (46.73%) in the joint venture's loss for the first half of 2021 amounted to -982 thousand of euro (-945 thousand of euro in the first half of 2020), to which the other components of the statement of comprehensive income have to added, a positive amount of +147 thousand of euro from the translation differences generated by the translation into euro of other

<sup>36</sup> Values at 100%.

currency financial statements of Flexterra, Inc. and Flexterra Taiwan Co., Ltd. (+13 thousand of euro in the first half of 2020).

As already mentioned before, the share pertaining to SAES in the total loss of Flexterra in the first half of 2021 (-835 thousand of euro) was not recognized, as SAES' investment in the joint venture has already been written off and as there are to date no legal or implied obligations for its recapitalisation by the Group.

As the value of the investment in Flexterra at June 30, 2021 had been completely written off and as there were no recapitalization obligations, it was not necessary to carry out any impairment testing.

Lastly, note that in the first half of 2021 the financial receivable related to the interest accrued in the period on convertible loans granted by SAES Getters International Luxembourg S.A. to the joint venture in the middle of the previous year, amounting to 100 thousand of euro, was written down as it was considered unlikely to be recovered. It should be noted that the receivable corresponding to the principal and interest accrued in the second half of 2020 had already been written down as at December 31, 2020. For more details, please see the Note no. 20.

The following table provides the number of employees of the joint venture Flexterra as at June 30, 2021, broken down by category, based on the percentage of ownership held by the Group (equal to 46.73%).

Flexterra	June 30, 2021	December 31, 2020
	46.73%	46.73%
Managers	3	3
Employees and middle management	5	5
Workers	0	0
<b>Total (*)</b>	<b>8</b>	<b>8</b>

The number of employees was essentially the same as the end of the 2020 financial period.

## 17. INVESTMENTS IN OTHER COMPANIES

The item "Investments in other companies" as at June 30, 2021 amounts to a total of 1,274 thousand of euro and includes the investments made in the first half of the previous year in the **venture capital fund EUREKA!** and in the company **Cambridge Mechatronics Limited (CML)**.

These minority shareholdings that are not held for trading purposes are measured at fair value, in compliance with IFRS 9, while their changes are recognised in the other components of the comprehensive income statement, without reversal to the income statement.

The following table shows the changes in this item during the first half of 2021.

(thousands of euro)

Investments in other companies	December 31, 2020	Capital injections	Fair value measurement	Other changes	June 30, 2021
Eureka! Fund	191	102	(51)	(51)	191
Cambridge Mechatronics Limited	1,083	0	0	0	1,083
<b>Total</b>	<b>1,274</b>	<b>102</b>	<b>(51)</b>	<b>(51)</b>	<b>1,274</b>

The **venture capital fund - EUREKA! Fund I - Technology Transfer** is closed alternative investment fund, with investments from Cassa Depositi e Prestiti (CDP) and the European Investment Fund (EIF), specialised and focused exclusively on deeptech investments, in start-ups and spin-offs of Research Centres and Universities, in applications and technologies related to the science of materials, sensors, advanced electronics, photonics, IoT (the Internet of Things) and Lab-on-a-chip applications, attentive to the principles of sustainability and ESG (Environmental, Social and Governance) criteria. As well as being a founding investor, SAES is also EUREKA!'s strategic partner in the advanced materials sector, with access to the Fund's deal flow in the sectors and business areas of interest to the Group, with priority co-investment rights.

With regard to capital injections made in the current half-year:

- On February 25, 2021, a further payment of 37 thousand of euro was made, including both the portion of management commissions and fees, and the portion of an investment made by the fund in an innovative start-up, spin-off of the NEST lab of the Scuola Normale Superiore of Pisa and of the National Research Council, which has developed a point-of-care diagnostic system based on acoustic surface wave nanotechnological devices for the detection of molecules, focusing on the detection of brain traumas;
- on May 17, 2021, a further payment amounting to 65 thousand of euro was made, again inclusive of both the managing costs and the portion of an investment in the innovative start-up Endostart, founded in Florence in 2018, which has developed the Endorail system, a medical device aimed at facilitating the completion of colonoscopies in cases where they are difficult or impossible to complete, based on a proprietary technology co-developed with the ICCOM institute of the CNR and the Interuniversity Consortium INSTM.

Lastly, please note that on May 31, 2021 the second closing by the Fund was completed, on the basis of which new investors were formally admitted, with a total contribution to the investment of approximately 11.3 million of euro. The investment of SAES was, therefore, diluted from 7.51% to 5.85% and the Parent Company obtained a reimbursement for both the costs and the investments of the Fund, equal to 51 thousand of euro (column "Other changes").

**Cambridge Mechatronics Limited (CML)**, a company based in Cambridge, UK, is a company with which SAES has already worked for many years in the shape memory alloys (SMA) for industrial application business, particularly for consumer electronics and mobile telephony.

CML has strong multidisciplinary engineering skills, and is active in the development of miniaturized actuators based on shape memory alloy (SMA), a sector in which it holds several patents. These devices are used in various application fields that require maximum precision and accuracy even on small dimensions and, in particular, in cell phone cameras. The objective of the investment, for SAES, is to strengthen the partnership with CML, in order to grow its industrial SMA business.

As at 30 June 2021, the investment in CML is valued at cost. In accordance with IFRS 9, the Company has, in fact, assessed that the latter may represent an adequate estimate of fair value, as there is no other information available for the purposes of fair value measurement.

## **18. SECURITIES IN THE PORTFOLIO**

The item "Securities in the portfolio" amounted to a total of 205,440 thousand of euro as at June 30, 2021 compared to 204,748 thousand of euro as at December 31, 2020.

(thousands of euro)

Securities in the portfolio	June 30, 2021	December 31, 2020	Difference
Securities in the portfolio classified under non current assets	135,161	134,087	1,074
Securities in the portfolio classified under current assets	70,279	70,661	(382)
<b>Total</b>	<b>205,440</b>	<b>204,748</b>	<b>692</b>

The following table provides the details of securities subscribed and their fair value as at June 30, 2021 compared to December 31, 2020.

Description	Details	Underwriting company	Initial investment	Value as at June 30, 2021 (thousands of euro)	Value as at December 31, 2020 (thousands of euro)
Bond portfolio "Buy & Hold"	portfolio with a conservative investment profile and mainly with high flexibility and liquidity	SAES Investments S.A.	Nominal value of bonds in portfolio: - June 30, 2021, 51.9 million of euro - December 31, 2020, 70.7 million of euro	52,013	70,661
Dynamic Multi-Asset (DMAS)	diversified multi-asset portfolio of OICVM, OICR, structured products and financial derivative instruments, where appropriate	SAES Investments S.A.	18 million of euro	18,266	0
Credit Linked Certificates (CLC)	financial instruments linked to the performance of underlying bonds and debt securities issued by leading Italian banks; due to mature at five years from the subscription	SAES Getters S.p.A.	30 million of euro	31,112	31,241
Cardif Lux Vie Multiramo policy	minimum guaranteed rate (of 0.5%, net of the management fees, up to the end of 2019) and a return from the policy equal to the net return made by the separately managed General Fund if higher than the minimum guaranteed rate.	SAES Investments S.A.	40 million of euro	41,178	41,178
- Branch I	dynamic multi-line mandate, with the aim of preserving the value of the invested capital		60 million of euro	62,871	61,668
<b>Total</b>				<b>205,440</b>	<b>204,748</b>

It should be noted that, in the first half of 2021, part of the bonds managed by JP Morgan (approximately 25% of the total bond portfolio) were replaced by a Dynamic Multi-Asset (DMAS) management.

This restructuring of the portfolio asset allocation aims to introduce a component of "non-bond" financial assets in order to protect the value of the invested capital, taking into account the global macro-economic framework and the monetary policies implemented by the main Central Banks. The Sub-Fund aims to achieve a return in Euro, through the combination of capital appreciation and income, higher than that of the monetary benchmark (EONIA) over a complete market cycle. This objective is achieved by investing in a diversified multi-asset portfolio of UCITS, UCIs, structured products and financial derivative instruments where appropriate. The Sub-Fund's units may be redeemed on demand, with transactions normally carried out on a weekly basis.

Apart from the "Buy & Hold" bond portfolio and of the new Dynamic Multi-Asset management, classified as current assets, all the other financial assets of the Group were classified as non-current assets since they were used as a guarantee for the medium/long-term loan obtained by the Parent

Company to pay for the ordinary shares acquired under the partial voluntary tender offer finalized at the end of May 2019 (see Note no. 28 for details on the loan).

With regard to the fair value measurement of the securities in the portfolio as at June 30, 2021, note that the fair value, calculated by an independent third party, coincides with the market prices on the reporting date for all securities listed in an active market (Level 1 of the fair value hierarchy) and, where there is no active market, the fair value has been calculated by using the most common measurement models and techniques available on the market or by referring to prices of comparable securities (Level 2 of the fair value hierarchy). In particular, the fair value used to measure the bond portfolio, the Dynamic Multi-Asset management and the Credit Linked Certificates was Level 1, whereas for the Cardif Policy was Level 2.

Note that the fair value of the Group's securities portfolio at the end of August 2021 has increased by approximately 0.3% compared to the value at June 30, 2021.

### 19. DEFERRED TAX ASSETS AND LIABILITIES

As at June 30, 2021 the net balance of deferred tax assets and deferred tax liabilities was positive and equal to 139 thousand of euro, compared to a positive amount of 1,303 thousand of euro at December 31, 2020.

The related details are provided below.

(thousands of euro)

Deferred taxes	June 30, 2021	December 31, 2020	Difference
Deferred tax assets	8,203	9,061	(858)
Deferred tax liabilities	(8,064)	(7,758)	(306)
<b>Total</b>	<b>139</b>	<b>1,303</b>	<b>(1,164)</b>

Since deferred tax assets and liabilities have been recognized in the consolidated financial statements in consideration of the offsetting for legal entities, when appropriate, the following table shows deferred tax assets and liabilities before the offsetting process.

(thousands of euro)

Deferred taxes	June 30, 2021	December 31, 2020	Difference
Deferred tax assets	11,020	11,623	(603)
Deferred tax liabilities	(10,881)	(10,320)	(561)
<b>Total</b>	<b>139</b>	<b>1,303</b>	<b>(1,164)</b>

The following tables provide a breakdown by nature of the temporary differences that comprise deferred tax assets and liabilities, compared with the figures as at December 31, 2020.

(thousands of euro)

Deferred tax assets	June 30, 2021		December 31, 2020	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	22,925	5,528	23,892	5,609
Differences on depreciation/amortization and write-downs	1,852	438	1,898	448
IAS 19 effect	217	63	217	63
Bad debts and financial assets write-down	433	105	418	107
Inventory provisions	5,498	1,276	4,620	1,099
Provisions	2,893	703	2,751	689
Cash deductible expenses	7,677	1,844	10,497	2,544
Deferred taxes on recoverable losses	1,673	401	1,673	401
Exchange differences and other	726	662	754	663
<b>Total</b>		<b>11,020</b>		<b>11,623</b>

The decrease in deferred tax assets compared to the end of the previous financial period (-603 thousand of euro) is mainly due to the issue of deferred tax assets recorded on the bonuses matured in the 2020 financial period and owed to the Executive Directors and the employees of the Parent Company, paid in the first half of 2021.

As at June 30, 2021 the Group had 168,190 thousand of euro in tax losses eligible to be carried forward, mainly related to the Parent Company, the subsidiary SAES Getters International Luxembourg S.A. and SAES Innovative Packaging S.r.l. (as at December 31, 2020 the tax losses eligible to be carried forward were equal to 158,556 thousand of euro).

The tax losses eligible to be carried forward that were taken into account when calculating deferred tax assets were 1,673 thousand of euro (essentially in line with those at December 31, 2020) and related exclusively to SAES Coated Films S.p.A. The deferred tax assets on said tax losses have been recognised on the reasonable certainty that they will be recovered in future years, on the basis of the recoverability analyses carried out by the Directors, who have confirmed the assumptions of the 2020 financial statements, considered to be still valid.

(thousands of euro)

Deferred tax liabilities	June 30, 2021		December 31, 2020	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(57,384)	(3,020)	(56,654)	(3,200)
Differences on depreciation/amortization and assets fair value revaluations	(29,995)	(6,846)	(26,730)	(6,462)
Securities fair value revaluations	(3,436)	(857)	(2,079)	(519)
IAS 19 effect	(471)	(113)	(471)	(113)
IFRS 16 leasing effect	(47)	(11)	(65)	(17)
Other	(141)	(34)	(36)	(9)
<b>Total</b>		<b>(10,881)</b>		<b>(10,320)</b>

The deferred tax liabilities recorded in the consolidated financial statements as at June 30, 2021 included in addition to the fiscal provision on taxes due in the event of distribution of the net income and the reserves of the subsidiaries for which a distribution is expected in a foreseeable future, also the temporary differences on the gains identified during the purchase price allocation of the US companies acquired in the past years and the more recently acquired company, SAES Coated Films S.p.A.

The increase in deferred tax liabilities compared to December 31, 2020 (+561 thousand of euro) is mainly due to the greater temporary differences between fiscal and statutory amortization of the US affiliates and the recognition of deferred tax losses on the revaluation of the fair value<sup>37</sup> of the

<sup>37</sup> In particular, revaluation recognized for IFRS purposes, but not for the purposes of the statutory financial statements prepared in accordance with Luxembourg accounting principles.

securities in the portfolio held by SAES Investments S.A., only partly offset by tax liabilities in case of distribution of profits and reserves of the subsidiaries.

## 20. FINANCIAL RECEIVABLES FROM RELATED PARTIES

The item "Financial receivables from related parties" amounted to 49 thousand of euro as at June 30, 2021 and refers to the interest-bearing loan granted by SAES Group to the joint venture **SAES RIAL Vacuum S.r.l.** The portion expected to be repaid by the joint venture within one year is classified under current assets (less than 1 thousand of euro and equal to the interest accrued in the first half of 2021 and not yet collected at June 30, 2021), while the remaining portion was recognized under non-current assets (49 thousand of euro, equal to the principal portion).

The financial receivable, totalling 9,679 thousand of euro<sup>38</sup>, arising from the loans granted to the joint venture **Actuator Solutions GmbH** and the financial receivable, equal to 2,719 thousand of euro<sup>39</sup>, related to the convertible loan of the value of 3 million of dollars granted in July 2020 to the joint venture **Flexterra, Inc.** were both fully written down as they were deemed difficult to recover.

The detailed revenues are shown in the tables below.

### Actuator Solutions GmbH

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate (**)	Value as at June 30, 2021 (*) (thousands of euro)	Value as at December 31, 2020 (*) (thousands of euro)
Loan granted in October 2014	EUR	1,200	flexible, with maturity date October 2018 extended to December 2021 (*)	2% annual fixed rate	0	74
Loan granted in April 2016	EUR	1,000	flexible, with maturity date April 2019 extended to December 2021 (*)	2% annual fixed rate	0	99
Loan signed in July 2016: - first <i>tranche</i> granted in July 2016 - second <i>tranche</i> granted in September 2016	EUR	2,000	flexible, with maturity date April 2019 extended to April 2024 (**)	2% annual fixed rate	3,570	3,787
	EUR	1,000				
Loan signed in November 2016: - first <i>tranche</i> granted in November 2016; - second <i>tranche</i> granted in January 2017; - third <i>tranche</i> granted in February 2017; - fourth <i>tranche</i> granted in March 2017; - fifth <i>tranche</i> granted in April 2017; - sixth <i>tranche</i> granted in February 2018.	EUR	1,000	flexible, with maturity date April 2019 extended to April 2024 (**)	2% annual fixed rate	6,109	6,140
	EUR	1,000				
	EUR	1,000				
	EUR	1,000				
	EUR	500				
EUR	500					
<b>Total</b>		<b>10,200</b>			<b>9,679</b>	<b>10,100</b>
<b>Financial receivables from related parties provision</b>					<b>(9,679)</b>	<b>(10,100)</b>
<b>Total net of write-downs</b>					<b>0</b>	<b>0</b>

(\*) Inclusive of the interest rate. On December 31, 2020 SAES Nitinol S.r.l. and Actuator Solutions GmbH signed an agreement under which the payment of all interest accrued from 2016 to the end of the 2020 financial year was postponed to December 31, 2021.  
(\*\*) Starting from January 1, 2021, the interest rate applied to loans has been reduced from 6% to 2%.  
(\*) The value at December 31, 2020 only included the portion of interest accrued in the 2016-2018 period.  
(\*\*) In January 2019, the duration of the loan was extended by five years, delaying the expiry from April 30, 2019 to April 30, 2024.  
(†) Compared to December 31, 2020, the reduction in the provision for bad debts (-421 thousand of euro) is attributable to:  
- release of the bad debt provision following the partial waiver by SAES Nitinol S.r.l. interest accrued on loans granted to Actuator Solutions GmbH (-500 thousand of euro);  
- increase in the provision against interest accrued in the first half of 2021 and deemed difficult to recover (+79 thousand of euro).

It should be noted that, in June, SAES Nitinol S.r.l. partially waived, for a total amount of 500 thousand of euro, the interest already accrued on the loans granted to the joint venture Actuator Solutions GmbH. The above waiver had no effect on the consolidated financial statements, as the financial receivable related to the interest-bearing loan (both principal and interest) was already fully written down as at December 31, 2020, as it was deemed difficult to recover.

It should also be noted that the interest rate applied to loans was reduced from 6% to 2% starting from January 1, 2021.

<sup>38</sup> Consisting of 8,000 thousand of euro principal amount and 1,679 thousand of euro interest.

<sup>39</sup> Consisting of 2,525 thousand of euro principal amount and 194 thousand of euro interest.

Lastly, as at 30 June 2021, the financial receivable, equal to 79 thousand of euro, corresponding to the interest accrued during the current half-year, was written down.

### **SAES RIAL Vacuum S.r.l.**

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at June 30, 2021 (*) (thousands of euro)	Value as at December 31, 2020 (*) (thousands of euro)
Loan disbursed in January 2016	EUR	49	Flexible	three-month Euribor plus a 2.50% spread	49	50

(\*) Including the interest portion.

### **Flexterra, Inc.**

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at June 30, 2021 (*) (thousands of euro)	Value as at December 31, 2020 (*) (thousands of euro)
Convertible note granted in July 2020	USD	3,000	Maturity date July 2021 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	2,719	2,539
<b>Total</b>					<b>2,719</b>	<b>2,539</b>
<b>Financial receivables from related parties provision</b>					<b>(2,719)</b>	<b>(2,539)</b>
<b>Total net of write-downs</b>					<b>0</b>	<b>0</b>

(\*) Interests included.

(\*\*) Significant events include the liquidation of Flexterra and the change of control.

(#) On August 2021 the maturity date has been extended for one year (August 2022).

In compliance with the agreements between the parties, as well as by cash, the repayment can be in the form of equity if Flexterra arranges a qualified capital stock increase for a value of at least 6 million of dollars before the maturity date. In this case, SAES Getters International Luxembourg S.A. will receive a number of new shares equal to the quotient obtained by dividing the balance of the loan at the conversion date by a value of 80% of the price per share paid by other shareholders at the time of the capital increase.

It is recalled that the financial receivable (both principal and interest) due from Flexterra, Inc. was already fully written down as at December 31, 2020. The financial receivable corresponding to the interest accrued in the current half-year period was also written-off as at June 30, 2021 (100 thousand of euro) since SAES management does not consider it recoverable.

## **21. OTHER LONG TERM ASSETS**

The item "Other long-term assets" amounted to 1,443 thousand of euro as at June 30, 2021 compared to 1,448 thousand of euro at December 31, 2020.

This item, in addition to the deposits paid by the various Group companies, as part of its operating activities, includes the advance, equal to 1,100 thousand of euro, paid during a preliminary negotiation for a potential minority investment. In a context of general uncertainty, also due to the Covid-19 pandemic, the transaction was suspended and SAES requested the return of the deposit, as set forth in the original agreement between the parties, reserving the right to bring legal action. In particular, the SAES management is evaluating the possibility of repayment of the receivable through a commercial collaboration with the debtor, already existing between the parties.



## 22. INVENTORY

The inventory amounted to 32,478 thousand of euro as at June 30, 2021, with an increase of 2,466 thousand of euro compared to December 31, 2020.

The following table shows the breakdown of inventory as at June 30, 2021 compared with December 31, 2020.

(thousands of euro)

Inventory	June 30, 2021	December 31, 2020	Difference
Raw materials, auxiliary materials and spare parts	9,952	9,972	(20)
Work in progress and semi-finished goods	15,273	12,677	2,596
Finished products and goods	7,253	7,363	(110)
<b>Total</b>	<b>32,478</b>	<b>30,012</b>	<b>2,466</b>

Excluding the effect of exchange rates (increase of +683 thousand of euro), inventories increased by 1,783 thousand of euro due to: the increasing volumes of stocks in the Nitinol segment, mainly related to the finalization of the new tubes department of Memry Corporation, added to the Parent Company's higher inventories in the consumer electronics segment (Speciality Chemicals Division), in anticipation of orders in the second half of the year, as well as higher stocks in the Advanced Packaging Division for some orders deferred from the second to the third quarter due to tensions on the prices of plastics, which have influenced the procurement strategy of some customers.

Inventory is stated net of any provision for write-down, which in the first half of 2021 recorded the changes shown in the table below.

(thousands of euro)

Inventory provision	
<b>December 31, 2020</b>	<b>3,399</b>
Accrual	1,070
Release into income statement	(121)
Utilization	(103)
Translation differences	75
<b>June 30, 2021</b>	<b>4,320</b>

The accrual (+1.070 thousand of euro) was mainly related to the write-down of the raw material, semi-finished products and finished goods characterized as slow-moving or no longer used in the production process, in particular by the Parent Company and the US affiliates SAES Smart Materials, Inc. and Memry Corporation.

The release into income statement (-121 thousand of euro) was a consequence of a recall into production of warehouse codes that were written down in the previous year in the Nitinol sector.

The utilization (-103 thousand of euro) is related to the scrapping of items that had already been written down in previous financial periods by the Parent Company and the US affiliate Memry Corporation.

The translation differences (+75 thousand of euro) are due to the US affiliates and are a consequence of the appreciation of the US dollar as at June 30, 2021 compared to December 31, 2020.

### 23. TRADE RECEIVABLES

Trade receivables, net of the bad debt provision, were equal to 25,579 thousand of euro as at June 30, 2021 and increased by 6,126 thousand of euro compared to December 31, 2020.

Excluding the effect of exchange rate fluctuations (+420 thousand of euro), the increase (+5,706 thousand of euro) is mainly due to higher sales in the Medical, Vacuum Technology and Advanced Packaging Divisions, as well as in the security and defence sector of the Metallurgy Division, in the second quarter of 2021 compared to the last few months of 2020.

The breakdown of the item in question as at June 30, 2021 and December 31, 2020 is shown in the following table.

(thousands of euro)

Trade receivables	June 30, 2021	December 31, 2020	Difference
Gross value	25,938	19,798	6,140
Bad debt provision	(359)	(345)	(14)
<b>Net book value</b>	<b>25,579</b>	<b>19,453</b>	<b>6,126</b>

Trade receivables are not interest-bearing and generally are due after 30-90 days.

The bad debt provision recorded the following changes during the period.

(thousands of euro)

Bad debt provision	June 30, 2021	December 31, 2020
<b>Opening balance</b>	<b>345</b>	<b>316</b>
Accrual	16	57
Release into income statement	(2)	(1)
Utilization	0	(28)
Translation differences	0	1
<b>Closing balance</b>	<b>359</b>	<b>345</b>

The accrual (+16 thousand of euro) is represented exclusively by the generic write-down as at June 30, 2021 made according to the Expected Credit Loss model envisaged by IFRS 9 and based on the calculation of the expected average non-recoverability using historic and geographical indicators. As at December 31, 2020, the same calculation had led to an allocation to the bad debt provision of +1 thousand of euro.

The release into income statement (-2 thousand of euro) is a result of the partial collection of a receivable totally written off by the Parent Company in previous years.

The following table provides a breakdown of trade receivables, by those not yet due and past due as at June 30, 2021, compared with the previous year.

(thousands of euro)

Ageing	Total	Not yet due	Due not written down					Due written down
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
June 30, 2021	25,938	19,558	4,764	836	291	50	80	359
December 31, 2020	19,798	13,881	3,272	1,566	554	65	115	345

Receivables past due more than 30 days and not written down, since they are considered recoverable, represent an insignificant percentage if compared to the total trade receivables, and are constantly monitored. It should also be noted that the incidence of these receivables in relation to total trade receivables decreased significantly compared to the end of the previous year (from 11.6% as at December 31, 2020 to 4.8% as at June 30, 2021), further demonstrating that the Group is subject to a rather limited credit risk.

The table below illustrates the calculation of the average number of days for the Group to collect trade receivables after sale (Days of Sales Outstanding, or DSO), as at June 30, 2021 and December 31, 2020, respectively.

	June 30, 2021	December 31, 2020	Difference
<i>Days of Sales Outstanding - DSO (*)</i>	56	42	14

(\*) DSO is an average collection time indicator for trade receivables and it is calculated as follow:  
Trade receivables / Annualized net revenues \* 365.

The worsening of the DSO as at June 30, 2021 compared to December 31, 2020 is attributable to a specific credit position of the Parent Company in the vacuum systems business, whose collection was finalized in the first few days of July, rather than in June.

In relation to credit risk management on trade receivables, in order to understand how the Group monitors and manages credit quality in the event that the relative trade receivables are not past due or written down, please refer to the Interim Report on operations.

#### 24. PREPAID EXPENSES, ACCURED INCOME AND OTHER RECEIVABLES

This item includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, and showed a balance of 4,938 thousand of euro as at June 30, 2021, compared to 5,965 thousand of euro as at December 31, 2020.

A breakdown of this item is provided below.

(thousands of euro)

<b>Prepaid expenses, accrued income and other</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>Difference</b>
Income tax and other tax receivables	1,989	2,898	(909)
VAT receivables	392	939	(547)
Social security receivables	3	32	(29)
Personnel receivables	9	2	7
Receivables for public grants	57	106	(49)
Other receivables	20	20	0
<b>Total other receivables</b>	<b>2,470</b>	<b>3,997</b>	<b>(1,527)</b>
Accrued income	0	0	0
Prepaid expenses	2,468	1,968	500
<b>Total prepaid expenses and accrued income</b>	<b>2,468</b>	<b>1,968</b>	<b>500</b>
<b>Total prepaid expenses, accrued income and other</b>	<b>4,938</b>	<b>5,965</b>	<b>(1,027)</b>

The item "Income tax and other tax receivables" includes the receivables for tax advances paid and other tax credits of the Group's companies with local authorities. The decrease compared to December 31, 2020 (-909 thousand of euro) was mainly due to the use of the residual credit at December 31, 2020 by the US affiliates to offset the debt owed for taxes due for the first half of 2021, only partially offset by greater tax receivables to SAES Getters S.p.A., for recoverable withholdings on royalties and infra-group dividends. Lastly, it should be noted that the item includes the tax credit of the Parent Company for investments in research and development, in accordance with the provisions of the 2021 Budget Law (equal to 259 thousand of euro and unchanged compared to December 31, 2020).

The decrease in "VAT receivables" was mainly due to offsetting by the Parent Company of the receivable generated in 2020 against other taxes and contributions relating to 2021. These decreases were only partially offset by the receivable generated in the current half-year due to the surplus of the taxable purchasing transactions over sales transactions and not yet subject to offsetting.

The item "Receivables for public grants" was composed of receivables accrued by the Parent Company in grants for outstanding research projects. During the first half of the year, income from public funding amounted to 4 thousand of euro (30 thousand of euro in the first half of 2020).

The increase in the item "Prepaid expenses" was mainly due to all the cost items (particularly, insurance costs and IT services costs) which were paid in advance at the beginning of the year but which refer to the entire period.

Note that there are no receivables due after more than five years.

**Public grants – disclosure pursuant to Law no. 124 of August 4, 2017, Article 1, paragraphs 125-129**

"Law no. 124 of August 4, 2017 - article 1, paragraphs 125-129 - Fulfilment of transparency and disclosure obligations" has introduced, for financial statements starting from 2018, a series of disclosure and transparency obligations by parties that have financial relationships with the Public Administration. In light of the guidelines expressed by industry sources, the disclosure requirement is not deemed to apply to:

- general measures that can be used by all companies that fall under the general structure of the applicable system defined by the State (e.g., ACE);

- selective economic benefits, received in application of an aid regime, accessible to all companies that meet certain conditions, on the basis of general pre-determined criteria (e.g., contributions for research and development products and tax incentives);
- public resources that can be related to public parties of other states (European or non-European) and European institutions;
- contributions for training received by interprofessional funds since they are funds for association purposes and for entities governed by private law, funded with contributions paid by the companies themselves.

In accordance with the above, the analysis made showed that the Group, in the first half of 2021, similarly to the previous financial period, did not receive public grants that would fall under the application of law no. 124/2017 (article 1, paragraphs 125-129) as amended.

## 25. CASH AND CASH EQUIVALENTS

The item includes the liquid funds for the cash flow management necessary for the operating activities.

The following table shows a breakdown of this item as at June 30, 2021 and December 31, 2020.

(thousands of euro)

<b>Cash and cash equivalents</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>Difference</b>
Bank accounts	24,410	30,668	(6,258)
Petty cash	9	10	(1)
<b>Total</b>	<b>24,419</b>	<b>30,678</b>	<b>(6,259)</b>

The item "Bank accounts" consists of short-term deposits with some leading financial institutions, denominated primarily in euro, US dollars and Chinese renminbi.

The item "Bank accounts" is shown net of the write-down, equal to -18 thousand of euro, calculated under IFRS 9. In particular, the expected losses were calculated based on a default percentage associated with each bank where the cash and cash equivalents are deposited, obtained on the basis of each bank's rating.

At December 31, 2020, the write-down amounted to -23 thousand of euro and the reduction of the expected losses at June 30, 2021 (5 thousand of euro) was mainly a result of the lower amount of cash held by the Group, whilst the riskiness associated with the banks with which the Group operates essentially remained unchanged.

For a detailed analysis of the changes occurred in cash and cash equivalents during the period please refer to the comments on the cash flow statement (Note no. 39).

As at June 30, 2021 the Group has unused credit lines equal to 65.6 million of euro compared to 76.7 million of euro as at December 31, 2020. The decrease is the result of the greater use by the Parent Company of "hot money" loans (-8.5 million of euro) and of the greater use of the revolving credit line for cash, subscribed with Unicredit S.p.A. in March 2020 (-2.6 million of euro; for further details, please refer to Note no. 37).

## Reconciliation of financial debt

The Total Financial Debt statement, drawn up in compliance with the instructions contained in paragraphs 175 et seq. of the ESMA Guidelines of March 4, 2021 (applicable from May 5, 2021) is shown below.

(thousands of euro)

	June 30, 2021	March 31, 2021	December 31, 2020
A. Cash	24,419	28,653	30,678
B. Other cash and cash equivalents	0	0	0
C. Other current financial assets	70,279	70,120	70,673
<b>D. Cash and cash equivalent (A + B + C)</b>	<b>94,698</b>	<b>98,773</b>	<b>101,351</b>
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) (*)	(46,004)	(37,543)	(35,423)
F. Current portion of long term debt	(4,142)	(4,933)	(5,199)
<b>G. Current financial liabilities (E + F)</b>	<b>(50,146)</b>	<b>(42,476)</b>	<b>(40,622)</b>
<b>H. Net current financial liabilities (G + D)</b>	<b>44,552</b>	<b>56,297</b>	<b>60,729</b>
I. Non-current financial debt (excluding the current portion and debt instruments) (**)	(3,337)	(3,417)	(3,571)
J. Debt instruments	(93,965)	(94,987)	(95,496)
K. Trade payables and other non-current payables	0	0	0
<b>L. Non current financial liabilities (I + J + K)</b>	<b>(97,302)</b>	<b>(98,404)</b>	<b>(99,067)</b>
<b>M. Net financial debt (H + L)</b>	<b>(52,750)</b>	<b>(42,107)</b>	<b>(38,338)</b>

(\*) Of which 1,496 thousand of euro relating to short-term financial liabilities for lease contracts.

(\*\*) 3,337 thousand of euro relating to long-term financial liabilities for lease contracts.

The table below shows the reconciliation of the Total Financial Debt in accordance with the ESMA Guidelines of March 4, 2021 and the Net Financial Position indicated in the Report on Operations.

(thousands of euro)

	June 30, 2021	March 31, 2021	December 31, 2020
<b>Net financial debt included in the Explanatory notes</b>	<b>(52,750)</b>	<b>(42,107)</b>	<b>(38,338)</b>
Related parties financial assets, non current	49	49	49
Securities - long term	135,161	134,554	134,087
Derivative instruments evaluated at fair value	(38)	(123)	(32)
Other financial payables to third parties, current	(16)	(22)	(24)
<b>Net financial position included in the Management Report</b>	<b>82,406</b>	<b>92,351</b>	<b>95,742</b>

As regards the amount and nature of indirect and conditional debt, please refer to Note no. 40 "Contingent assets/liabilities and commitments".

## 26. OTHER FINANCIAL RECEIVABLES FROM THIRD PARTIES

The item "Other financial receivables from third parties", zero as at June 30, 2021 and equal to 11 thousand of euro as at December 31, 2020, referred to the receivable due to the Parent Company from the EUREKA! fund as a result of the completion of the second closing by the fund on December 29, 2020<sup>40</sup>. This receivable was collected in January 2021.

<sup>40</sup> Following the formal admission of new investors, SAES's investment in the fund was diluted and SAES Getters S.p.A. obtained a repayment proportional to the dilution referred to both the costs and the investments of the fund.

## 27. GROUP SHAREHOLDERS' EQUITY

The Group shareholders' equity was equal to 238,723 thousand of euro as at June 30, 2021, down by 561 thousand of euro compared to December 31, 2020, mainly due to the profit for the year (+4,189 thousand of euro) and the exchange rate differences deriving from the translation of financial statements in foreign currencies (+3,863 thousand of euro), partially offset by the dividends distributed by SAES Getters S.p.A. (-7,440 thousand of euro). Lastly, please note the negative change (-51 thousand of euro) in the fair value of equity investments in other companies<sup>40</sup> (in particular, investment in the EUREKA! venture capital fund, for details of this please refer to Note no. 17).

A summary of the changes that occurred is provided in the Statement of Changes in Equity.

### Capital stock

As at June 30, 2021 the capital stock, fully subscribed and paid up, amounted to 12,220 thousand of euro, comprising 22,049,969 shares. The composition of capital stock was unchanged compared to December 31, 2020.

The implicit book value per share was 0.554196 euro as at June 30, 2021, unchanged from December 31, 2020.

Please refer to the Report on corporate governance and ownership structure, in the Financial Statements as at December 31, 2020, for all information required by article 123-bis of the Consolidated Finance Act (TUF).

All the Parent Company's securities are listed on the segment of the Mercato Telematico Azionario of Borsa Italiana, known as "STAR" (Securities with High Requirements), dedicated to small and medium caps that meet specific requirements with regard to reporting transparency, liquidity and corporate governance.

### Share issue premium reserve

This item includes amounts paid by the shareholders in excess of the par value, at the time of subscription, for new shares of the Parent Company.

This item was unchanged compared to December 31, 2020.

### Treasury shares

The item amounted to -93,382 thousand of euro at June 30, 2021, unchanged compared to December 31, 2020 and refers to the ordinary shares purchased by SAES Getters S.p.A. as part of the voluntary partial public tender offer finalized in mid-2019. In particular, on May 31, 2019, the Parent Company acquired no. 3,900,000 ordinary shares at a price of 23 euro per share, with an outlay equal to 89.7 million of euro.

The table below shows the breakdown of the capital stock, indicating the number of shares in issue and the treasury stock at June 30, 2021 (both unchanged since December 31, 2020).

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<sup>40</sup> In compliance with IFRS 9, non-controlling interests not held for trading are measured at fair value, with recognition of the changes in the other components of comprehensive income, without transfer to the income statement.

	<b>June 30, 2021</b>
Ordinary outstanding shares	10,771,350
Savings outstanding shares	7,378,619
Treasury shares	3,900,000
<b>Total shares</b>	<b>22,049,969</b>

The treasury shares held as at June 30, 2021, as a percentage both of the issue category and of the total number of shares that constitutes the capital stock, are indicated below pursuant to article 2357 of the Italian Civil Code (both percentages are unchanged compared to December 31, 2020).

	<b>June 30, 2021</b>
Number of ordinary treasury shares	3,900,000
<b>% on total ordinary shares</b>	<b>26.6%</b>
<b>% on share capital</b>	<b>17.7%</b>

Note that the outlay to purchase the shares was 89.7 million of euro, plus accessory charges for 3.7 million of euro. As provided by the international accounting standards, the total cost (93.4 million of euro) of the treasury stock purchase, including additional charges, was reported as a negative component of equity.

### **Legal reserve**

This item corresponds to the Parent Company's legal reserve of 2,444 thousand of euro as at June 30, 2021, unchanged compared to December 31, 2020, since the reserve had reached its legal limit.

### **Other reserves and retained earnings**

This item includes:

- the reserves (equal to 4,188 thousand of euro) created by the positive monetary revaluation balances resulting from the application of Law no. 72 of March 19, 1983 (1,039 thousand of euro), Law no. 342 of November 21, 2000 (1,576 thousand of euro) and Law Decree 104/2020 (converted into Law no. 126 of October 13, 2020 (1,573 thousand of euro)) by the Parent Company SAES Getters S.p.A. Pursuant to Law no. 342/2000 and Law no. 126/2020, the revaluation reserves have been recognised net of the corresponding substitute tax, equal to 370 thousand of euro and 49 thousand of euro, respectively.
- the other reserves of subsidiaries, retained earnings, and other shareholders' equity items of Group companies which were not eliminated during the consolidation process.

The change in the item "Other reserves and retained earnings" includes the distribution to shareholders of the 2020 dividend, approved by the Parent Company's Shareholders' Meeting (-7,440 thousand of euro) and the carrying forward of the 2020 consolidated profit (+4,787 thousand of euro), in addition to the fair value relative to the equity investments in other companies (-51 thousand of euro).

As reported in the Report on corporate governance and ownership structure annexed to the Financial Statement as at December 31, 2020, each share is entitled to a proportional part of the net income that is allocated for distribution, except the rights attached to savings shares. More specifically, as described in article no. 26 of the By-laws, savings shares are entitled to a preferred dividend equal to 25% of their implied book value; if in one financial year a dividend of



less than 25% of the implied book value has been allocated to savings shares, the difference will be made up by increasing the preferred dividend in the following two years. The remaining profit that the Shareholders' Meeting has resolved to distribute will be allocated among all shares in such a way to ensure that savings shares are entitled to a total dividend that is 3% of the implied book value higher than that of ordinary shares. In case of distribution of reserves, shares have the same rights irrespective of the category to which they belong.

### Other components of shareholders' equity

This item includes the exchange rate differences arising from the translation of financial statements in foreign currencies. The translation reserve had a positive balance of 6,044 thousand of euro as at June 30, 2021, compared to a positive balance of 2,181 thousand of euro as at December 31, 2020.

The increase, equal to +3,863 thousand of euro, is due exclusively to the overall effect on the consolidated shareholders' equity of the conversion into euro of the financial statements in foreign currency of the line-by-line consolidated foreign subsidiaries and the related consolidation adjustments.

It should be noted that the Group exercised the exemption allowed under IFRS 1 - First-time Adoption of International Financial Reporting Standards, regarding the possibility of writing-off the accumulated translation gains or losses generated by the consolidation of foreign subsidiaries as of January 1, 2004. Consequently, the translation reserve includes only the translation gains or losses generated after the date of transition to the international accounting standards.

## 28. FINANCIAL DEBTS

As at June 30, 2021, financial debts amounted to 98,107 thousand of euro, a decrease of 2,588 thousand of euro compared to December 31, 2020.

The decrease is mainly the result of repayments of principal portions made during the first half of 2021 (-2,603 thousand of euro).

The following table shows the changes in the financial debts during the first half of 2021.

(thousands of euro)

<b>Financial debts</b>	
<b>December 31, 2020</b>	<b>100,695</b>
Proceeds	0
Amortization of fees and interests	591
Repayments	(2,603)
Interest payments	(587)
Conversion differences on loans in foreign currencies	11
<b>June 30, 2021</b>	<b>98,107</b>

In the first half of 2021, the Parent Company repaid the principal for 2,564 thousand of euro. The difference, of 39 thousand of euro, corresponds to the repayment of principal by Memry Corporation.

The effect of currencies was not significant (positive for 11 thousand of euro): only 0.3% of the Group's financial debt comprises loans in US dollars held by the US subsidiary Memry Corporation

(the equivalent amount in euro of said payables has increased following the revaluation of the dollar at June 30, 2021 compared to December 31, 2020).

The following table shows the breakdown of the item by due date. It should be noted that debt with a due date of less than one year is included in current liabilities under "Current portion of non-current financial debts".

(thousands of euro)

Financial debts	June 30, 2021	December 31, 2020	Difference
Less than 1 year	4,142	5,199	(1,057)
<b>Current portion of financial debts</b>	<b>4,142</b>	<b>5,199</b>	<b>(1,057)</b>
Between 1 and 2 years	1,082	2,576	(1,494)
Between 2 and 3 years	92,819	82	92,737
Between 3 and 4 years	64	92,817	(92,753)
Between 4 and 5 years	0	21	(21)
Over 5 years	0	0	0
<b>Non current financial debts</b>	<b>93,965</b>	<b>95,496</b>	<b>(1,531)</b>
<b>Total</b>	<b>98,107</b>	<b>100,695</b>	<b>(2,588)</b>

The following table shows the details of loans held by the Group companies.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at June 30, 2021 (thousands of euro)	Value as at December 31, 2020 (thousands of euro)
SAES Getters S.p.A. <i>Unicredit</i>	EUR	10 (millions of euro)	quarterly with maturity date March 31, 2022	Half-yearly	Three-months Euribor plus 1% spread	0.90%	1,498	2,497
SAES Getters S.p.A. <i>Intesa Sanpaolo</i>	EUR	10 (millions of euro)	half-yearly (with fixed principal amounts) with maturity date December 21, 2022	Yearly	Six-months Euribor plus 1.20% spread	1.18%	2,994	3,991
SAES Getters S.p.A. <i>Banco BPM</i>	EUR	5 (millions of euro)	quarterly (with variable principal amounts) with maturity date December 31, 2021	n.a.	Three-months Euribor plus 1% spread	1.11%	567	1,130
SAES Getters S.p.A. <i>Mediobanca – Banca di Credito Finanziario</i>	EUR	92.7 (millions of euro)	single solution at the final date (April 17, 2024)	Half-yearly	1.20%	1.20%	92,735	92,735
Memry Corporation <i>Staff financing granted by the State of Connecticut (*)</i>	USD	1a tranche = 2 millions of USD 2a tranche = 0.8 millions of USD	monthly with maturity date March 1, 2025	n.a.	2%	2.00%	313	342

(\*) During 2018, 50% of the loan has been transformed in a non-repayable grant.

## Covenants

With the exception of the loan signed with Banco BPM, all the loans held by the Parent Company must comply with covenants calculated on some Group economic and financial figures. The loans granted by Unicredit and Mediobanca are tested to ensure the covenants have been met every six months (at June 30 and December 31 each year) while the covenants for the loan granted by Banca Intesa Sanpaolo are tested only once a year (at December 31).

As noted in the tables below, all the covenants were being complied with at June 30, 2021.

			<i>loan Unicredit</i> (*)	<i>loan Mediobanca</i> (**)
			<b>June 30, 2021</b>	<b>June 30, 2021</b>
		<b>Covenant</b>		
Net equity	k euro	≥ 94,000	238,723	n.a.
Net financial position	k euro	> 0	n.a.	87,277
<u>(Net financial position)</u> Net equity	%	≤ 1,0	(0.4)	n.a.
<u>(Net financial position)</u> EBITDA (§)	%	≤ 2,25	(4.0)	n.a.

(\*) Net financial position calculated excluding financial receivables from related parties, receivables (payables) for derivative financial instruments evaluated at fair value, other financial receivables towards third parties and financial liabilities for leasing contracts pursuant to IFRS 16.

(\*\*) Net financial position calculated excluding receivables (payables) for derivative financial instruments evaluated at fair value and financial liabilities for leasing contracts pursuant to IFRS 16.

(§) EBITDA calculated without IFRS 16 application.

It should be noted that the subsidised loan granted by the State of Connecticut to Memry Corporation does not contain economic and financial covenants.

Based on Group's plans, despite the general uncertainty caused mainly by the Covid-19 pandemic, the Group is expected to be able to meet the above-mentioned covenants also in the coming years.

## 29. FINANCIAL LIABILITIES FOR LEASES

At June 30, 2021, the "Financial liabilities for leases" amounted to 4,833 thousand of euro, compared to 5,503 thousand of euro as at December 31, 2020, and reflect the obligation to pay the lease payments and corresponds to the current value of future payments.

Debt with a maturity of less than one year is included under current liabilities.

(thousands of euro)

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>Difference</b>
Financial liabilities for leases - current	1,496	1,932	(436)
Financial liabilities for leases - non current	3,337	3,571	(234)
<b>Total Financial liabilities for leases</b>	<b>4,833</b>	<b>5,503</b>	<b>(670)</b>

The change from the end of last year is mainly due to the payment of instalments during the current half year (-1,186 thousand of euro), only partly offset by new contracts signed, net of early settlements (in total +334 thousand of euro).

The following table shows the changes in the financial debts during the first half of 2021.

(thousands of euro)

<b>Financial liabilities for leasing</b>	
<b>December 31, 2020</b>	<b>5,503</b>
New leasing contracts entered during the period	386
Early termination of leasing contracts	(52)
Interest on financial liabilities	112
Repayment of financial liabilities	(1,074)
Interest expense paid	(112)
Translation differences on foreign currency leases	70
<b>June 30, 2021</b>	<b>4,833</b>

With regard to the new contracts signed in the first half of 2021, note the renewal of the lease of the offices of the Asian subsidiary SAES Getters Korea Corporation. For details on other leases signed in the current period, please refer to Note no. 15.

The following table shows the breakdown of financial debt by contractual maturity.

(thousands of euro)

<b>Financial liabilities for leasing</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>Difference</b>
Less than 1 year	1,496	1,932	(436)
<b>Financial liabilities for leasing - current</b>	<b>1,496</b>	<b>1,932</b>	<b>(436)</b>
Between 1 and 2 years	1,177	1,052	125
Between 2 and 3 years	960	996	(36)
Between 3 and 4 years	548	697	(149)
Between 4 and 5 years	335	349	(14)
Over 5 years	317	477	(160)
<b>Financial liabilities for leasing - non current</b>	<b>3,337</b>	<b>3,571</b>	<b>(234)</b>
<b>Financial liabilities for leasing</b>	<b>4,833</b>	<b>5,503</b>	<b>(670)</b>

With reference to the lease contract for the Parent Company's offices in Milan (of the duration of seven years from July 1, 2020, renewable for another six years), it should be noted that the renewal option for a further six years was not considered for accounting purposes because the renewal was not believed to be reasonably certain. The potential future payments not reflected in the lease liability were equal to 1,817 thousand of euro (discounted value).

	<b>June 30, 2021</b>	
	Potential financial flows for leasing (not discounted)	Potential financial flows for leasing (discounted)
(thousands of euro)		
6-year extension option not included in financial liabilities	2,100	1,817

The average weighted incremental borrowing rate (IBR) applied to the financial liabilities recognized during the first half of 2021 amounted to 1.65%.

### 30. STAFF LEAVING INDEMNITIES AND OTHER EMPLOYEE BENEFITS

This item includes amounts due to employees under both defined contribution and defined benefit plans currently in place at the companies of the Group, given the contractual and legal obligations in force in the different countries.

The breakdown of this item and its changes during the year are as follows.

(thousands of euro)

Severance indemnities and other employee benefits	Employee severance indemnities	Other employee benefits	Total
<b>December 31, 2020</b>	<b>5,052</b>	<b>2,953</b>	<b>8,005</b>
Accrual (release) to the income statement	221	725	946
Indemnities paid	(145)	0	(145)
Other changes	0	0	0
Conversion differences	0	47	47
<b>June 30, 2021</b>	<b>5,128</b>	<b>3,725</b>	<b>8,853</b>

The amounts recognized in the income statement may be broken down as follows.

(thousands of euro)	June 30, 2021	June 30, 2020
Financial expenses	221	180
Current service cost	910	1,114
Release to the income statement	(185)	0
Expected return on plan assets	0	0
Recognized past service costs	0	0
<b>Total cost to the income statement</b>	<b>946</b>	<b>1,294</b>

The item "Release to the income statement" refers to the long-term monetary incentive plan of an employee of the Parent Company, whose employment with the Group was terminated prior to the expiry of the plan.

The split between defined contribution plan and defined benefit plan obligations and the related changes during the first half 2021 are shown below.

(thousands of euro)

	December 31, 2020	Financial expenses	Current service cost	Benefits paid	Actuarial (gains) losses on obligations	Other variations	Release to the income statement	Conversion differences	June 30, 2021
Present value of defined benefit obligations	6,906	221	882	(145)	0	0	(185)	11	7,690
Fair value of plan assets	0	0	0	0	0	0	0	0	0
Costs not yet recognized deriving from past obligations	0	0	0	0	0	0	0	0	0
<b>Defined benefit obligations</b>	<b>6,906</b>	<b>221</b>	<b>882</b>	<b>(145)</b>	<b>0</b>	<b>0</b>	<b>(185)</b>	<b>11</b>	<b>7,690</b>
Defined contribution obligations	1,099	0	28	0	0	0	0	36	1,163
<b>Staff leaving indemnities and similar obligations</b>	<b>8,005</b>	<b>221</b>	<b>910</b>	<b>(145)</b>	<b>0</b>	<b>0</b>	<b>(185)</b>	<b>47</b>	<b>8,853</b>

The obligations under defined-benefit plans are measured annually at the end of each fiscal year, by independent actuarial consultants according to the projected unit credit method, separately applied to each plan.

In regard to the Italian companies of the Group, the employee severance indemnity refers to the obligation, quantified using actuarial techniques, to pay a certain amount to their employees at the time the employment relationship comes to an end.

Following the entry into force of the 2007 Financial Law and the related implementing decrees, in companies with more than 50 employees, the liability associated with severance indemnity for past years of employment continues to be considered a defined benefit plan and is consequently

measured using actuarial assumptions. The portion paid to pension funds is instead considered a defined contribution plan and therefore it is not discounted.

The item "Other employee benefits" includes the provision for long-term incentive plans, signed by the Executive Directors and by some employees of the Group identified as particularly important for the achievement of the medium- to long-term consolidated corporate objectives. The three-year plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Group's objectives.

The aim of these plans is to further strengthen the alignment over time of individual interests to corporate interests and, consequently, to the shareholders' interests. The final payment of the long-term incentive is always subject to the creation of value in a medium to long term, rewarding the achievement of performance objectives over time. The performance review is based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship/position with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes at the expiry date of the plan.

Such plans fall into the category of defined benefit obligations and therefore they are discounted back on a yearly basis, at the end of each fiscal year.

The following table shows the number of employees by category.

Group's employees	June 30, 2021	December 31, 2020	Average June 30, 2021	Average June 30, 2020
Managers	95	95	96	93
Employees and middle management	330	318	325	312
Workers	597	582	594	587
<b>Total (*)</b>	<b>1,022</b>	<b>995</b>	<b>1,015</b>	<b>992</b>

(\*) It does not include the employees of the joint ventures for which please refer to the Note no. 16.

The workforce numbered 1,022 as at June 30, 2021 (of which 568 employed abroad), compared to 995 employees as at December 31, 2020 (of which 547 employed abroad): the increase was mainly in the Parent Company's workforce and in the US affiliate Memry Corporation.

This figure does not include the personnel employed at the Group companies with contract types other than employment agreements, equal to 98 units (68 units as at December 31, 2020).

The increase in the average number of employees as at June 30, 2021, compared to the first half of the previous year, is mainly related to the growth in the workforce employed at Memry Corporation (as a result of both the recovery of the business after the pandemic phase, and the finalization of the new tube department in Bethel) and at the Parent Company (increase in sales personnel and creation of a *Strategic Innovation Office* dedicated to R&D).

### 31. PROVISIONS FOR RISKS AND CHARGES

The "Provisions for risks and charges" amounted to 3,837 thousand of euro at June 30, 2021 compared to 6,127 thousand of euro as at December 31, 2020.

(thousands of euro)

Provisions for risks and charges	June 30, 2021	December 31, 2020	Difference
Product warranty provision	67	65	2
Bonus	2,693	4,503	(1,810)
Phantom shares	902	770	132
Other provisions	175	789	(614)
<b>Total</b>	<b>3,837</b>	<b>6,127</b>	<b>(2,290)</b>

The following table shows the breakdown and the changes in these provisions compared to December 31, 2020.

(thousands of euro)

Provisions for risks and charges	December 31, 2020	Increase	Utilization	Released to the income statement	Conversion differences	June 30, 2021
Product warranty provision	65	0	0	0	2	67
Bonus	4,503	2,603	(4,478)	0	65	2,693
Phantom shares	770	176	0	(44)	0	902
Other provisions	789	2	(582)	(41)	7	175
<b>Total</b>	<b>6,127</b>	<b>2,781</b>	<b>(5,060)</b>	<b>(85)</b>	<b>74</b>	<b>3,837</b>

The item "Bonus" includes the provisions for the bonuses for the Group employees relating to the first half of 2021 (mainly relating to the Parent Company and the US subsidiaries<sup>41</sup>). The change compared to December 31, 2020 was mainly due to the provisions made for the bonuses accrued during the year and to the payment of the variable remuneration accrued in the previous year, carried out in the first half of 2021.

At the end of 2018, the Shareholders' Meeting of SAES Getters S.p.A. approved the adoption of a bonus plan based on phantom shares, targeting Executive Directors and a number of key managers. The plan involves the free assignment to beneficiaries of a specific number of phantom shares which, under the terms and conditions of the plan, give them the right to receive a cash incentive, dependent on the increase in the stock market price of the shares on a date in which certain pre-established events are due to take place, with respect to the assignment value.<sup>42</sup> The events that may trigger the payment of the incentive are, for example: change in control of the Company; failure to renew the position of board director at the end of a term in office; revocation from the position of board director or substantial change in the related powers or in the position without just cause; dismissal for just cause; resignation for an objectively justified reason (key management only); reaching the age of retirement; permanent invalidity; death; delisting (key management only). The maximum number of phantom shares that may be assigned is no. 1,760,562<sup>43</sup>. The plan aims to remunerate the beneficiaries in relation to the increased capitalization of the company, for retention purposes and a greater alignment between performance and the Company shareholders' interests.

The first assignment took place on October 17, 2018 for a total of no. 1,467,135 phantom shares. The assignment value of each phantom share was set at 16.451 euro. On February 13, 2020 (second assignment date), at the proposal of the Remuneration and Appointments Committee, the Board

<sup>41</sup> As regards the US subsidiaries, the monetary incentive plan is related to the attainment of targets calculated both on the consolidated financial performance and on the performance of the individual companies.

<sup>42</sup> The assignment value is the weighted average of official share prices recorded on trading days in the thirty-six months before the assignment date.

<sup>43</sup> Of which no. 880,281 phantom shares reserved for Executive Directors.

of Directors of SAES Getters S.p.A. assigned an additional no. 195,618 phantom shares, with an assignment value of 21.14 euro.

The liability relating to the phantom shares plan (902 thousand of euro at June 30, 2021, against 770 thousand of euro at December 31, 2020) was assessed by an independent actuary with the Risk Neutral approach as set forth in IFRS 2. In particular, please refer to the Consolidated Financial Statement as at December 31, 2020 for the economic and financial assumptions used for estimating the fair value of phantom shares as at June 30, 2021, as they are unchanged from the previous year.

Note that the release to the income statement (-44 thousand of euro) is related to the exit of an employee of the Parent Company, with the simultaneous waiver of any incentive related to the aforementioned plan.

The item "Other provisions" as at June 30, 2021, includes the implicit obligations of Spectra-Mat, Inc., calculated on the basis of the agreements made with the local authorities, in connection with the expenses to be incurred to monitor the pollution levels at the site in which it operates (165 thousand of euro in the first half of 2021 compared to 200 thousand of euro as at December 31, 2020).

The uses of the item "Other provisions" mainly refer to:

- the provision for risks, equal to 300 thousand of euro, which was allocated as at December 31, 2020 and coincides with the pro-quota financial resources necessary for Actuator Solutions for its operations;
- the provision, equal to 101 thousand of euro as at December 31, 2020, for the obligation arising in 2019 against a labour dispute between the Parent Company and the social security institutions (the provision was increased by 2 thousand of euro during the first half of 2021 and then fully used following a settlement agreement with INAIL);
- The fund allocated at the end of the last financial year against administrative sanction proceedings initiated by Consob against SAES Getters S.p.A. for violation of current regulations on public disclosure of inside information ("MAR") with reference to the press release regarding the agreement to sell the gas purification business, finalized in mid-year 2018, amounted to €80 thousand. In spite of the fact that the sanction was paid in the current half-year, SAES Getters S.p.A. has decided to appeal this judgement in court.

Lastly, please note further uses, amounting to -59 thousand of euro, of the provision recorded in the previous year for a total value of 100 thousand of euro, following the challenge of a dismissal for just cause by Parent Company's employee; the difference between the amount allocated and the amount actually paid to the employee as per the conciliation report, equal to 41 thousand of euro, was instead released to the income statement.

A breakdown of provisions by current and non-current portion is provided below.

(thousands of euro)

Provisions for risks and charges	Current provisions	Non current provisions	June 30, 2021	Current provisions	Non current provisions	December 31, 2020
Product warranty provision	55	12	67	53	12	65
Bonus	2,693	0	2,693	4,503	0	4,503
Phantom shares	0	902	902	0	770	770
Other provisions	0	175	175	580	209	789
<b>Total</b>	<b>2,748</b>	<b>1,089</b>	<b>3,837</b>	<b>5,136</b>	<b>991</b>	<b>6,127</b>



### 32. TRADE PAYABLES

Trade payables amounted to 12,605 thousand of euro as at June 30, 2021, an increase of 1,181 thousand of euro compared to December 31, 2020.

(thousands of euro)

Trade payables	June 30, 2021	December 31, 2020	Difference
Trade payables	12,605	11,424	1,181
<b>Total</b>	<b>12,605</b>	<b>11,424</b>	<b>1,181</b>

The increase is mainly due to the higher purchases of raw materials, in view of future sales, and to the IT projects of the Parent Company for the implementation of new information systems, as well as the renovation and modernization of the spaces dedicated to the offices of Lainate.

The effect of the dollar revaluation compared to December 31, 2020 generated an increase in this item of 116 thousand of euro.

Trade payables do not bear interest and are due within twelve months.

There are no trade payables in the form of debt securities.

The following table provides a breakdown of trade payables by those not yet due and past due as at June 30, 2021 compared with December 31, 2020.

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2021	12,605	12,079	182	4	145	4	191
December 31, 2020	11,424	10,554	561	96	15	23	175

### 33. OTHER PAYABLES

The item "Other payables" includes amounts that are not strictly classified as trade payables and which amounted to 10,666 thousand of euro as at June 30, 2021, compared to 12,840 thousand of euro as at December 31, 2020.

The table below shows the details of the other payables compared with the end of the previous year.

(thousands of euro)

Other payables	June 30, 2021	December 31, 2020	Difference
Payables to employees (vacation, wages, staff leaving indemnity, etc.)	6,606	5,072	1,534
Social security payables	1,155	1,915	(760)
Tax payables (excluding income taxes)	762	1,321	(559)
Other	2,143	4,532	(2,389)
<b>Total</b>	<b>10,666</b>	<b>12,840</b>	<b>(2,174)</b>

The item "Payables to employees" is mainly made up of the provisions for holidays accrued but not taken during the period and for the additional monthly salaries, as well as the June salaries, allocated but not yet paid as at June 30, 2021.

The increase compared to December 31, 2020 was mainly due to the increased holiday provisions that will be used during the summer, as well as the higher accruals for the additional monthly salaries of the Group's Italian companies (on the other hand, additional monthly salaries were fully paid as at December 31, 2021).

The item "Social security payables" includes the amounts owed by the Group's Italian companies to INPS (Italy's social security agency) for contributions to be paid on wages as well as the amounts owed to the treasury fund operated by INPS and to pension funds under the new severance indemnity provisions.

The decrease was mainly due to the fact that as at December 31, 2020, this item also included the liability for the social security (INPS) retentions on the thirteenth month's pay, paid in January 2021.

The item "Tax payables" primarily consists of the payables owed by the Italian companies to the Treasury in connection with the withholding taxes on the wages of employees and consultants, the payable to the tax authorities for VAT to pay and the local tax payables by the US subsidiaries on top of income taxes.

The decrease was mainly due to the fact that as at December 31, 2020, this item also included the liability for IRPEF withholding taxes on the thirteenth month's pay, paid in January 2021.

The item "Other" mainly includes amounts due by the Parent Company as fixed and variable remuneration of Executive Directors.

The decrease compared to last year is mainly due to the fact that as at December 31, 2020 the item included the payable portion of three-yearly monetary incentive plans accrued and paid in the first quarter of 2021 (2,081 thousand of euro), as well as the increased payable for bonuses due to Executive Directors for the variable remuneration accrued for all 2020 (later paid in the first half of 2021), whilst at June 30, 2021, the same debt refers only to the half year.

There are no payables due after more than five years.

### **34. ACCRUED INCOME TAXES**

This item consists of payables for taxes associated with the Group's foreign subsidiaries and, when applicable, the IRAP (regional production tax) payable for the Italian companies. Instead with regard to the IRES (corporate income tax), the Italian companies<sup>44</sup> engaged in national tax consolidation with the Parent Company in its position as consolidating company, and therefore, the positive taxable income is offset by both the negative amounts and the past tax losses carried forward; IRES only has to be paid on the remaining taxable amount, but since it was negative at the end of the current period, there are no payables to the tax authorities recognized in the financial statements as at June 30, 2021.

The item includes the amount due by the Parent Company to the Revenue Agency for IRES on the income, separately taxed, of the foreign subsidiary SAES Getters International Luxembourg S.A., in application of the provisions on subsidiaries ("CFC Legislation" as set forth in art. 167, paragraph 5-bis et seq. of the Consolidated Law on Income Tax).

Finally, it should be noted that at June 30, 2021 the item also included the liability for the 3% substitute tax related to the realignment of the tax value of some assets of the Parent Company carried out at the end of the last financial year, in application of Decree Law 104/2020.

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<sup>44</sup> SAES Getters S.p.A., SAES Nitinol S.r.l., SAES Innovative Packaging S.r.l. and SAES Coated Films S.p.A.

As at June 30, 2021, the income taxes payable amounted to 213 thousand of euro and include tax obligations accrued during the year, net of advance payments. The increase compared to December 31, 2020 (tax liability of 155 thousand of euro) is mainly attributable to the American subsidiaries Memry Corporation and SAES Getters/USA, Inc., which during the current half saw an increase in their taxable income compared to the amount already paid as an advance<sup>45</sup>.

### 35. DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

As at June 30, 2021 the item "Derivate financial instruments evaluated at fair value" recorded an overall negative net balance of 38 thousand of euro compared to an again negative balance of €32 thousand of euro as at December 31, 2020.

This item includes the liabilities arising from the measurement at fair value of the hedging contracts against the exposure to the variability of future cash flows arising from sales transactions denominated in currencies other than the euro, the fair value of contracts signed by the Group with the aim of fixing the interest rate on long-term bank loans, as well as the fair value of the embedded derivatives included in the same loan agreements. The purpose of these contracts is to protect the Group's margins from respectively the exchange rate and the interest rate fluctuations.

With regard to such contracts, the accounting requirements to apply the hedge accounting method are not met, as set out under IAS 39, therefore they are evaluated at fair value and the profits or losses deriving from their evaluation are directly charged into the statement of profit or loss.

In order to protect the profit margins from the exchange rate fluctuation, on March 9, 2021, the Parent Company stipulated **forward contracts on the US dollar** for a notional value of 6.7 million of dollars, with an average forward exchange rate of 1.1957 to the euro with a duration covering all of 2021. As at June 30, 2021, the forward contracts in place have a notional value of 4.5 million of dollars, have an average forward exchange rate equal to 1.1969 against the euro and they will extend throughout the remainder of the current year. The relative fair value as at June 30, 2021 was negative for 20 thousand of euro.

The following table provides a breakdown of the forward contracts entered into and their fair value as at June 30, 2021. It should be noted that no forward contract was signed during the previous year and, therefore, was still in place as at December 31, 2020.

Currency of denomination	June 30, 2021		December 31, 2020	
	Notional (Currency of denomination)	Fair value (thousand of euro)	Notional (Currency of denomination)	Fair value (thousand of euro)
thousand of EUR	0	0	0	0
thousand of JPY	0	0	0	0
thousand of USD	4,500	(20)	0	0
	<b>Total</b>	<b>(20)</b>	<b>Total</b>	<b>0</b>

As at June 30, 2021, the fair value of **contracts signed by the Group with the aim of protecting consolidated margins from fluctuations in interest rates** shows a negative balance of 18 thousand of euro and compares with a negative balance of 32 thousand of euro as at December 31, 2020. The following table provides the details of these contracts and their fair value as at June 30, 2021 compared to December 31, 2020.

<sup>45</sup> It should be noted that the tax advances are calculated by the US subsidiaries by applying the forecast method.

Description	Subscription date	Currency	Notional amount (thousands of euro)	Maturity	Interest rate	Timing	Fair value June 30, 2021 (thousands of euro)	Fair value December 31, 2020 (thousands of euro)
SAES Getters S.p.A. <i>Interest Rate Floor on Banco BPM loan</i> <i>(Derivative embedded in the loan agreement)</i>	April 22, 2016	EUR	5,000 (*)	December 31, 2021	If three month Euribor <0, the financing variable rate is equal to the spread	Quarterly	(4)	(4)
SAES Getters S.p.A. <i>Interest Rate Swap (IRS) on Unicredit S.p.A. loan</i>	April 7, 2017	EUR	10,000 (*)	March 31, 2022	Fixed rate paid: 0.0% Variable rate received: three month Euribor (**)	Quarterly	(4)	(10)
SAES Getters S.p.A. <i>Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan</i>	April 19, 2017	EUR	5,000	December 21, 2022	Fixed rate paid: 0.16% Variable rate received: six month Euribor	Half-yearly	(10)	(18)
<b>Total</b>							<b>(18)</b>	<b>(32)</b>

(\*) The reference amount is aligned with the amortization plan of the hedged long-term loan.

(\*\*) In case of a negative three months Euribor, the contract provides for a floor equal to -1.00%.

During the first half of 2021, the Group did not enter into any new IRS (Interest Rate Swap) agreements.

Note that, against the loan agreements signed in the first half of 2019 with Mediobanca, if the Parent Company makes early repayments of the loan instead of waiting until the maturity date (April 17, 2024), it must pay the repayment amount and any mark-to-market amount - if negative - of the IRS derivative agreed by the lending entity to cover the risk of fluctuating interest rates; if the mark-to-market is positive, Mediobanca will pay this amount to SAES. There were no assets or liabilities accounted for at June 30, 2021 for that embedded derivative since no conditions arose that would make the contract certain or payable.

The Group enters into derivative contracts with various counterparties, primarily leading financial institutions and it uses the following hierarchy to determine and document the fair value of its financial instruments:

- Level 1 – (unadjusted) prices listed on an active market for identical assets or liabilities;
- Level 2 – other techniques for which all inputs with a significant effect on the fair value reported may be observed, either directly or indirectly;
- Level 3 – techniques that use inputs with a significant effect on the fair value reported that are not based on observable market data.

As at June 30, 2021, the derivative contracts held by the Group belonged to Level 2 of the fair value hierarchy; in fact, the fair value, measured by an independent third party, was calculated on the basis of market data such as interest rate curves and exchange rates curves.

No instruments were transferred from one level to another during the semester.

### 36. OTHER FINANCIAL LIABILITIES TO THIRD PARTIES

As at June 30, 2021, "Other financial debts to third parties" amounted to 16 thousand of euro compared to 24 thousand of euro on December 31, 2020.

(thousands of euro)

	June 30, 2021	December 31, 2020 (*)	Difference
Other financial liabilities to third parties - current	16	24	(8)
Other financial liabilities to third parties - not current	0	0	0
<b>Other financial liabilities to third parties</b>	<b>16</b>	<b>24</b>	<b>(8)</b>

(\*) Some amounts shown in the column do not coincide with the amounts reported in the 2020 Annual Financial Report, as they reflect some reclassifications in order to improve the presentation of the financial statements (in particular, the short-term loans for the import of goods by the subsidiary SAES Coated Films S.p.A. have been reclassified from the item "Other financial liabilities to third parties" to the item "Bank overdrafts").

The following table shows the changes in the other financial debts to third parties in the first half of 2021.

(thousands of euro)	December 31, 2020	Collections (Payments)	Other income statement accruals	Translation differences	Reclassifications	June 30, 2021
Other commissions	24	(135)	127	0	0	16
<b>Other financial debts to third parties</b>	<b>24</b>	<b>(135)</b>	<b>127</b>	<b>0</b>	<b>0</b>	<b>16</b>

This item exclusively comprised bank commissions accrued but not yet paid.

### 37. BANK DEBTS

As at June 30, 2021, "Bank debts" amounted to 44,508 thousand of euro compared to 33,491 thousand of euro as at December 31, 2020.

Details and changes during the period are provided below.

(thousands of euro)	December 31, 2020 (*)	Collections (Payments)	Other income statement accruals	Translation differences	Reclassifications	June 30, 2021
"Hot money" financing	28,513	8,475	25	0	0	37,013
Import financing	977	(231)	5	0	0	751
Revolving credit facilities (RCF)	4,001	2,490	110	0	0	6,601
Current account overdrafts	0	143	0	0	0	143
<b>Bank debts</b>	<b>33,491</b>	<b>10,877</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>44,508</b>

(\*) Some amounts shown in the column do not coincide with the amounts reported in the 2020 Annual Financial Report, as they reflect some reclassifications in order to improve the presentation of the financial statements (in particular, the short-term loans for the import of goods by the subsidiary SAES Coated Films S.p.A. have been reclassified from the item "Other financial liabilities to third parties" to the item "Bank overdrafts").

The amounts due to banks consisted of short-term debt owed by the Parent Company in the form of "hot money" loans (37,013 thousand of euro as at June 30, 2021 compared to €8,513 thousand of euro as at December 31, 2020), whose average interest rate, spread included, was around 0.15%.

The item also included the use, for an amount of 6,601 thousand of euro, of the revolving credit line taken out with Unicredit S.p.A. in March 2020, with an average interest rate, including the spread, around 0.65%. SAES may request its use in tranches of not less than 0.5 million of euro and with a duration of one to three months. The contract provides for the payment of interest indexed at the one/three-month Euribor rate, plus a spread of 1.2%, and just one financial covenant (positive consolidated net financial position) subject to half-yearly review (for further details, please refer to the specific paragraph on covenants below).

Lastly, please note that the item includes the payables of SAES Coated Films S.p.A. (751 thousand of euro as at June 30, 2021, against 977 thousand of euro as at December 31, 2020) related to short-

term loans intended for the import of goods, signed with primary financial institutions to increase the financial resources available to facilitate its procurement activities, as well as current accounts overdrafts pertaining to the same company (143 thousand of euro as at June 30, 2021, against a nil balance as at December 31, 2020).

### Covenants

The Parent Company has two revolving cash credit lines in place, respectively with Unicredit S.p.A. and with Intesa Sanpaolo S.p.A., each for a maximum amount of 30 million of euro and with a fixed duration of 36 months.

Both the credit lines provide for compliance with only one financial covenant (positive consolidated net financial position) subject to half-yearly verification. As better shown in the table below, as at June 30, 2021, all of the covenants had been met.

		Covenant	RCF Unicredit (*)	RCF Intesa Sanpaolo (**)
			June 30, 2021	June 30, 2021
Net financial position	k euro	> 0	87,228	87,239

(\*) Net financial position calculated excluding financial receivables from related parties, receivables (payables) for derivative financial instruments evaluated at fair value, other financial receivables towards third parties and financial liabilities for leasing contracts pursuant to IFRS 16.

(\*\*) Net financial position calculated excluding financial liabilities for leasing contracts pursuant to IFRS 16.

### 38. ACCRUED EXPENSES AND DEFERRED INCOME

As at June 30, 2021, accrued expenses and deferred income amounted to 720 thousand of euro, compared with a balance of 569 thousand of euro at December 31, 2020.

This item may be broken down as follows.

(thousands of euro)

	June 30, 2021	December 31, 2020	Difference
Accrued expenses	140	149	(9)
Deferred income	580	420	160
<b>Total</b>	<b>720</b>	<b>569</b>	<b>151</b>

The item "Accrued expenses" includes the portions pertaining to future financial years of the public capital grants granted in previous years to the Parent Company, for the investments made to expand the production lines at the Avezzano facility.

The item "Deferred income" is related to the sales income pertaining to future years received from customers. The increase compared to December 31, 2020 is mainly related to the higher advances collected by the Parent Company, by the American affiliate Memry Corporation and by the Italian affiliate SAES Coated Films S.p.A.

There are no payables due after more than five years.

### 39. CASH FLOW STATEMENT

In the first half of 2021, the cash flow deriving from **operating activities** was positive for 429 thousand of euro, compared with cash flow positive for 2,780 thousand of euro in the corresponding period of the previous year: this decrease in **own funds**, in line with the decrease in consolidated EBITDA, as well as higher tax<sup>46</sup> outflows, are only partially offset by the lower increase in net working capital.

With regard to **working capital**, in the first half of 2021 there was an increase in trade receivables (as a result of higher sales in the Medical, Vacuum Technology and Advanced Packaging Divisions, as well as in the security and defence sector of the Metallurgy Division, in the second quarter of 2021 compared to the last few months of 2020) and the increase in inventory in anticipation of higher sales in the coming months in the consumer electronics sector (Specialty Chemicals Division) by the Parent Company and in the Nitinol sector, due to the stockpiles related to the finalization of the new tubes department of Memry Corporation. On the other hand, the increase in net working capital was partially offset by the increase in trade payables, mainly due to higher purchases of raw materials, in anticipation of future sales, and to the Parent Company's IT projects for the implementation of new information systems, as well as the renovation and modernization of the spaces dedicated to the offices of Lainate.

**Investing activities** used cash for 6,944 thousand of euro (-7,194 thousand of euro in the corresponding period of 2020).

In the first half of 2021 the cash outlay for **investments in property, plant and equipment** was equal to 8,137 thousand of euro (6,827 thousand of euro in the corresponding period of 2020); on the other hand, **investments in intangible assets** were not significant (116 thousand of euro compared to 106 thousand of euro as at June 30, 2020). Capex in the first half of 2021 includes investments related with the finalisation of a new department to manufacture Nitinol tubes at the Bethel plant, as well as investments in the expansion of the production capacity of a number of existing lines, again in the SMA medical business. Please also note the expansion works of the building of the subsidiary SAES Smart Materials, Inc. The remaining part of capex mainly refer to the Parent Company and relates to the preparation of new production departments in the Speciality Chemicals area, the completion of the new lacquering pilot line for advanced packaging, as well as the purchase of equipment for the R&D laboratories and investments for the renovation and modernization of the offices in Lainate. Please refer to Notes no. 13 and no. 14 for further details on capex.

With regard to the **disposals of fixed assets**, collections for the disposal of assets were of an immaterial amount in the first half of 2021 (+6 thousand of euro), while there were no disposals in the corresponding period of the previous year.

Again in regard to investing activities, please note that the collections from divestment of **securities** by the Luxembourg affiliate SAES Investments S.A. (for further information on the securities acquired please see Note no. 18), net of disposals, were equal to 156 thousand of euro<sup>47</sup> and that coupon income was equal to 1,187 thousand of euro, net of management commissions on the securities portfolio (1,170 thousand of euro as at June 30, 2020).

Lastly, please note that during the year **investments were made in the EUREKA! venture capital fund** (total outflow equal to -40 thousand of euro).

The balance of **financing activities** was negative for 1,094 thousand of euro against a negative balance of 12,941 thousand of euro in the corresponding period of the previous year.

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<sup>46</sup> In the first half of 2020, the lower disbursements for taxes were a consequence of the extension of tax payments granted to US companies by the Treasury Department and the Internal Revenue Service, as part of the measures to support businesses to deal with the Covid-19 emergency.

<sup>47</sup> Divestments of securities in the portfolio amounted to 31,448 thousand of euro, net of acquisitions amounting to 31,292 thousand of euro.

The financial management for the period involved the **payment of dividends** (-7,440 thousand of euro), the opening of new short-term **loans** net of repayments of long-term loans and of the related interest (+7,544 thousand of euro), as well as the payment of **lease** instalments, included related interest (-1,186 thousand of euro).

The **exchange rate effect** was positive for 1.2 million of euro (the impact of currencies was almost zero in the first half of 2020), mainly due to the effect of the revaluation of both the renminbi and the dollar as at June 30, 2021, compared to the end of 2020, on cash and cash equivalents in these currencies held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and by the US subsidiaries.

The adoption of IFRS 16 - Leases has led to an increase in the net financial debt of the Group, against a notional increase in fixed assets due to recognition of the right of use on leased assets. However, the notional financial payables, recorded to show future debts and expense related to transactions for the use of leased assets, did not have any impact on the actual Group cash flows, which are still tied to the contractual scheduling of the lease payments. Also at the level of cash flows from investing activities, there were no actual financial transactions associated with the rights of use on leased assets.

The following is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the cash flow statement.

(thousands of euro)

	June 30, 2021	June 30, 2020 (*)
Cash and cash equivalent	24,419	31,223
Bank debts	(44,508)	(28,703)
<b>Cash and cash equivalents from Consolidated Statement of Financial Position</b>	<b>(20,089)</b>	<b>2,520</b>
Write-downs of other financial assets (pursuant to IFRS 9)	18	26
Short-term financing	44,365	28,643
<b>Cash and cash equivalents from Consolidated Cash Flow Statement</b>	<b>24,294</b>	<b>31,189</b>

(\*) Some amounts shown in the column do not coincide with the amounts reported in the 2020 Annual Financial Report, as they reflect some reclassifications in order to improve the presentation of the financial statements (in particular, the short-term loans for the import of goods by the subsidiary SAES Coated Films S.p.A. have been reclassified from the item "Other financial liabilities to third parties" to the item "Bank overdrafts").

The following table shows the reconciliation between the balances of the liabilities arising from financial transactions as at December 31, 2020 and June 30, 2021, with the changes arising from monetary movements and from non-cash flows.

(thousands of euro)	December 31, 2020 (*)	Cash flows	Translation differences	Change in fair value	Other movements	Reclassifications	June 30, 2021
Financial debts	95,496		8			(1,539)	93,965
Financial liabilities for leasing contracts	3,571		35		255	(524)	3,337
<b>Non-current liabilities, deriving from financial activities</b>	<b>99,067</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>255</b>	<b>(2,063)</b>	<b>97,302</b>
Derivative financial instruments evaluated at fair value	32	(13)		6	13		38
Current portion of non-current financial payables	5,199	(3,190)	3		591	1,539	4,142
Other financial payables to third parties	24	(135)			127		16
Financial liabilities for leasing contracts	1,932	(1,186)	35		191	524	1,496
Bank debts	33,491	10,877			140		44,508
<b>Current liabilities, deriving from financial activities</b>	<b>40,678</b>	<b>6,353</b>	<b>38</b>	<b>6</b>	<b>1,062</b>	<b>2,063</b>	<b>50,200</b>

(\*) Some amounts shown in the column do not coincide with the amounts reported in the 2020 Annual Financial Report, as they reflect some reclassifications in order to improve the presentation of the financial statements (in particular, the short-term loans for the import of goods by the subsidiary SAES Coated Films S.p.A. have been reclassified from the item "Other financial liabilities to third parties" to the item "Bank overdrafts").

The column "Other movements" includes the provision for the interest accrued in the half-year on loans (both short- and long-term) and on lease contracts, in addition to the new obligations on the lease contracts entered into during the period, net of any early termination.



#### 40. POTENTIAL ASSETS/LIABILITIES AND COMMITMENTS

The table below shows the guarantees that the Group has granted to third parties.

(thousands of euro)

Guarantees given by the Group	June 30, 2021	December 30, 2020	Difference
Guarantees	8,621	8,525	96

The value as at June 30, 2021 is substantially in line with December 31, 2020.

The table below shows the information on the contractual commitments for the use of third-party assets that fall outside the range of application of IFRS 16.

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
June 30, 2021	484	687	41	1,212
December 31, 2020	478	682	61	1,221

In order to help understanding the financial impact from the application of IFRS 16 and, more generally, of the future cash-out related to operating lease agreements in place as at June 30, 2021 and included in the scope of this standard, the table below provides information on the non-discounted future cash flows.

(thousands of euro)

Financial flow for leasing (not discounted)	June 30, 2021	December 31, 2020	Difference
Less than 1 year	1,613	2,108	(495)
<b>Financial flow for leasing (not discounted) - current</b>	<b>1,613</b>	<b>2,108</b>	<b>(495)</b>
Between 1 and 2 years	1,310	1,174	136
Between 2 and 3 years	1,107	1,134	(27)
Between 3 and 4 years	626	828	(202)
Between 4 and 5 years	365	379	(14)
Over 5 years	350	525	(175)
<b>Financial flow for leasing (not discounted) - non current</b>	<b>3,758</b>	<b>4,040</b>	<b>(282)</b>
<b>Total</b>	<b>5,371</b>	<b>6,148</b>	<b>(777)</b>

The shareholders of SAES RIAL Vacuum S.r.l., SAES Getters S.p.A. and Rodofil S.r.l. have a put & call option in place, for details please see Note no. 16. As the Management did not have enough information as at June 30, 2021 to be able to make an accurate assessment of the fair value of the above options, the latter are not valued in the financial statements.

Lastly, in addition to that indicated in the initial table, note that the Group's financial assets classified under non-current assets (fair value of 135,161 thousand of euro as at June 30, 2021) represent a guarantee on the medium/long-term loan obtained by the Parent Company to fund the purchase of ordinary shares as part of the voluntary partial public tender offer finalized at the end of May 2019 (for additional details, please refer to Notes no. 18 and no. 28).

On June 23, 2020, the Group finalized an agreement with EUREKA! Venture SGR S.p.A. under which SAES has invested in the venture capital fund EUREKA!Fund I - Technology Transfer, a closed-end mutual investment fund, qualified as a EuVECA fund, pursuant to EU Regulation

345/2013. The maximum commitment of SAES is 3 million of euro, to be paid out in instalments, according to the investment opportunities that the Fund will identify over time. SAES' residual commitment at June 30, 2021 was equal to €2.7 million, against capital contributions already finalized equal to 0.3 million of euro<sup>48</sup> (for further details, see the paragraph on "Consolidation scope" of Note no. 1 and Note no. 17).

#### 41. RELATED PARTY TRANSACTIONS

Related parties are identified in accordance with IAS 24 revised.

Related parties are the following as at June 30, 2021:

- **S.G.G. Holding S.p.A.**, relative majority shareholder that as at June 30, 2021 held 34.44%<sup>49</sup> of the ordinary shares of SAES Getters S.p.A. On April 28, 2021, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. for a total of approximately 2 million of euro.

- **Actuator Solutions GmbH**, a joint venture jointly owned by SAES and Alfmeier Präzision Groups, focusing on the development, manufacturing and marketing of actuators based on SMA technology.

With regard to Actuator Solutions GmbH, in the first half of 2021 the SAES Group had a commercial relationship (sale of raw materials and semi-finished products) and performed various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract. In addition, there is a sales agreement in place between the Parent Company and Actuator Solutions GmbH that envisages recognition to the joint venture of sales commissions on SMA wiring procured for SAES Getters S.p.A. from the business activities of Actuator Solutions.

Lastly, SAES Nitinol S.r.l. granted several interest-bearing loans to the joint venture Actuator Solutions GmbH, for the details of which please refer to Note no. 20. As at June 30, 2021, the financial debt of Actuator Solutions GmbH towards SAES Nitinol S.r.l. was equal to a total of €9.7 million, including €1.7 million of interest accrued and not yet paid. Compared to December 31, 2020, in June 2021 SAES Nitinol S.r.l. waived, for a total amount of 500 thousand of euro, the interest accrued in the period 2016-2018 and the interest rate applied to the loans from January 1, 2021 was reduced from 6% to 2%. The above waiver had no effect on the consolidated financial statements, as the financial receivable related to the interest-bearing loan (both principal and interest) had already fully written down as at December 31, 2020. Lastly, please note that as at June 30, 2021, the financial receivable corresponding to the interest accrued in the current half-year period was written-off (79 thousand of euro) since SAES management does not consider it recoverable.

- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil S.r.l., focused on the design and production of integrated vacuum components and systems for accelerators, for research and for industrial systems and devices.

SAES Group has business relationships with SAES RIAL Vacuum S.r.l. (purchase and sale of raw materials, components and processing for the production of vacuum systems) and performs various services for this, mainly sales and marketing activities and administrative support, which are charged back under a service agreement. Finally, as already mentioned, SAES Getters S.p.A.

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<sup>48</sup> Amounts net of the repayments recognized by the fund following the capital injections made by the new investors (second and third closing).

<sup>49</sup> As at June 30, 2021, no. 2,819,773 ordinary shares held by S.G.G. Holding had accrued the increase and, therefore, S.G.G. Holding held 45.01% of the voting rights (percentage calculated also including the voting rights of the treasury shares held by SAES Getters S.p.A.).

granted a loan of 49 thousand of euro<sup>50</sup>, to provide financial support to the business activities of SAES RIAL Vacuum S.r.l. (for further details, please refer to Note no. 20).

- **Flexterra, Inc.**, a joint venture of SAES Getters International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the development, production and the commercialisation of materials and devices used in flexible displays.

- **Flexterra Taiwan Co., Ltd.**, a company established at the beginning of 2017, wholly owned by the joint venture Flexterra, Inc.

With regard to Flexterra, Inc. and its subsidiary, the SAES Group provides administrative, legal, financial and tax support services, as well as assistance in the joint venture's research and development activities, including the management of patents. These services are charged back under a service fees contract. Finally, on July 16, 2020 SAES Getters International Luxembourg S.A. granted a convertible loan worth 3 million of dollars to the joint venture Flexterra, Inc., to be repaid in cash or in the form of equity upon the occurrence of certain conditions, with an 8% annual interest (for more details, see Note no. 20). The relative financial receivable of SAES Getters International Luxembourg S.A. was fully written off as at December 31, 2020 and on June 30, 2021 the financial receivable corresponding to the interest accrued in the current half-year period was written-off (US\$ 131, equal to 100 thousand of euro) since SAES' management does not consider it recoverable.

- **Key Managers**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

The Group Human Resources Manager, the Group Legal/Compliance & Internal Audit Manager<sup>51</sup> and the Group Research Lab Manager are also considered key managers. Their close relatives are also considered connected parties. In this respect, note that Ginevra della Porta and Lorenzo della Porta, Massimo della Porta's children, were employees of SAES Getters S.p.A. and SAES Coated Films S.p.A., respectively.

The following tables show the total values of the related party transactions at June 30, 2021 compared with those at June 30, 2020 (for the economic values) and December 31, 2020 (for the asset values).

(thousands of euro)

	1 <sup>st</sup> half 2021							June 30, 2021			
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Trade receivables	Trade payables	Tax consolidation receivables from Controlling Company	Financial receivables from related parties
S.G.G. Holding S.p.A.	0	0	0	0	0	0	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	517	(152)	0	5 (*)	5 (*)	1	0	78	(31)	0	49
Actuator Solutions GmbH	213	0	20 (**)	0	21 (*)	0	79	90	0	0	0 (**)
Flexterra, Inc.	0	0	20 (**)	0	38 (*)	0	100	58	0	0	0 (***)
<b>Total</b>	<b>730</b>	<b>(152)</b>	<b>40</b>	<b>5</b>	<b>64</b>	<b>1</b>	<b>179</b>	<b>226</b>	<b>(31)</b>	<b>0</b>	<b>49</b>

(\*) Costs recovery.

(\*\*) Financial receivable (both principal and interest) fully written down.

(\*\*\*) Financial receivable for convertible note (both principal and interest) fully written down.

(thousands of euro)

	1 <sup>st</sup> half 2020							December 31, 2020			
	Total net sales	Cost of sales	Spese di ricerca e sviluppo	Spese di vendita	Spese generali e amministrative	Altri proventi (oneri)	Proventi (oneri) finanziari	Trade receivables	Trade payables	Tax consolidation receivables from Controlling Company	Financial receivables from related parties
S.G.G. Holding S.p.A.	0	0	0	0	0	0	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	393	(147)	0	5 (*)	5 (*)	0	1	318	(33)	0	50
Actuator Solutions GmbH	309	0	20 (**)	1 (*)	21 (*)	0	239	252	0	0	0 (**)
Flexterra, Inc.	0	0	11 (**)	0	42 (*)	0	0	82	0	0	0 (***)
<b>Total</b>	<b>702</b>	<b>(147)</b>	<b>31</b>	<b>6</b>	<b>68</b>	<b>0</b>	<b>240</b>	<b>652</b>	<b>(33)</b>	<b>0</b>	<b>50</b>

(\*) Costs recovery.

(\*\*) Financial receivable (both principal and interest) fully written down.

(\*\*\*) Financial receivable for convertible note (both principal and interest) fully written down.

<sup>50</sup>As at June 30, 2021, the financial receivable due to SAES Getters S.p.A. from the joint venture SAES RIAL Vacuum S.r.l. amounted to 49.5 thousand of euro (49 thousand of euro principal and 0.5 thousand of euro interest).

<sup>51</sup> It should be noted that the *Group Legal/Compliance & Internal Audit Manager* terminated his employment with SAES Getters S.p.A. on May 31, 2021.

The following table shows the guarantees that the Group gave to third parties (and, therefore, included in the detail reported in the Note no. 40) in favour of the joint ventures.

(thousands of euro)

<b>Guarantees given by the Group</b>	<b>June 30, 2021</b>	<b>December 30, 2020</b>	<b>Difference</b>
Guarantees in favour of the joint venture Actuator Solutions	1,250	1,317	(67)
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l.	0	0	0
Guarantees in favour of the joint venture Flexterra	0	0	0
<b>Total guarantees in favour of the joint ventures</b>	<b>1,250</b>	<b>1,317</b>	<b>(67)</b>

The following table shows the remuneration of key managers as identified above.<sup>52</sup>

(thousands of euro)

<b>Total remunerations to key management</b>	<b>1<sup>st</sup> half 2021</b>	<b>1<sup>st</sup> half 2020</b>
Short-term employee benefits	2,024	1,985
Post-employment benefits	712	683
Other long-term benefits	196	370
Termination benefits	300	0
Share-based payments	74	119
<b>Total</b>	<b>3,306</b>	<b>3,157</b>

The item "Short-term employee benefits" mainly consists of fixed and variable remuneration of the key managers. The value as at June 30, 2021 was substantially in line with the corresponding period of the previous year.

The decrease in the item "Other long-term benefits" is due to the release to the income statement of the amount set aside, both in previous years and in the current half-year, for the long-term monetary incentive plan of a Parent Company's executive with strategic responsibility, who left the workforce before the end of the plan (for further details, please refer to Note no. 30).

The item "Termination benefits" in the current half year included severance costs relating to the above mentioned Key Manager of the Parent Company who resigned.

The decrease in the item "Share-based payments" is attributable to the release to the income statement of the phantom share incentive plan of the same Parent Company's strategic manager (for further details, see Note no. 31).

As at June 30, 2021, payables to managers with key responsibilities, as defined above, were equal to €2,204 thousand, to be compared with payables of 5,098 thousand of euro as at December 31, 2020. The decrease is mainly due to the payment, in the first half of 2021, of the three-year monetary incentive plans (both of the Parent Company's Executive Directors and strategic employees), which expired on December 31, 2020, as well as the lower payable for the Directors' variable remuneration (provision for six months as at June 30, 2021, compared to an accrual provision of 12 months as at December 31, 2020).

<sup>52</sup> We have included the remuneration received by Ginevra della Porta and Lorenzo della Porta under the terms of their employment contracts with the SAES Group.

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 *revised*, we report that also in the first half of 2021, all related-party transactions fell within ordinary operations and were settled at economic and financial standard market conditions.

#### **42. EVENTS OCCURRED AFTER THE END OF PERIOD**

For the events occurred after the end of semester please refer to the paragraph "Subsequent Events" of the Interim Report on operations.

Lainate (MI), September 9, 2021

on behalf of the Board of Directors  
Mr. Massimo della Porta  
Chairman

## **CERTIFICATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned, Giulio Canale, in his position as Vice President and Managing Director and in his capacity of Officer responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., confirms, also in accordance with the provisions of article 154-bis, paragraphs 3 and 4 of Legislative decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the application

of the administrative and accounting procedures adopted in the preparation of the Interim Condensed Consolidated Financial Statements for the period January 1 - June 30, 2020.

2. To that end, note the following:

- Regarding the Administrative - Accounting Control Model of the SAES Group and its implementation, the provisions of paragraph 2 of the Certification of the consolidated financial statements of the SAES Group for the financial period ended on December 31, 2020 are confirmed since no changes were made.
- With regard to the results of the internal confirmation process for the accounting period from January 1 to June 30, 2021, it is confirmed that the controls illustrated in the aforementioned paragraph were also put in place and checked for the Interim Condensed Consolidated Financial Statements.
- As of today's date, the Manager responsible had received all the representation letters requested, signed by the General Manager/Financial Controller of the subsidiaries involved in the processes chosen as significant following the risk assessment.  
The correct application of the administrative-accounting control system was confirmed by the positive result of the inspections carried out by the Internal Audit Department in its support of the Manager responsible for the preparation of the corporate financial reports.

3. The following is also confirmed:

3.1. The Interim Condensed Consolidated Financial Statements as at June 30, 2021:

- a) were drawn up in accordance with the applicable international accounting standards recognised in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of July 19, 2002 and more especially, by IAS 34 revised - Interim Financial Reporting;
- b) correspond to the accounting books and records;
- c) provide a true and faithful account of the capital, financial position and operating results of the issuer and the group of enterprises included in the consolidation.

3.2. The Interim report on operations includes a reliable analysis of the performance and operating result and the situation of the group of enterprises included in the consolidation, along with a description of the main risks and uncertainties that it is exposed to.

Lainate (MI), September 9, 2021

Vice President and Managing Director and  
Manager responsible for the preparation of the corporate financial reports  
Giulio Canale

## REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
SAES Getters S.p.A.

### Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of SAES Getters S.p.A. and subsidiaries (the “SAES Group”), which comprise the statement of financial position as of June 30, 2021 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (“Consob”) for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the SAES Group as at June 30, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Carlo Laganà**  
Partner

Milan, Italy  
September 10, 2021

*This report has been translated into the English language solely for the convenience of international readers.*

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