

ANNUAL
FINANCIAL
REPORT

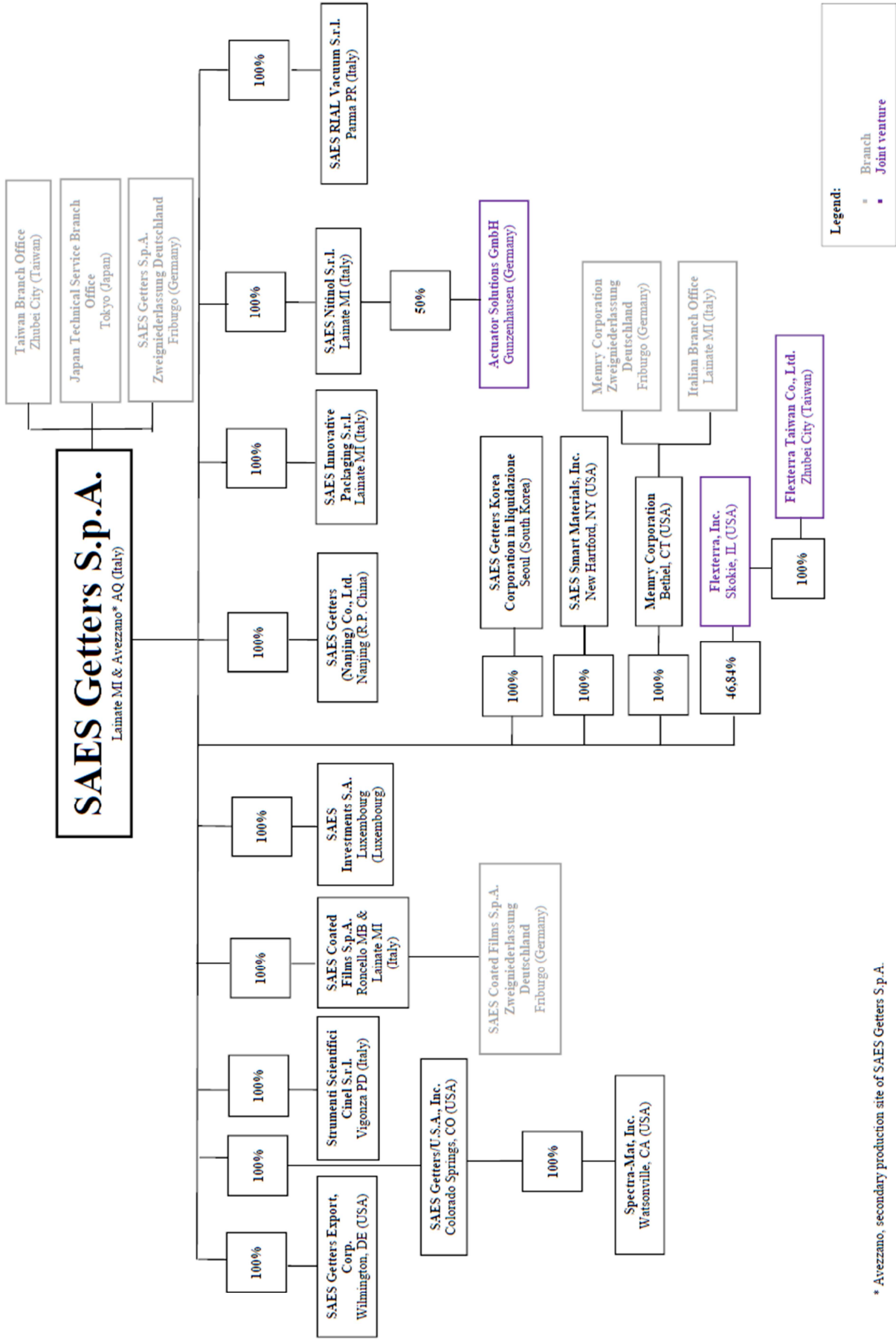
SAES Getters S.p.A.

2022



making
innovation
happen,
together

saes



Legend:
 * Branch
 ■ Joint venture

* Avezzano, secondary production site of SAES Getters S.p.A.



2022 Annual Financial Report

*The present Annual Financial Report represents the English translation of the Italian official document.
It is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815 (ESEF Regulation).
For any difference between the two texts, the Italian text shall prevail.*

SAES Getters S.p.A

Share capital of 12,220,000 euros fully paid-in

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

Registered with the Milan Court Companies Register No.
00774910152

Board of Directors at December 31, 2022

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

Board of Statutory Auditors

<i>Chairman</i>	Vincenzo Donnamaria
<i>Statutory Auditors</i>	Maurizio Civardi Sara Anita Speranza (8)
<i>Alternate Statutory Auditors</i>	Massimo Gabelli (11)

Independent Auditors

KPMG S.p.A. (9)

Representative of holders of savings shares

Massimiliano Perletti (10)
(e-mail: massimiliano.perletti@roedl.it)

-
- (1) Non-Executive Director
 - (2) Independent Director, pursuant to the criteria of the Borsa Italiana Corporate Governance Code and pursuant to Article 147-ter, paragraph 4, and Article 148, paragraph 3, of Italian Legislative Decree 58/1998
 - (3) Independent Director, pursuant to the combined provisions of Article 147-ter, paragraph 4, and Article 148, paragraph 3, of Italian Legislative Decree 58/1998
 - (4) Member of the Remuneration and Appointments 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 2022-2030 by the Shareholders' Meeting held on April 21, 2022
 - (10) Appointed for the years 2020-2022 by the Special Meeting of Holders of Savings Shares on April 21, 2020
 - (11) Mara Luisa Sartori communicated her resignation with effect from June 1, 2022 from the office of Alternate Statutory Auditor, due to professional commitments. The vacancy on the Board of Statutory Auditors will be filled in accordance with the law and the Articles of Association, at the next Shareholders' Meeting convened for April 28, 2023
-

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 called to approve the financial statements as at and for the year ending December 31, 2023.

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 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.

CONTENTS

Letter to Shareholders	5
Report on Operations of the SAES Group	6
SAES Group Consolidated Financial Statements at December 31, 2022	67
Statement of profit or loss	67
Statement of Comprehensive Income	67
Statement of Financial Position	68
Statement of cash flows	69
Statement of Changes in Equity	70
Notes	71
Certification of the SAES Group Consolidated Financial Statements drawn up pursuant to Article 81-ter of the Consob Issuers' Regulation	182
Report on Operations of SAES Getters S.p.A.	184
Separate Financial Statements of SAES Getters S.p.A. at December 31, 2022	230
Statement of Profit or Loss	230
Statement of Comprehensive Income	230
Statement of Financial Position	231
Statement of cash flows	232
Statement of Changes in Equity	233
Notes	234
Summary table of the key figures of the financial statements of subsidiaries	306
Certification of the Separate Financial Statements of SAES Getters S.p.A. drawn up pursuant to Article 81-ter of the Consob Issuers' Regulation	308

LETTER TO SHAREHOLDERS

Dear Shareholders,

We are very pleased with our performance for 2022, a record-setting year for the Group in terms of sales. Very strong growth in the medical sector, excellent performance in packaging and High Vacuum, partly due to recent acquisitions, and good performance in the other businesses contributed to these results.

All operating indicators show significant improvement, despite the continued uncertainty caused by international tensions and financial market volatility.

As is widely known, a binding contract has been entered into for the sale of the medical business unit, subject to authorisation by the Antitrust Authority. The deal forms part of the Group's huge value creation and future transformation efforts outlined several times during Shareholders' Meetings, namely advanced chemistry and sustainable packaging.

The enormous value created over the fifteen years following the acquisitions of Memry Corporation and SAES Smart Materials, Inc. is further confirmation of the Group's ability to leverage proprietary technologies and has, moreover, had a significant impact on the company's capitalisation and consequently on the value of SAES stock on the stock exchange.

We are confident that the announced extraordinary transaction for the sale of the Nitinol business can be completed in the coming months, enabling us to begin investing in the sectors mentioned above, and, of course, remunerate the Shareholders.

Massimo della Porta
SAES Group CEO

REPORT ON OPERATIONS OF THE SAES GROUP

SAES Group financial highlights

Statement of profit or loss figures (thousand of euro)	2022	2021 (1)	Difference	Difference %
REVENUE				
- SAES Industrial	71,946	64,268	7,678	11.9%
- SAES High Vacuum	30,967	18,839	12,128	64.4%
- SAES Medical Nitinol	121,965	86,422	35,543	41.1%
- SAES Chemicals	14,714	14,796	(82)	-0.6%
- SAES Packaging	10,641	5,873	4,768	81.2%
- Not Allocated (2)	32	0	32	n.a
Total	250,265	190,198	60,067	31.6%
GROSS PROFIT				
- SAES Industrial	35,494	33,314	2,180	6.5%
- SAES High Vacuum	14,915	9,793	5,122	52.3%
- SAES Medical Nitinol	56,304	34,272	22,032	64.3%
- SAES Chemicals	2,824	3,833	(1,009)	-26.3%
- SAES Packaging	1,307	152	1,155	759.9%
- Not Allocated (3)	(149)	(336)	187	-55.7%
Total	110,695	81,028	29,667	36.6%
	<i>% of revenue</i>	<i>44.2%</i>	<i>42.6%</i>	
EBITDA (GROSS OPERATING PROFIT)	56,734	35,845	20,889	58.3%
	<i>% of revenue</i>	<i>22.7%</i>	<i>18.8%</i>	
OPERATING PROFIT	41,172	22,252	18,920	85.0%
	<i>% of revenue</i>	<i>16.5%</i>	<i>11.7%</i>	
PRE-TAX PROFIT	24,457	22,093	2,364	10.7%
	<i>% of revenue</i>	<i>9.8%</i>	<i>11.6%</i>	
PROFIT FOR THE YEAR	12,350	12,797	(447)	-3.5%
	<i>% of revenue</i>	<i>4.9%</i>	<i>6.7%</i>	

Statement of financial position figures (thousand of euro)	December 31, 2022	December 31, 2021 (1)	Difference	Difference %
Property, plant and equipment	92,697	84,549	8,148	9.6%
Equity attributable to the owners of the parent	264,053	253,520	10,533	4.2%
Net financial position	64,291	74,801	(10,510)	-14.1%

Other information	2022	2021	Difference	Difference %
(thousand of euro)				
Cash flows from operating activities	37,173	19,479	17,694	90.8%
Research and development expenses	12,657	11,704	953	8.1%
Personnel expense	99,389	82,158	17,231	21.0%
Acquisition of property, plant and equipment	15,293	16,418	(1,125)	-6.9%
(number)				
Employees as at December 31 (4)	1,226	1,169	57	4.9%

(1) Some comparative amounts do not correspond with what is reported in the 2021 Annual Financial Report because:

- they have been restated in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1 section “Restatement of 2021 figures”, of the Consolidated Financial Statements at December 31, 2022;
- they reflect the reclassifications resulting from the change in the organisational structure by Division. These reclassifications are detailed in Note no. 12 to the Consolidated Financial Statements at December 31, 2022.

(2) Revenue deriving from the completion of development activities and from the market launch of highly innovative products, pursuing the objective of using the Group’s advanced technologies to establish itself in new sectors.

(3) 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, as well as those costs aimed at the development and market launch of new, highly innovative products.

(4) At December 31, 2022, this item includes:

- 1,165 employees (1,101 at December 31, 2021), of which 28 relating to SAES RIAL Vacuum S.r.l., of which the SAES Group acquired the entire quota capital at the end of May 2022;
- 61 persons employed at Group companies with contract types other than salaried employment agreements (68 at December 31, 2021).

This item 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 21 at December 31, 2022 (38 at the end of the previous year, again according to the percentage of ownership held by the Group, of which 14 related to SAES RIAL Vacuum S.r.l., of which the SAES Group acquired control at the end of May 2022).

Alternative performance indicators

In order to allow a better assessment of the performance of the economic and financial management, the following tables show some “Alternative performance indicators”. Below these tables, the methodology for calculating these indices is provided, in line with the indications of the European Securities and Markets Authority (ESMA).

Alternative performance indicators

In order to allow a better assessment of the performance of the economic and financial management, the following tables show some “Alternative performance indicators”. Below these tables, the methodology for calculating these indices is provided, in line with the indications of the European Securities and Markets Authority (ESMA).

Gross profit and gross profit margin

(thousand of euro)

	2022	2021
Revenue	250,265	190,198
Raw materials and change in raw materials	(42,636)	(30,894)
Direct labour	(37,980)	(30,317)
Manufacturing overheads	(61,429)	(49,587)
Change in work in progress and finished goods	2,475	1,628
Cost of sales	(139,570)	(109,170)
Gross profit	110,695	81,028
<i>Gross profit margin</i>	<i>44.2%</i>	<i>42.6%</i>

The **gross profit** is calculated as the difference between sales and the industrial costs directly and indirectly attributable to the products sold.

The **gross profit margin** is calculated as the ratio between the gross profit and the sales.

EBITDA

(thousand of euro)

	2022	2021
Revenue	250,265	190,198
Profit for the year	12,350	12,797
Income taxes	(12,107)	(9,296)
Net exchange losses	(559)	(230)
Share of profit (loss) of equity-accounted investees	(433)	200
Impairment losses on loan assets and other financial assets	(2,364)	(2,148)
Net financial income (expense)	(13,359)	2,019
Operating profit	41,172	22,252
Depreciation of property, plant and equipment and amortisation of intangible assets	(12,601)	(9,798)
Depreciation of right-of-use assets	(2,622)	(2,295)
Impairment losses on property, plant and equipment and intangible assets	(339)	(1,500)
EBITDA	56,734	35,845
<i>Percentage EBITDA</i>	<i>22.7%</i>	<i>18.8%</i>

EBITDA (gross operating profit) 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 the same as that adopted by other Groups. EBITDA is calculated as "Pre-tax profit (loss) for the year, net of exchange gains (losses), share of the profit (loss) of equity-accounted investees, net financial income (expense), as well as impairment losses on property, plant and equipment and intangible assets and amortisation/depreciation".

Percentage EBITDA is the ratio between EBITDA and sales.

Net Financial Position (NFP)

The Net Financial Position is shown in the following table.

(thousand of euro)

	December 31, 2022	December 31, 2021
Cash	10	9
Cash equivalents	42,129	29,509
Cash and cash equivalents	42,139	29,518
Financial assets with related parties	0	1
Securities	145,484	94,655
Derivative financial instruments	259	9
Current financial assets	145,743	94,665
Bank loans and borrowings	(65,302)	(63,935)
Current portion of non-current financial liabilities	(52,094)	(109)
Derivative financial instruments	0	0
Other financial liabilities	(30)	(20)
Lease liabilities	(2,545)	(2,409)
Current financial indebtedness	(119,971)	(66,473)
Current net financial position	67,911	57,710
Financial assets due from related parties	0	49
Other financial assets with third parties	0	1,424
Securities	0	71,887
Non-current financial assets	0	73,360
Financial liabilities	(119)	(52,199)
Lease liabilities	(3,039)	(4,070)
Other financial liabilities	(462)	0
Non-current financial indebtedness	(3,620)	(56,269)
Non current net financial position (indebtedness)	(3,620)	17,091
Net financial position	64,291	74,801

Below is the statement on Total Financial position, prepared in accordance with the indications contained in paragraphs 175 et seq. of the ESMA Guidelines of March 4, 2021, and the reconciliation with the Net Financial Position figure reported in the Report on Operations.

(thousand of euro)

	Notes	December 31, 2022	June 30, 2022	December 31, 2021
A. Cash	29	42,139	35,135	29,518
B. Cash equivalents		0	0	0
C. Other current financial assets	19/28	145,743	85,761	94,665
D. Liquidity (A + B + C)		187,882	120,896	124,183
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	35/40	(65,332)	(77,891)	(63,955)
F. Current portion of non-current financial debt	(*) 31/32	(54,639)	(2,332)	(2,518)
G. Current financial indebtedness (E + F)		(119,971)	(80,223)	(66,473)
H. Net current financial position (G + D)		67,911	40,673	57,710
I. Non-current financial debt (excluding current portion and debt instruments)	(**) 31/32/35	(3,620)	(56,297)	(56,269)
J. Debt instruments		0	0	0
K. Trade payables and other non-current liabilities		0	0	0
L. Non-current financial indebtedness (I + J + K)		(3,620)	(56,297)	(56,269)
M. Total financial position (indebtedness) (H + L)		64,291	(15,624)	1,441

(*) Of which 2,545 thousand euros relating to current lease liabilities.

(**) Of which 3,039 thousand euros relating to non-current lease liabilities.

(thousand of euro)

	December 31, 2022	December 31, 2021
Total financial indebtedness - in accordance to ESMA guidance	64,291	1,441
Non-current financial assets with related parties	0	49
Other non-current financial assets with third parties	0	1,424
Securities - non-current assets	0	71,887
Net financial indebtedness - included in Report on Operations	64,291	74,801

Net Working Capital (NWC)

Net Working Capital is shown in the table below.

(thousand of euro)

	December 31, 2022	December 31, 2021
Inventories	44,436	35,392
Trade receivables	34,539	29,614
Trade payables	(17,005)	(13,280)
Net Working Capital	61,970	51,726

Exchange rate effect and organic change

The **exchange rate effect** reported in the comments on the various items of the statement of profit or loss is in no way linked to the currency risk and the management of contracts to hedge this risk, 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 revenue and costs incurred by Group companies.

In particular, to obtain the **organic change**, the costs and revenue in currencies of the current year, net of the difference attributable to **changes in the consolidation scope**, are reconverted into euros at the progressive average exchange rate of the year and subsequently compared with those in euros of the previous year.¹ The **exchange rate effect**, on the other hand, is calculated as the difference between the overall change (net of the effects attributable to changes in the consolidation scope) and the organic change.

Information on the SAES Group

A pioneer in the development of getter technology, SAES Getters S.p.A., together with its subsidiaries, (hereinafter the "SAES® Group" or "SAES" or the "Group") is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions are required. In more than 80 years of activity, the Group's getter solutions have been supporting innovation in the information display and lamp industries, in sophisticated high vacuum systems and in vacuum thermal insulation, in technologies spanning from large vacuum power tubes to miniaturised silicon-based microelectronic and micromechanical (MEMS) devices.

Since 2004, by taking advantage of the expertise acquired in the special metallurgy and material science field, the SAES Group has extended its business into the advanced material market, and in particular the market of shape memory alloys, 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).

¹ Costs and revenue in invoicing currencies other than the euro.

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, advanced photonics, telecommunications (5G) and especially telephony.

Among the most recent applications of the Group, advanced packaging is a particularly strategic sector, where SAES offers new products for sustainable food packaging and competes with recyclable and biodegradable solutions.

In conclusion, mention is made of the recent establishment of the new unit dedicated to consumer innovation called B!POD[®], created with the aim of developing and marketing sustainable products and solutions and combating food waste.

A total production capacity distributed in eleven plants, a worldwide-based sales and service network, and almost 1,200 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. has been listed on the Italian Stock Exchange Market, Euronext STAR segment, since 1986.

SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A.², with its registered office in Milan, via Santa Maria Fulcorina, 2, which 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. Indeed, as described in more detail in the Report on Corporate Governance and Ownership Structure for 2022, S.G.G. Holding S.p.A., despite having the absolute majority of the voting rights of SAES Getters S.p.A., does not exercise management and coordination activities in respect of the latter in view of the fact that S.G.G. Holding S.p.A., in management, operational and industrial terms, does not play any role in the definition of the annual budget and long-term strategic plans and investment choices, does not approve certain significant transactions of the Company and its subsidiaries (e.g., acquisitions, disposals, investments), nor does it coordinate business initiatives and actions in the sectors in which the Group operates. S.G.G. Holding S.p.A. does not give instructions nor provide technical, administrative, financial and coordination services to the Company or its subsidiaries. SAES Getters S.p.A. is fully independent from an organisational and decision-making point of view, and has independent negotiating capacity in dealings with customers and suppliers.

The share capital of S.G.G. Holding S.p.A. is in turn owned by a plurality of shareholders, none of whom individually exercise control over the company.

As described in more detail in Note no. 30 to the Consolidated Financial Statements at December 31, 2022, at the end of the year SAES Getters S.p.A. held 3,900,000 ordinary treasury shares (number unchanged compared to December 31, 2021), equal to 26.6% of the total ordinary shares and 17.7% of the total shares making up the share capital.

On the other hand, SAES Getters S.p.A. does not hold any shares of its parent S.G.G. Holding S.p.A., not even through a trust company or a third party.

Structure of the SAES Group

² At December 31, 2022, S.G.G. Holding held 34.44% of the ordinary shares of SAES Getters S.p.A. and has 51.15% of the voting rights (percentage calculated taking into account that 5,018,486 ordinary shares held by S.G.G. Holdings S.p.A. have accrued the increased voting right, as well as the voting rights of the treasury shares held by SAES Getters S.p.A.).

The Group's organisational structure comprises five Divisions: Industrial, High Vacuum, Medical Nitinol, Chemicals and 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.

SAES Industrial Division	
Getters & Dispensers	Non-evaporable getters and traditional dispensers, based on metal alloys, with a variety of industrial applications (consumer electronics, security and defence, medical diagnostic imaging, vacuum thermal insulation and traditional discharge lamps, etc.), as well as dispensable getters based on functionalised polymers (OLED applications for the consumer electronics, optoelectronics, advanced photonics and telecommunications markets)
Sintered Materials	Dispenser cathodes for electronic tubes and heat dissipation devices for components and solid-state lasers
SMA Materials	Shape memory and super elastic materials and components for the industrial sector (home automation, white goods industry, consumer electronics, non-implantable medical business, automotive and luxury goods)
SAES High Vacuum Division	
High Vacuum Solutions	Getter pumps for vacuum systems with applications in the industrial sector, in research and in particle accelerators
SAES Medical Nitinol Division	
Medical Nitinol	Nitinol raw material and components for the biomedical sector
SAES Chemicals Division	
Functional Chemicals	Functional acoustic composites for consumer electronics applications and new functional materials being validated at prospect
SAES Packaging Division	
Packaging Solutions	Advanced lacquers and plastic films for the sustainable packaging sector

Compared to December 31, 2021, starting from January 1, 2022, the organisational structure by Division has the following changes:

- the SAES Industrial Division corresponds with the previous Metallurgy Division, with the addition of all products based on functionalised polymers that have a getter function (i.e. dispensable getter and dryer, barrier sealant with getter function and filler containing getter types) which moved from the Chemicals Division to the SAES Industrial Division as a result of rationalisation based on their ultimate function, namely the selective absorption of gases in the packaging of devices. This getter function, in fact, links these dispensable products, based on functionalised polymers, to the more traditional SAES getters, based on metal alloys;
- the SAES High Vacuum Division is unchanged and corresponds with the previously named "Vacuum Technology division";
- the SAES Medical Nitinol Division is unchanged and was previously named "Medical";
- the SAES Packaging Division is unchanged and was previously named "Advanced Packaging";
- the SAES Chemicals Division includes both the "functional acoustic composites" business (functional composites for consumer electronics applications, previously classified in this Division) and the "functional additives" business (new products currently being validated by prospects and based on the technological platforms of SAES functional materials).

Finally, three main lines of revenue have been identified within the SAES Industrial Division:

- Getters & Dispensers (which, in addition to the aforementioned "organic electronics" business consisting of all products with a getter function reclassified from the Chemicals Division, comprises the "security & defence", "electronic devices", "healthcare diagnostics", "lamps" and "thermal insulated devices" businesses);

- Sintered Materials (unchanged, previously named “sintered components for electronic devices & lasers”);
- SMA Materials (unchanged, previously named “SMA industrial”).

The statement of profit or loss and statement of financial position figures for 2021 have been reclassified according to the new operating structure to allow for a consistent comparison with 2022.

SAES Industrial Division

Getters & Dispensers

The SAES Group provides innovative technological solutions used in various industrial sectors, ranging from consumer electronics, to security and defence, medical imaging diagnostics, vacuum thermal insulation and traditional high and low pressure discharge lamps.

To meet the different technical and process requirements of these applications, the SAES product portfolio includes multiple types and formats of non-evaporable getters (including compressed pills, porous getters and thin films for MEMS applications), as well as alkaline metal and mercury dispensers with reduced environmental impact.

Recently, the SAES offer has been enriched with a new generation of dispensable getters based on functionalised polymers, which find their use in OLED displays, optoelectronic applications, advanced photonics and telecommunications (5G).

Sintered Materials

Through its USA subsidiary Spectra-Mat, Inc., the SAES Group provides advanced technological solutions for a wide range of markets including avionics, medical, scientific instrumentation for various industrial applications, telecommunications, and security and defence.

The product portfolio includes electron sources based on dispenser cathodes for a wide variety of microwave tubes, X-ray tubes, and gas lasers, for the most advanced applications. In addition, SAES provides advanced materials and solutions for the thermal management of high-power solid state lasers, and advanced semiconductor devices for radio-frequency and microwave systems.

SMA Materials

The SAES Group produces semi-finished products, components and devices in shape memory alloy, a special alloy made of nickel-titanium (Nitinol) characterised by super-elasticity (a property that enables the material to withstand even large deformations and then return to its original form) and by the property of assuming predefined forms when heated.

Due to this characteristic, the shape memory alloy is used in the production of a variety of industrial devices (open and close valves, proportional valves, actuators, release systems, mini-actuators and dispensers) that use its distinctive characteristics (noiseless, compact, light, low power consumption, speed, precision of proportional control). SMA devices are used across the board in the industrial field, in areas of application such as domotics, the white goods industry, consumer electronics, medical business, and the automotive and luxury sector.

SAES High Vacuum Division

High Vacuum Solutions

The skills acquired in vacuum technology are the basis for the development of pumps based on non-evaporable getter materials (NEG), with both industrial and scientific applications (in particular in analytical instrumentation, in vacuum systems for research purposes and in particle accelerators). The NEXTorr® family of high-vacuum pumps integrates both getter and ion technology in a single, extremely compact and high-performing device. This line was then joined by the CapaciTorr® HV line, high-vacuum pumps using an innovative alloy with greater gaseous absorption capacity.

The Division’s core offering was recently enriched through the acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. in May 2022. Strumenti

Scientifici Cinel S.r.l. is a leading company in the supply of scientific instrumentation for accelerators and research, and has made it possible to strengthen SAES's leadership in the research market, expanding the technological and product offering from vacuum chambers to beamlines, synchrotron scientific instrumentation and integrated pump solutions.

SAES RIAL Vacuum S.r.l. is active as a supplier of coating getters for accelerator chambers and vacuum engineering services, for both industrial and research customers.

Recent acquisitions have enabled SAES to develop important skills in the design of systems that integrate vacuum mechanics, pumping units and control electronics. During 2022, the Division began supplying the NEG pump for the RFX Consortium, an important Italian contribution linked to the ITER project. The pump, conceived, engineered and built entirely by SAES, will be supplied together with the power supply and control system and will guarantee a vacuum in the RFX ion source.

SAES Medical Nitinol Division

Medical Nitinol

In addition to the industrial sector, Nitinol is mainly used in a wide range of medical devices, in the cardiovascular field in particular. Its super-elastic properties are ideal for manufacturing devices used in the growing field of non-invasive surgery, such as self-expanding devices (aortic and peripheral stents or heart valves) and catheters to navigate within the cardiovascular system. SAES's production process is vertically integrated (from the melting of Nitinol alloy to the manufacture of components) and allows full flexibility in the supply of products, together with total quality control. In particular, through its USA subsidiaries SAES Smart Materials, Inc. and Memry Corporation, SAES offers a full range of sophisticated Nitinol-based solutions to the end manufacturers of the medical device.

SAES Chemicals Division

Functional Chemicals

The SAES Chemicals Division offers the market the new functional materials developed within the Group's research laboratories, starting from two main technological platforms: special zeolites and microcapsules.

The first prototypes of these materials are being validated by prospective customers, who are evaluating their use as functional additives in various application sectors, from cosmetics to the paint & coatings segment, as well as that of polymers of natural origin.

Increasingly consolidated, on the other hand, is the business of functional acoustic composites for the consumer electronics market, a segment in which new materials are also beginning to be offered, complementing and expanding the Division's product portfolio.

SAES Packaging Division

Packaging Solutions

The functional chemicals technological platform has been used to develop innovative plastic films for food packaging, an area in which SAES operates through the company SAES Coated Films S.p.A., a well-established player in the advanced packaging sector. SAES competes in the sustainable packaging market with innovative recyclable and compostable solutions, particularly in terms of environmental sustainability and improving the performance of flexible packaging, in an expanding market with excellent opportunities for growth. Recently, SAES Coated Films S.p.A. has intensified its interactions directly with the food industries (end-user), presenting itself as a complete provider of innovative packaging solutions and leveraging the network of relationships built over the years with various players in the flexible packaging supply chain. Thanks to this strategic repositioning, SAES can better convey on the market the added value enabled by its product portfolio, at the same time further increasing awareness of its brand.

2022 was characterised by a **strong increase in revenue** compared to the previous year, mainly due to the increase in volumes and also aided by the performance of the euro-dollar exchange rate, despite the tensions in the international economic scenario. All Divisions recorded growth, with the exception of the Chemicals Division, which was stable compared to the previous year. One of the largest increases was seen in the **Medical Nitinol Division**, thanks to the post-COVID recovery and the gradual elimination of the delays accumulated during the acute phase of the pandemic due to the postponement of elective therapies. The **High Vacuum Division** also grew strongly, thanks both to the change in scope due to recent acquisitions³, and to higher sales of vacuum pumps in all segments (particle accelerators, research institutes and industry). Lastly, note the increase in the **Packaging Division**, which saw, especially in the first part of 2022, the consolidation of the signs of growth already seen at the end of 2021. The **Industrial Division** was driven by higher sales of **SMA materials** in the luxury and mobile devices segments.

Revenue for 2022 amounted to 250.3 million euros, up by 31.6% compared to 190.2 million euros in 2021. Excluding the **positive exchange rate effect** (+9.9%) and the **change in the consolidation scope** (+3.5%), **revenue grew organically** by +18.2% (+34.5 million euros).

Even excluding the positive exchange rate effect, all **operating indicators** show a strong improvement compared to 2021, with **consolidated EBITDA percentage** growing from 18.8% to 22.7%. Despite the excellent operating performance, 2022 closed with a **consolidated profit** in line with 2021 as a result of having been heavily penalised by the reduction in the value of the securities portfolio, due to the conflict in Ukraine and consequent international tensions (-12.9 million euros loss related to securities in 2022).

The main events that occurred in 2022 are set out below.

On January 24, 2022, the **Italian Branch of Memry Corporation**, with registered office in Lainate, was established by notarial deed No. 996/671, in order to facilitate Memry Corporation's commercial expansion in the European market.

On January 31, 2022, the **EUREKA Fund! - Technology Transfer** ended its fundraising activity with total funds raised of 62,675,500 euro. On February 16, 2022, following the sixth and final Closing, the Parent obtained a **reimbursement** related to both the costs and the investments of the fund, **amounting to 5 thousand euros** and SAES's investment was diluted from 4.81% to 4.79%.

On March 7, 2022, SAES Getters S.p.A. made a **payment of 49 thousand euros**, including both the portion of the management fee and other costs, and the portion of an investment made by the fund in the company NOVAC S.r.l.⁴

A further **payment for a total of 99 thousand euros** was made on June 16, 2022 to continue the investment in the company Phononic Vibes S.r.l., already in the portfolio, and of a further five Proof of Concepts (*POC*) in collaboration with the Consiglio Nazionale delle Ricerche (National Research Council), the Turin Polytechnic and the Italian Institute of Technology.

On August 28, 2022, a third **payment of 47 thousand euros** was made, including both the portion of commissions and management fees, and the portion to complete the investment in the start-up NOVAC S.r.l.

On February 15, 2022, the Board of Directors of SAES Getters S.p.A. proposed the **inclusion of the newly acquired Strumenti Scientifici Cinel S.r.l. in the scope of the national tax consolidation**, together with the other Group companies that are already part of it. The respective Boards of Directors approved this inclusion

³ Acquisition of Strumenti Scientifici Cinel S.r.l. Instruments in July 2021 and of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022.

⁴NOVAC S.r.l. is an innovative start-up operating in the field of electrical energy storage and release systems, through the development of a new type of super capacitors, capable of providing high power and very short charging times.

at the beginning of March 2022. Therefore, Strumenti Scientifici Cinel S.r.l. is part of the national tax consolidation with retrospective effect starting from January 1, 2022.

On February 28, 2022, **SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loan granted by the quotaholder SAES Getters S.p.A.** (principal equal to 49 thousand euros). On the same date, the loan granted by the quotaholder, Rodofil S.r.l. (principal equal to 51 thousand euros) was repaid.

On March 1, 2022, SAES Nitinol S.r.l. **waived** the additional portion of **interest accrued on the loans granted to the joint venture Actuator Solutions GmbH**, equal to 300 thousand euros⁵. The above waiver has no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) was already fully impaired at December 31, 2021, as it was deemed difficult to recover.

During the first quarter, the SAES Group decided to **donate 100 thousand euros in support of Ukraine** (70 thousand euros given to a local volunteer network in connection with the Ukrainian Embassy in Italy and the remaining portion assigned to an Italian refugee assistance organisation).

Since with the approval of the Consolidated Financial Statements at December 31, 2021 the statutory audit engagement assigned to the company Deloitte & Touche S.p.A. for the years 2013-2021 expired, the Ordinary Shareholders' Meeting of April 21, 2022 approved the motivated proposal of the Board Statutory Auditors relating to the **assignment of the statutory audit engagement for the years 2022-2030 to KPMG S.p.A.**

On April 22, 2022, on the occasion of Earth Day, the **B!POD project** (www.bipod.it) was launched, **developed by the SAES Design House**, aimed at using the Group's innovative technologies to improve food conservation and fight waste, reducing CO₂ emissions. Specifically, on this day the **first B!POD device Called DRO!D** was presented to the public. It is a system of recyclable plastic containers, which allow different types of food to be stored five times longer through vacuum packing techniques. The device, which offers substantial technological help with the issue of household food waste, features highly innovative design and colours and the use of entirely green plastics and materials. In just 30 seconds, DRO!D is able to reach a vacuum of 50_{mbar}, thus eliminating 950_{mbar}, corresponding to -95% of the oxygen molecules present inside its circular containers.

On May 25, 2022, SAES Getters S.p.A., **completed the purchase of an additional 51% of the quota capital of SAES RIAL Vacuum S.r.l.**, of which it previously held 49%.

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, with joint control of SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%).

The acquisition follows that of Strumenti Scientifici Cinel S.r.l. (July 2021) and aims to strengthen the Group's competitive position in the high vacuum sector, through an expansion and integration of the entirely Italian and avant-garde offer, on a global scale.

The **consideration for the acquisition is equal to 5,250 thousand euros**. A first tranche, equal to 4,750 thousand euros, was paid by SAES on May 25, 2022 with its own funds; the remainder, equal to 500 thousand euros, was withheld as a guarantee and will be paid, again with its own funds, in three successive annual instalments of equal amount (166.7 thousand euros each), starting three years from the closing date (May 25, 2022).

On May 31, 2022, the Board of Directors of SAES Getters S.p.A. acknowledged that, due to professional commitments, Mara Luisa Sartori communicated her **resignation** with effect from June 1, 2022 **from the office of Alternate Statutory Auditor** of the Company. The vacancy on the Board of Statutory Auditors will be filled in accordance with the law and the Articles of Association, at the next Shareholders' Meeting in April 2023.

⁵ This was in addition to the portion of interest, equal to 500 thousand euros, which SAES Nitinol S.r.l. had already waived in June 2021.

On July 1, 2022, following registration in the Company Register, **the transfer of the registered office of the subsidiary SAES Getters International Luxembourg S.A. from Luxembourg to Italy** was finalised. The company changed its company name to **SAES International S.r.l.**

The transfer of headquarters took place in legal continuity, without causing any interruption of the legal personality of the company, without dissolution and/or liquidation of the same. Following this transfer, the previous tax losses of SAES Getters International Luxembourg S.A. (equal to approximately 58 million dollars at June 30, 2022), on which no deferred tax assets were recorded, were no longer usable.

On July 7, 2022, SAES Getters S.p.A. launched the **RedZone® project**, an **“on call” acceleration programme**, dedicated to Italian and foreign start-ups operating in the field of advanced materials. The selected start-ups will have access to the Parent’s laboratories in Lainate, as well as a financial contribution, according to a specific Regulation. For SAES there is also the possibility of becoming a shareholder of the start-ups, acquiring an investment that can reach a maximum of 15% of the share capital.

SAES’s goal, through RedZone, is to develop and grow innovation in advanced functional materials, supporting start-ups in the role of industrial partner.

The first application was carried out in the second half of 2022, while the start of operational activities in the Lainate open labs is expected in the early months of 2023. In the second quarter of 2023, a second call is expected to be opened for start-ups.

On July 26, 2022, SAES Getters S.p.A. signed an **amendment to the convertible loan granted to the German company Rapitag GmbH** (Munich) midway through 2021. Specifically, the contract amendment provided for the payment of two additional tranches of financing up to a total maximum amount of 300 thousand euros, the first of which (amounting to 150 thousand euros) was paid on July 27, 2022; the second (amounting to 150 thousand euros) was not paid, due to failure to achieve the commercial milestone stipulated in the agreement. Furthermore, the amendment provided for the extension by one year of both the maturity date (December 31, 2025) and the conversion period (July 2, 2022 – July 1, 2024), confirming the annual interest rate of 6%.

On September 12, 2022, the Board of Directors resolved to **liquidate the Korean subsidiary SAES Getters Korea Corporation**, whose sales activities in the Korean territory will be assigned to local agents and distributors. The liquidation process, which began in November, is expected to be completed by the first half of 2023.

On September 21, 2022, the subsidiary Strumenti Scientifici Cinel S.r.l. (Cinel) signed an agreement for **the supply of a new turnkey imaging beamline**, for the **Elettra synchrotron in Trieste**. The total value of the agreement is just over 4 million euros and the project has a duration of approximately two and a half years. The order represents an important success for both Cinel and the Group. Leveraging on this experience, Cinel will be able to offer itself in an increasingly authoritative way on the market not only as a supplier of beamline instrumentation, but also as a supplier of integrated turnkey solutions, fostering synergies with the other companies of the Group operating in the sector of high vacuum.

On October 19, 2022, **Mix-Me, the multi-vitamin and multi-mineral powder supplement of DSM Nutritional Products**, was launched at **K in Dusseldorf**, an important world fair in the plastics and rubber sector. The new supplement is packaged in a fully compostable stick pack in the wet part of household waste. The new packaging is the result of the synergy between SAES Coated Films, Novamont, Ticinoplast and Gualapack, an entirely Italian industrial supply chain that has been involved for years in the field of low environmental impact packaging materials. **SAES Coated Films S.p.A.’s water-based Coathink® biodegradable coating technology** provides a high barrier to humidity and oxygen, a necessary requirement to best preserve the powder product and its micronutrient content for the entire duration of the product shelf life. The innovative packaging not only guarantees shelf life and productivity similar to traditional laminates, but resolves the difficulties of recycling small packaging made with non-separable laminated materials.

In mid-October, the **High Yield bonds held by SAES Investments S.A.** were disposed of for approximately 7.2 million euros. The investment in bonds was replaced with three-month time deposits (cash equivalent).

On November 10, 2022, the Board of Directors approved a **capital injection of 300 thousand euros into the joint venture Actuator Solutions GmbH**. The same capital injection was made by the other shareholder SMA Holding. The Board also ordered the further **deferral to December 31, 2023 of the payment of all interest** accrued from 2016 to today's date on the loans granted by the Group to the same German joint venture. A **further capital injection of the same amount (300 thousand euros)** was approved by the Board of Directors of SAES on December 19, 2022. A similar share capital increase was also subscribed by the equal shareholder.

On November 29, 2022, in order to protect the Group's profit for 2023 from exchange rate fluctuations, **forward contracts were taken out on the US dollar** for a notional amount of 12 million dollars, with an average forward exchange rate of 1.0537 to the euro. These contracts extend throughout 2023, hedging approximately 80% of the estimated net dollar flows for the Group's Italian companies.

On December 7, 2022, against the emergence of new and interesting business opportunities, the Board of Directors of SAES approved the **disbursement to the joint venture Flexterra, Inc.** of an additional **convertible loan for a total of 1 million dollars**, with the same characteristics as the two previously granted (July 2020 and August 2021) totalling 5 million dollars. The loan, maturing on December 31, 2023 and on which interest of 8% will accrue, is divided into four tranches of equal amount, the first of which is expected at the beginning of 2023 upon signing of the updated agreement; the second, to be paid by the end of April 2023, is subject to the positive assessment by SAES of an updated business plan of the joint venture; the subsequent two tranches will be paid respectively by the end of July and by the end of October 2023, upon achievement of specific commercial objectives. The agreement also establishes the alignment of the **maturity date of the previous 5 million dollar convertible loan** with that of the new loan (**December 31, 2023**). As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP). Flexterra will receive from another shareholder a loan similar to that granted by SAES for a total of 400 thousand dollars.

On December 22, 2022, the **merger into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l.** (formerly SAES Getters International Luxembourg S.A.) was carried out through the drafting, signing and filing in the Register of Companies of the deed of merger by the companies participating in the transaction. The merger was approved by the Board of Directors of SAES Getters S.p.A. and by the quotaholders of SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) on October 19, 2022.

The deed of merger became legally effective with the end of the accounting day of December 30, 2022. For accounting and tax purposes, the merger transaction took effect from January 1, 2022.

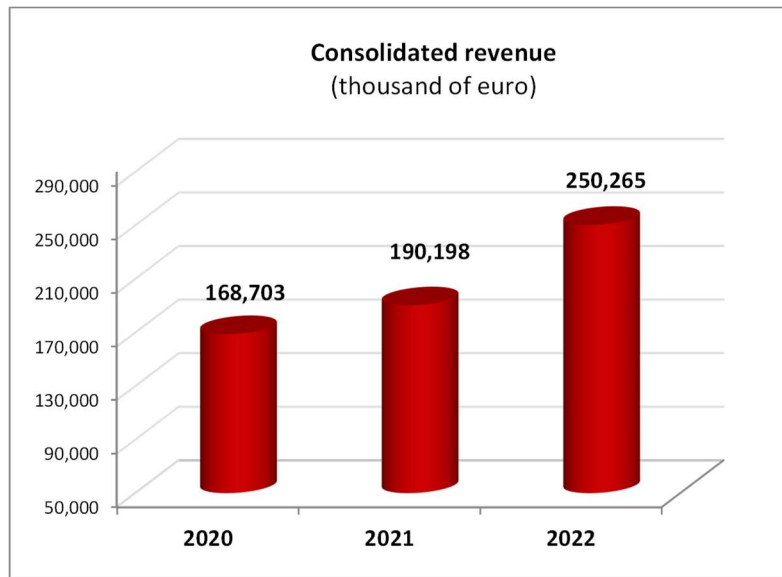
The merger did not have any impact on the financial position, financial performance and cash flows in the consolidated financial statements of the SAES Group, nor did it provide for any exchange, as the merged company was already wholly owned by SAES Getters S.p.A.

The transaction is the natural completion of the transfer to Italy of the headquarters of SAES International S.r.l., previously headquartered in Luxembourg. The merger makes it possible to shorten the chain of control of the SAES Group, reducing the number of legal entities and the consequent administrative costs.

At December 31, 2022, **the SAES Group's investment in Cambridge Mechatronics Limited was diluted by 0.82%**, as a result of:

- two new issues of ordinary preference shares, in March 2022 and August 2022, respectively;
- the issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

Revenue and results for 2022



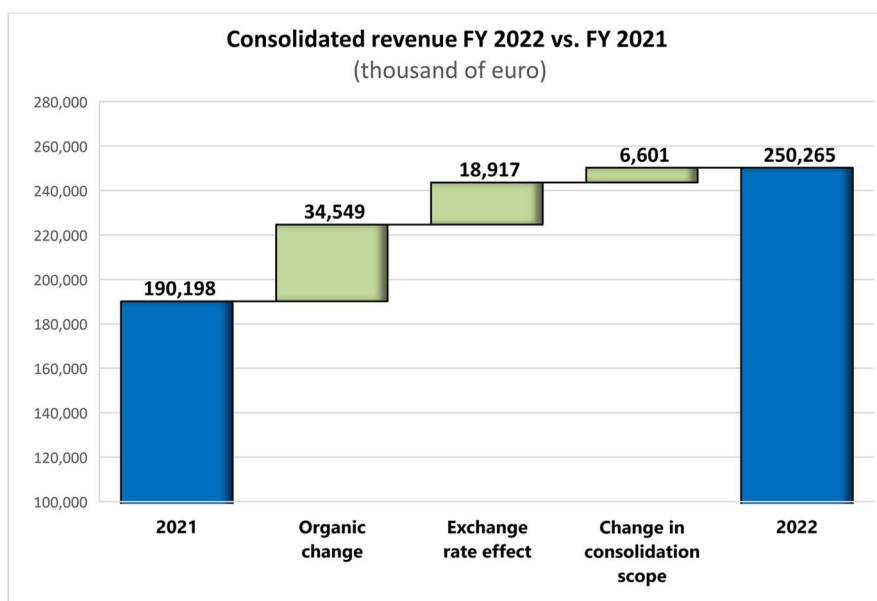
In 2022, consolidated revenue totalled 250,265 thousand euros, up by 31.6% compared to 190,198 thousand euros in 2021. Removing the **positive exchange rate effect** (+9.9%, equal to 18,917 thousand euros), almost completely due to the appreciation of the US dollar against the euro, in addition to the **change in the consolidation scope**⁶ (+3.5%, equal to 6,601 thousand euros), **organic growth** was +18.2% (34,549 thousand euros).

All Divisions recorded organic growth, with the exception of the **Chemicals Division**, which was stable compared to the previous year. One of the highest growth rates was recorded in the **Medical Nitinol Division** (+25.7%, or 22,263 thousand euros) due to the resumption of elective therapies and the recovery of post-Covid deferred surgeries, together with the physiological growth of the minimally invasive surgery market. The **Packaging Division** also recorded strong organic growth (+81.2%, equal to 4,768 thousand euros) thanks to the consolidation of the growth signals already seen at the end of 2021. In particular, 2022 saw the balancing of the commercial strategy, combining the most innovative proposals for sustainable packaging with an offer of alternative products to established barrier technologies, in a complex and constantly evolving market context, in terms of both price and availability of plastic raw materials.

The **High Vacuum Division** also recorded organic growth of 25.4% (or 4,771 thousand euros), due to higher sales of vacuum pumps in all segments (industrial, particle accelerators and research institutes) and the start of the project with the RFX consortium in Padua, which is active in the field of experimental nuclear fusion. In the **Industrial Division**, organic growth in revenue (+4.3%, equal to 2,797 thousand euros) was driven by the good performance of **SMA materials** sales in the luxury and mobile devices sectors, while the increase in the **sintered materials** business was offset by the structural decrease of the more mature **getter** markets (in particular, lamps and thermal insulation).

The following chart shows the **change in consolidated revenue** in 2022, highlighting the **effect of exchange rates**, the growth due to the **change in consolidation scope** and the differences attributable to the changes in selling prices and sales volumes (**organic change**).

⁶ Revenue relating to the first half of 2022 of Strumenti Scientifici Cinel S.r.l. and revenue from the period May 25 – December 31, 2022 of SAES RIAL Vacuum S.r.l.



Including the share of revenue from joint ventures⁷, total revenue in 2022 was 254,134 thousand euros, up 27.7% from 199,062 thousand euros in 2021. The increase is due exclusively to the increase in consolidated revenue, also favoured by the aforementioned positive exchange rate effect and the change in the consolidation scope. Neither the revenue of the joint venture Actuator Solutions GmbH nor that of SAES RIAL Vacuum S.r.l. are comparable in the two years: the first due to a different business model (in particular, the sale of two automotive production lines in the third quarter of 2021, as well as the transfer of the last line at the end of 2022) and the latter due to the change in the consolidation method which took place in May 2022, following the purchase of the entire quota capital (for further details, see the following paragraph “Performance of joint venture companies in 2022”)

(thousand of euro)

	2022	2021	Total difference	Total difference %
Consolidated revenue	250,265	190,198	60,067	31.6%
50% revenue of the joint venture Actuator Solutions GmbH	2,758	6,183	(3,425)	-55.4%
49% revenue of the joint venture SAES RIAL Vacuum S.r.l.	(*) 1,429	3,411	(1,982)	-58.1%
Revenue of the joint venture Flexterra (**)	0	3	(3)	-100.0%
Intragroup eliminations	(***) (304)	(688)	384	-55.8%
Other adjustments	(14)	(45)	31	-68.9%
Total revenue of the Group	254,134	199,062	55,072	27.7%

(*) SAES RIAL Vacuum S.r.l.'s revenue are referred to the period January 1 - May 25, 2022.

(**) The investment of SAES Getters International Luxembourg S.A. (merged in SAES Getters S.p.A.) increased from 46.73% to 46.73% starting from October 2021.

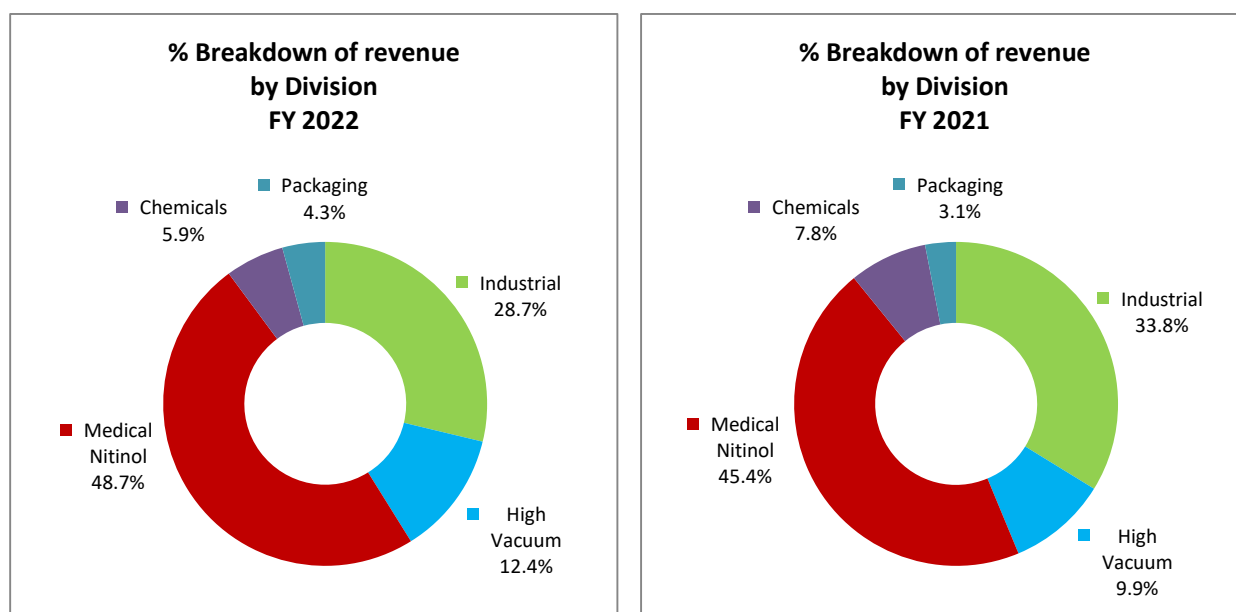
(***) SAES RIAL Vacuum S.r.l.'s intragroup eliminations are referred to the period January 1 - May 25, 2022.

The following graphs show the **percentage weight** of the **revenue of each Division** both for 2022 and for the previous year (2021).

The growth in the percentage incidence of consolidated revenue in the **Medical Nitinol Division** and **High Vacuum Division** and, to a lesser extent, the **Packaging**, characterised by a significant increase in sales in absolute value in 2022, should be noted.

⁷ Actuator Solutions GmbH (50%), SAES RIAL Vacuum S.r.l. (49%) relative to the period January 1, – May 25, 2022 and Flexterra (46.73% in the first nine months of 2021, increased to 46.84% from the fourth quarter of 2021). From May 25, 2022, the remaining 51% of the share capital of SAES RIAL Vacuum S.r.l. was acquired by the Group and the company was consolidated using the line-by-line method.

The **Industrial Division**, which recorded a lower percentage increase in revenue compared to the aforementioned Divisions, and the **Chemicals Division**, with revenue in line with the previous year, saw a reduction in their percentage weight.



The following table provides a **breakdown of consolidated revenue** in 2022 and 2021, for each business sector, with the relative **percentage change**, at **current and comparable exchange rates** and with evidence of the **effect deriving from the change in the consolidation scope**.

(thousand of euro)

Divisions and Businesses	2022	2021	Total difference	Total difference %	Exchange rate effect	Organic change	Change in consolidation scope
Getters & Dispensers	46,578	44,994	1,584	3.5%	6.7%	-3.2%	0.0%
Sintered Materials	10,634	8,564	2,070	24.2%	13.6%	10.6%	0.0%
SMA Materials	14,734	10,710	4,024	37.6%	6.7%	30.9%	0.0%
SAES Industrial	71,946	64,268	7,678	11.9%	7.6%	4.3%	0.0%
High Vacuum Solutions	30,967	18,839	12,128	64.4%	4.0%	25.4%	35.0%
SAES High Vacuum	30,967	18,839	12,128	64.4%	4.0%	25.4%	35.0%
Medical Nitinol	121,965	86,422	35,543	41.1%	15.4%	25.7%	0.0%
SAES Medical Nitinol	121,965	86,422	35,543	41.1%	15.4%	25.7%	0.0%
Functional Chemicals	14,714	14,796	(82)	-0.6%	0.0%	-0.6%	0.0%
SAES Chemicals	14,714	14,796	(82)	-0.6%	0.0%	-0.6%	0.0%
Packaging Solutions	10,641	5,873	4,768	81.2%	0.0%	81.2%	0.0%
SAES Packaging	10,641	5,873	4,768	81.2%	0.0%	81.2%	0.0%
Not Allocated	32	0	32	0.0%	0.0%	0.0%	0.0%
Consolidated Revenue	250,265	190,198	60,067	31.6%	9.9%	18.2%	3.5%

Consolidated revenue of the **Industrial Division** totalled 71,946 thousand euros, up by 11.9% compared to 64,268 thousand euros in the previous year. The performance of the euro against the major foreign currencies led to a positive exchange rate effect equal to +7.6%, net of which revenue grew organically by 4.3%.

The organic growth in revenue was driven by the good performance of **SMA materials** sales in the luxury and mobile device segments, and **sintered materials** sales, for defence, telecom, scientific research and healthcare applications. On the other hand, sales of **getters and dispensers** in the more mature segments of lamps and thermal insulation were down.

Consolidated revenue of the Getters & Dispensers Business totalled 46,578 thousand euros in 2022, up by 3.5% with respect to 44,994 thousand euros in 2021. This growth is due exclusively to the positive exchange rate effect (+6.7%), net of which the organic decrease was -3.2%, mainly attributable to the structural downward trend of the more mature markets (lamps and thermal insulation), combined with the weak demand of the Chinese market, especially for getters intended for sensor applications.

Consolidated revenue of the Sintered Materials Business totalled 10,634 thousand euros in 2022, up (+24.2%) compared to 8,564 thousand euros in 2021. Net of the positive exchange rate effect (+13.6%), the organic increase was +10.6%, thanks to the increase in sales of electron-emitting cathodes in the various application sectors (defence, telecom, scientific research and healthcare), driven by greater market demand and increased production capacity. This increase more than offset the drop in sales of thermal dissipation devices for high-power lasers.

Consolidated revenue of the SMA Materials Business totalled 14,734 thousand euros in 2022, up sharply (+37.6%) compared to 10,710 thousand euros in 2021. Net of the positive exchange rate effect (+6.7%), organic growth was 30.9%, mainly due to the mobile device sector, the luxury segment and, to a lesser extent, the automotive segment.

The consolidated revenue of the **High Vacuum Division** amounted to 30,967 thousand euros, a very sharp increase (+64.4%) compared to 18,839 thousand euros in the previous year, also favoured by the consolidation of the revenue of Strumenti Scientifici Cinel S.r.l. in the second half of 2021 and the revenue of SAES RIAL Vacuum S.r.l. from May 25, 2022 (effect of the change in the consolidation scope equal to +35%), as well as the positive exchange rate effect (+4%).

In any event, organic growth was very high (+25.4%), attributable to higher sales of NEG pumps for industrial applications and, to a lesser extent, in the accelerator and scientific research sectors, to which the relevant revenue was added for the supply of vacuum systems to the RFX Consortium of Padua, active in experimental nuclear fusion.

Consolidated revenue of the **Medical Nitinol Division** totalled 121,965 thousand euros, up strongly by 41.1% compared to 86,422 thousand euros in the previous year. Net of the positive exchange rate effect (+15.4%), sales increased organically by 25.7%. This growth is particularly significant, although it is necessary to consider how the first months of 2021 were still penalised by the pandemic and the consequent postponement of elective therapies. The resumption of deferred hospital operations, the need to recover deferred operations and the related restocking actions, together with the physiological growth of the market, favoured revenue in 2022.

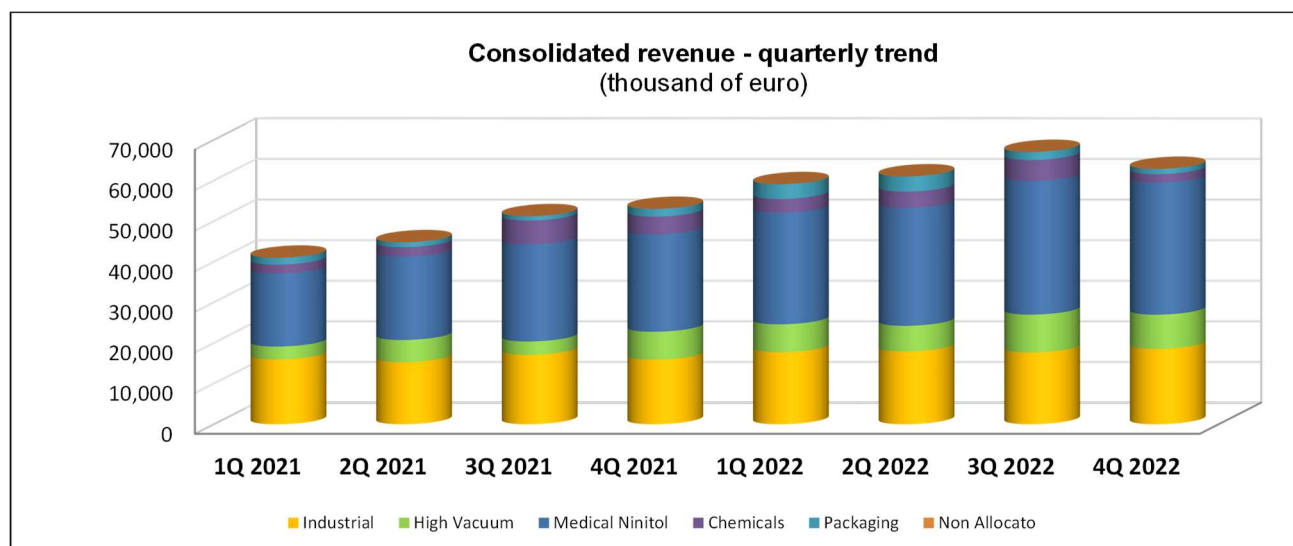
Consolidated revenue of the **Chemicals Division** totalled 14,714 thousand euros, stable compared with 14,796 thousand euros in the previous year. The exchange rate effect was nil, as the sales were denominated exclusively in euros. The 2022 figure was influenced by a slowdown in sales in the last quarter, due to the effects on the supply chain of the consumer electronics segment due to prolonged lockdowns in some geographical areas of China.

The consolidated revenue of the **Packaging Division** in 2022 amounted to 10,641 thousand euros, almost double (+81.2%) compared to 5,873 thousand euros in the previous year. Sales are exclusively denominated in euro.

The excellent result is due to the strengthening of the growth already recorded at the end of 2021. Indeed, during 2022 work was done on balancing the commercial strategy, combining the most innovative proposals for sustainable packaging with an offer of alternative products to consolidated barrier technologies, in a complex and constantly evolving market context in terms of both price, and the availability of plastic raw materials.

Non-allocated consolidated revenue amounted to 32 thousand euros in 2022 and refer exclusively to initial sales related to the BIPOD project, for which new product launches are expected in 2023.

The **quarterly performance of the consolidated** revenue in 2022 and in the previous year, with details by Division and type of business, is provided in the following chart and in the table below.



(thousand of euro)

Divisions and Businesses	4Q 2022	3Q 2022	2Q 2022	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021
Getters & Dispensers	12,299	10,987	11,554	11,738	11,124	11,892	10,761	11,217
Sintered Materials	2,326	2,718	3,030	2,560	2,323	2,229	2,112	1,900
SMA Materials	3,949	3,987	3,357	3,441	2,447	2,986	2,431	2,846
SAES Industrial	18,574	17,692	17,941	17,739	15,894	17,107	15,304	15,963
High Vacuum Solutions	8,430	9,328	6,322	6,887	6,901	3,293	5,463	3,182
SAES High Vacuum	8,430	9,328	6,322	6,887	6,901	3,293	5,463	3,182
Medical Nitinol	32,525	32,918	29,053	27,469	23,978	23,922	20,537	17,985
SAES Medical Nitinol	32,525	32,918	29,053	27,469	23,978	23,922	20,537	17,985
Functional Chemicals	2,084	5,183	4,024	3,423	4,376	5,881	2,330	2,209
SAES Chemicals	2,084	5,183	4,024	3,423	4,376	5,881	2,330	2,209
Packaging Solutions	1,302	1,973	3,728	3,638	1,909	1,052	1,213	1,699
SAES Packaging	1,302	1,973	3,728	3,638	1,909	1,052	1,213	1,699
Not Allocated	14	10	8	0	0	0	0	0
Consolidated revenue	62,929	67,104	61,076	59,156	53,058	51,255	44,847	41,038

Note the gradual growth in the quarterly evolution of revenue in 2022, driven in particular by the **Medical Nitinol Division** (thanks to the resumption of elective therapies in the USA post Covid) and the excellent revenue of the **High Vacuum Division** (the latter also favoured by the line-by-line consolidation of SAES RIAL Vacuum S.r.l. from June 2022). The growth trend stabilised only in the fourth quarter of the year, due to the decrease in revenue in the **Chemicals Division** (penalised by prolonged lockdowns in some areas of China) and in the **Packaging Division** (due to inflation and liquidity tensions, with negative repercussions on the entire packaging chain), compared to substantial stability in sales in the **Medical Nitinol Division**.

The following table provides the breakdown of **consolidated revenue** for the various business sectors, **in the fourth quarter of 2022, compared with the previous quarter of the same year**, as well as the relative percentage change at current and comparable exchange rates.

(thousand of euro)

Divisions and Businesses	4Q 2022	3Q 2022	Total difference	Total difference %	Exchange rate effect %	Organic change %
Getters & Dispensers	12,299	10,987	1,312	11.9%	-1.4%	13.3%
Sintered Materials	2,326	2,718	(392)	-14.4%	-1.2%	-13.2%
SMA Materials	3,949	3,987	(38)	-1.0%	-0.7%	-0.3%
SAES Industrial	18,574	17,692	882	5.0%	-1.2%	6.2%
High Vacuum Solutions	8,430	9,328	(898)	-9.6%	-0.8%	-8.8%
SAES High Vacuum	8,430	9,328	(898)	-9.6%	-0.8%	-8.8%
Medical Nitinol	32,525	32,918	(393)	-1.2%	-1.3%	0.1%
SAES Medical Nitinol	32,525	32,918	(393)	-1.2%	-1.3%	0.1%
Functional Chemicals	2,084	5,183	(3,099)	-59.8%	0.0%	-59.8%
SAES Chemicals	2,084	5,183	(3,099)	-59.8%	0.0%	-59.8%
Packaging Solutions	1,302	1,973	(671)	-34.0%	0.0%	-34.0%
SAES Packaging	1,302	1,973	(671)	-34.0%	0.0%	-34.0%
Not Allocated	14	10	4	40.0%	0.0%	40.0%
Consolidated revenue	62,929	67,104	(4,175)	-6.2%	-1.1%	-5.1%

Comparing the consolidated revenue of the fourth quarter of 2022 with those of the previous quarter, the decrease of -6.2% is attributable to both the negative exchange rate effect (-1.1% due to the slight devaluation of the dollar in the last part of the year, compared with the strong appreciation of the previous quarters), and the decline in sales in some Divisions. In particular, the **Chemicals Division** (organic change of -59.8%) was penalised by the effects of prolonged lockdowns in some geographical areas of China on the supply chain of the consumer electronics segment. With regard to the **High Vacuum Division**, the organic decrease (-8.8%) is due to the postponement to the following year for technical reasons of some projects carried out by the subsidiary Strumenti Scientifici Cinel S.r.l. In the **Packaging Division**, the organic decline (-34%) is mainly attributable to three specific factors: the contraction in consumption due to inflation, with negative repercussions on the entire packaging supply chain and, in particular, on the converting segment; strong stockpiling by customers in the first months of the year, due to extreme volatility in commodity prices and shortages of EVOH; reduction in liquidity, due to the energy crisis, which leads customers to purchase reduced volumes and on a consumption basis.

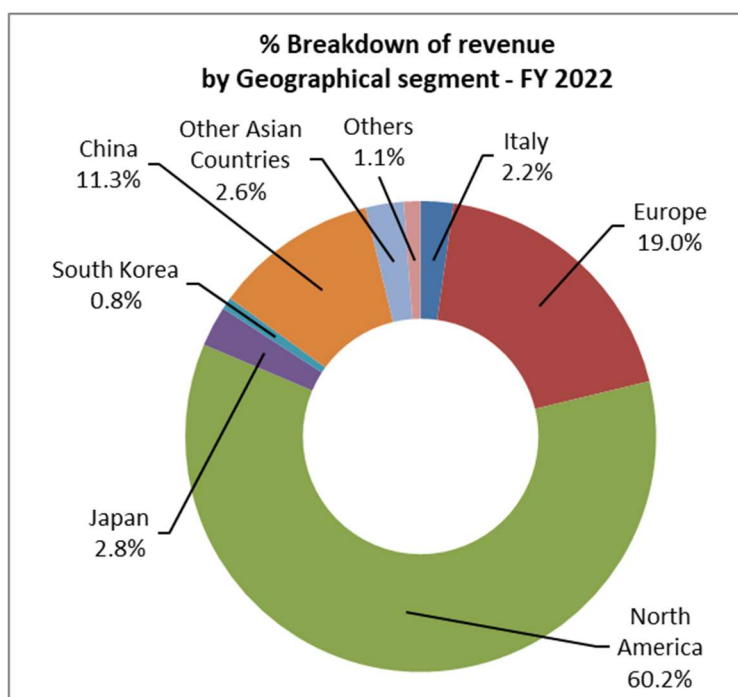
In the **Medical Nitinol Division**, revenue for the two quarters are substantially in line.

On the other hand, the **Industrial Division** recorded organic growth of 6.2%, mainly driven by the significant recovery in demand for getters for the defence sector.

The breakdown of the **consolidated revenue by geographic segment of customers** is provided below.

(thousand of euro)

Geographical segment	2022		2021		Total difference	Total difference %	Change in consolidation scope
	2022	%	2021	%			
Italy	5,607	2.2%	4,441	2.3%	1,166	26.3%	808
Europe	47,523	19.0%	31,710	16.7%	15,813	49.9%	3,700
North America	150,539	60.2%	110,956	58.3%	39,583	35.7%	1,764
Japan	6,943	2.8%	8,369	4.4%	(1,426)	-17.0%	0
South Korea	2,079	0.8%	2,085	1.1%	(6)	-0.3%	0
China	28,164	11.3%	25,815	13.6%	2,349	9.1%	0
Other Asian countries	6,557	2.6%	5,019	2.6%	1,538	30.6%	0
Others	2,853	1.1%	1,803	0.9%	1,050	58.2%	329
Consolidated revenue	250,265	100.0%	190,198	100.0%	60,067	31.6%	6,601



With regard to the **geographical distribution of consolidated revenue**, 2022 shows a strong increase in sales concentrated above all in the following geographical segments:

- **North America**, mainly driven by the Medical Nitinol Division and, to a lesser extent, by the vacuum pump business, the getters business for security & defence applications, and sintered materials (for defence, telecom, scientific research, healthcare);
- **Europe**, in particular in the high vacuum and packaging divisions;
- **China**, especially the sale of high vacuum devices, as well as the sale of SMA wire for telecom applications. The growth in sales in the packaging sector also favoured the increase in revenue in **Italy** and in **the rest of the world** (in particular, South Africa).

The only geographical segment that saw a drop in revenue was **Japan**, due to the different geographical distribution of vacuum pump revenue (higher sales in Europe, North America and China, but lower sales in Japan).

The **consolidated gross profit** was equal to 110,695 thousand euros in 2022, showing strong growth (+36.6%) compared to 81,028 thousand euros in 2021, despite the penalising effect of the energy expenditure in the Italian plants. In all Divisions, the gross profit was up, with the exception of the Chemicals Division, penalised by pressure on prices and higher costs for utilities. Growth was mainly concentrated in **Medical Nitinol** (+64.3%) and **High Vacuum** (+52.3%), both favoured by the strong increase in revenue and, in the case of the High Vacuum Division, also by the contribution of the recently acquired companies⁸, equal to 1,323 thousand euros. Lastly, the gross profit of the **Packaging Division**, which rose from 152 thousand euros to 1,307 thousand euros, should be noted, favoured by increased sales and greater economies of scale, despite the increase in the cost of plastic raw materials and energy.

The exchange rate effect was positive and equal to 8,690 thousand euros, while the change in the consolidation scope⁹ was also positive in the amount of 1,323 thousand euros.

The **gross profit margin** was also up, from 42.6% to 44.2%, driven by the **Medical Nitinol** Division (46.2%, compared to 39.7% in 2021). The **Packaging** Division recorded a sharp increase in the gross profit margin (from 2.6% to 12.3%), but was dilutive at consolidated level.

⁸ Strumenti Scientifici Cinel S.r.l. acquired in July 2021 and SAES RIAL Vacuum S.r.l. fully consolidated from May 25, 2022.

⁹ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

The following table shows the consolidated **gross profit** and **gross profit margin** in 2022 **by Division**, compared with the previous year.

(thousand of euro)					<i>of which:</i>
Divisions	2022	2021	Total difference	Difference %	Change in consolidation scope
SAES Industrial	35,494	33,314	2,180	6.5%	0
<i>% of the Division revenue</i>	<i>49.3%</i>	<i>51.8%</i>			<i>n.a.</i>
SAES High Vacuum	14,915	9,793	5,122	52.3%	1,323
<i>% of the Division revenue</i>	<i>48.2%</i>	<i>52.0%</i>			<i>20.0%</i>
SAES Medical Nitinol	56,304	34,272	22,032	64.3%	0
<i>% of the Division revenue</i>	<i>46.2%</i>	<i>39.7%</i>			<i>n.a.</i>
SAES Chemicals	2,824	3,833	(1,009)	-26.3%	0
<i>% of the Division revenue</i>	<i>19.2%</i>	<i>25.9%</i>			<i>n.a.</i>
SAES Packaging	1,307	152	1,155	759.9%	0
<i>% of the Division revenue</i>	<i>12.3%</i>	<i>2.6%</i>			<i>n.a.</i>
Not Allocated	(149)	(336)	187	-55.7%	0
<i>% of the Division revenue</i>	<i>n.a.</i>	<i>n.a.</i>			<i>n.a.</i>
Gross profit	110,695	81,028	29,667	36.6%	1,323
<i>Gross profit margin</i>	<i>44.2%</i>	<i>42.6%</i>			<i>20.0%</i>

In the **Industrial Division**, gross profit was 35,494 thousand euros in 2022, up 6.5% compared to 33,314 thousand euros in 2021, thanks to higher revenue, especially in the **SMA Industrial** and **Sintered Materials** segments. In the more traditional business of **Getters & Dispensers**, the increase in sales was partially offset by a reduction in gross profit margin, penalised by a different product mix and by the increase in energy costs in the Italian plants.

In the **High Vacuum Division**, gross profit amounted to 14,915 thousand euros in 2022, up sharply (+52.3%) compared to 9,793 thousand euros in 2021: the growth is attributable to both the organic increase in revenue (+25.4%) and the change in the consolidation scope (acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and purchase of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022), the effect of which was equal to +1,323 thousand euros.

Gross profit margins, however, fell from 52% to 48.2% mainly due to the diluting effect of the change in the consolidation scope (excluding the latter, the gross profit margin would have been equal to 55.8%, higher than the previous year).

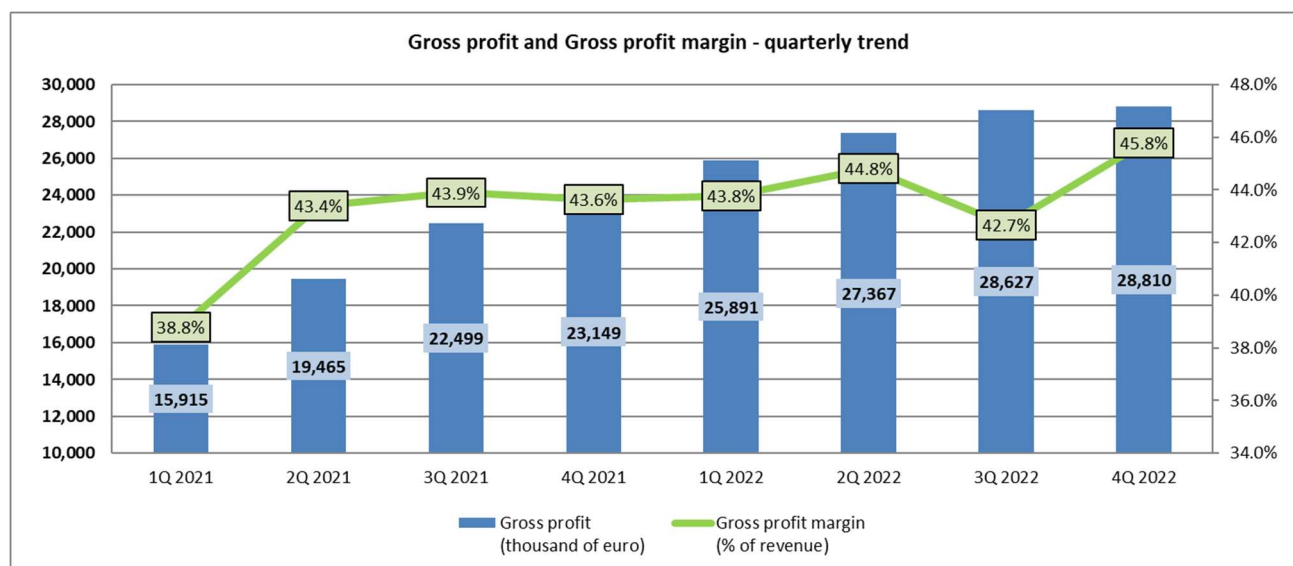
In the **Medical Division**, gross profit was equal to 56,304 thousand euros in 2022, up sharply (+64.3%) compared to 34,272 thousand euros in 2021, while the gross profit margin went from 39.7% to 46.2%: the Division's excellent performance is due both to the increase in revenue and related economies of scale, and to the progressive improvement in the production yield of the new tube department.

The **Chemicals Division** closed 2022 with a gross profit of 2,824 thousand euros (19.2% of revenue), down compared to 3,833 thousand euros in the previous year (25.9% of revenue), penalised by the pressure on prices and higher costs for utilities, against substantially stable revenue.

The **Packaging Division** closed 2022 with a gross profit of 1,307 thousand euros (12.3% of revenue), compared to 152 thousand euros (2.6% of revenue) in the previous year, driven by the increase of revenue and greater economies of scale, despite the increase in the cost of raw materials and energy and the fact that the new lacquering line is not yet working at full capacity.

The unallocated gross loss (**Not Allocated**), of 149 thousand euros in 2022, refers exclusively to the new B!POD project developed by the SAES Design House, for which the first commercial launch took place at the end of April 2022 and new product launches are planned during 2023. In the previous year, the unallocated gross loss was equal to -336 thousand euros, referring exclusively to the renovation and safety project of some production departments of the Lainate site, which ended at the end of 2021.

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



The **growth trend** that began in 2021 continued in 2022. In particular, after a first quarter of 2021 still penalised by the effects of the pandemic, starting from the second quarter of 2021 both the **gross profit** and the **gross profit margin** showed progressive growth, which was further consolidated during the current year, mainly driven by the Medical Nitinol Division, in turn favoured by the resumption of elective therapies. Gross profit margins contracted slightly only in the third quarter of 2022, generalised in almost all Divisions and mainly due to higher energy expenditure (electricity and gas in Italian plants).

The **consolidated operating profit** for 2022 totalled 41,172 thousand euros (16.5% of consolidated revenue), almost double (+85%) compared to 22,252 thousand euros (11.7% of consolidated revenue) in the previous year. Excluding both the positive exchange rate effect (equal to +6,857 thousand euros) and the change in the consolidation scope¹⁰ (negative in the amount of 200 thousand euros), the organic change is equal to +12,263 thousand euros. Also excluding non-recurring items relating to both 2022 (costs for the settlement for the heirs of a key employee of the Parent, equal to 1,890 thousand euros; consultancy costs for preliminary assessments relating to the sale of the Medical Nitinol business, equal to 2,223 thousand euros; costs for the liquidation of the Korean subsidiary, amounting to 479 thousand euros, for a total of 4,592 thousand euros) and 2021 (1,500 thousand euros for impairment testing in the packaging sector and 1,100 thousand euros for the cancellation of an advance for a potential equity investment not made, again in the packaging business, for a total of 2,600 thousand euros), the consolidated operating profit would have increased organically by 14,255 thousand euros, very strong growth (+64.1%) compared to 2021. The increase is attributable to the better industrial performance of the **Medical Nitinol** Division and, with lower absolute values, of the **High Vacuum** Division, despite the **increase in operating costs** (personnel expense due to the increase in the average workforce in both the USA and Italy, consultancy and marketing costs related to the launch of the new B!POD project, as well as, at lower amounts, expenses for travel, energy and insurance coverage).

¹⁰ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

Finally, in the current year the item “Other expenses” includes donations to support Ukraine equal to 100 thousand euros.

The following table shows **consolidated operating profit** for 2022 **by Division**, compared with the previous year.

(thousand of euro)

of which:

Divisions	2022	2021	Total difference	Difference %	Change in consolidation scope
SAES Industrial	19,595	21,766	(2,171)	-10.0%	0
SAES High Vacuum	7,220	4,745	2,475	52.2%	(200)
SAES Medical Nitinol	44,096	25,643	18,453	72.0%	0
SAES Chemicals	849	2,603	(1,754)	-67.4%	0
SAES Packaging	(1,967)	(6,080)	4,113	-67.6%	0
Not Allocated	(28,621)	(26,425)	(2,196)	8.3%	0
Operating profit	41,172	22,252	18,920	85.0%	(200)
<i>Operating profit margin</i>	<i>16.5%</i>	<i>11.7%</i>			<i>-3.0%</i>

The operating profit of the **Industrial Division** amounted to 19,595 thousand euros in 2022, compared to 21,766 thousand euros in 2021: the decrease is exclusively attributable to non-recurring selling expenses following the settlement to the heirs of a key employee of the Parent (1,890 thousand euros).

The operating profit of the **High Vacuum Division** amounted to 7,220 thousand euros, almost double compared to 4,745 thousand euros in the previous year. The strong increase is entirely due to the increase in revenue and the gross profit; on the other hand, the increase in operating costs, amounting to 2,623 thousand euros, is attributable to higher costs for personnel, amortisation/depreciation and consultancy, as a result of the change in the consolidation scope.

The operating profit of the **Medical Nitinol Division** amounted to 44,096 thousand euros, almost doubling compared to 25,643 thousand euros in 2021. The strong increase (+72%) is mainly attributable to higher sales and better industrial performance; this increase would have been even more significant (80.6%), excluding non-recurring consultancy expenses for preliminary assessments for the sale of the business, equal to 2,223 thousand euros, which had a negative effect on 2022.

The operating profit of the **Chemicals Division** amounted to 849 thousand euros, compared to 2,603 thousand euros in the previous year, due to the reduction in gross profit margins (affected by the pressure on prices) and higher selling expenses (higher personnel expense and consultancy costs for scouting activities).

The operating loss of the **Packaging Division** was 1,967 thousand euros, an improvement compared to 6,080 thousand euros in the previous year, thanks to the increase in revenue and the fact that the figure for the previous year included both the impairment loss of 1,500 thousand euros as a result of the impairment test, and the cancellation of the advance of 1,100 thousand euros for a potential investment that was then postponed.

The unallocated (**Not Allocated**) operating loss, equal to 28,621 thousand euros, against 26,425 thousand euros in 2021, and which in both years includes not only corporate costs, i.e. those expenses that cannot be directly attributed or allocated in a reasonable way to the business sectors, but that refer to the Group as a whole, but also the costs related to the basic research projects, aimed at diversifying into innovative businesses. The worsening is mainly attributable to the non-recurring costs for the liquidation of the Korean

subsidiary (479 thousand euros), as well as to higher consultancy costs, also relating to the B!POD project, costs for insurance coverage and IT projects.

Finally, in the current year the item “Other expenses” includes donations to support Ukraine for a total of 100 thousand euros.

Consolidated operating costs were 69,597 thousand euros (27.8% of revenue), compared to 57,948 thousand euros (30.5% of revenue) in the previous year. Excluding the exchange rate effect (which increased operating costs by +1,916 thousand euros), the effect linked to the change in the consolidation scope¹¹ (+1,503 thousand euros) and the aforementioned non-recurring operating costs (equal to 4,592 thousand euros¹² in 2022 and 1,500 thousand euros in the previous year¹³), operating costs would have increased by only 5,138 thousand euros; the increase is mainly concentrated in **selling expenses**¹⁴ (higher personnel expense for upgrading mainly of the US sales network, in addition to higher consultancy and marketing costs related to the launch of the B!POD and RedZone projects, travel expenses and commissions on sales of SMA wire for industrial application).

On the other hand, the increase in **general and administrative expenses** (salary increases mainly by the Parent and higher variable remuneration linked to good performance, as well as higher costs for insurance coverage and IT projects), and in **research and development expenses** (slight increase in the costs of personnel employed in research at the Parent, as well as expenses related to the restructuring of the laboratories in Lainate and higher costs for energy and gas) was much more contained.

(thousand of euro)					<i>of which:</i>
	2022	2021	Total difference	Difference %	Change in consolidation scope
Research & development expenses	(12,657)	(11,704)	(953)	8.1%	(91)
Selling expenses	(20,654)	(13,071)	(7,583)	58.0%	(777)
General & administrative expenses	(36,147)	(33,104)	(3,043)	9.2%	(567)
Impairment losses on trade receivables	(139)	(69)	(70)	101.4%	(68)
Total operating costs	(69,597)	(57,948)	(11,649)	20.1%	(1,503)
<i>% of revenue</i>	<i>27.8%</i>	<i>30.5%</i>			<i>22.8%</i>

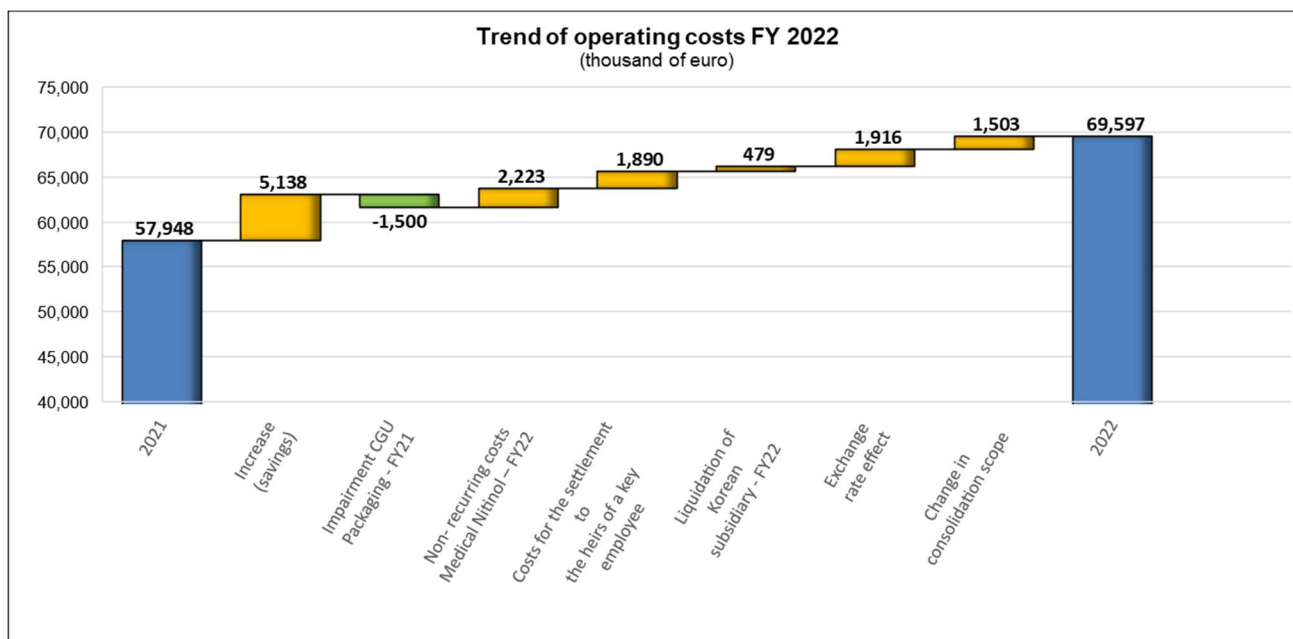
The chart below shows the **trend of consolidated operating costs** in 2022, highlighting the effect attributable to exchange rates, the organic change and the impact of non-recurring costs, as well as the change related to the acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

¹¹ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

¹² Costs for the settlement to the heirs of a key employee of the Parent, equal to 1,890 thousand of euro; consultancy costs for preliminary assessments relating to the sale of the Medical Nitinol business, amounting to 2,223 thousand of euro; costs for the liquidation of the Korean subsidiary, equal to 479 thousand of euro.

¹³ Impairment loss due to impairment testing in the packaging segment.

¹⁴ Inclusive of Impairment losses on trade receivables (-139 thousand of euro at December 31, 2022, compared to -69 thousand of euro at December 31, 2021).



Overall, personnel expense was 99,389 thousand euros in 2022, compared to 82,158 thousand euros in 2021. Excluding the exchange rate effect (+6,079 thousand euros) and the change in consolidation scope effect¹⁵ (+2,187 thousand euros), as well as the non-recurring costs (settlement to heirs of the key employee of the Parent equal to 1,890 thousand euros and costs for outgoing personnel of the Korean subsidiary, equal to 419 thousand euros), the increase (+6,656 thousand euros) is attributable to the increase in the average number of employees at all US manufacturing related companies (business recovery after the pandemic phase) and at the Parent (increase in production staff at the Avezzano plant, as well as an increase in sales and research staff, in addition to salary increases in the G&A area). In addition, the higher allocation for bonuses, related to the improvement in operating performance, should be noted. The greater use of temporary work at the Parent's Avezzano plant and at SAES Smart Materials, Inc. was offset by less recourse to temporary work at Memry Corporation.

The profit for the year takes into account the **amortisation/depreciation** of both **property, plant and equipment** and **intangible assets**, and **right-of-use** assets equal to 15,223 thousand euros, compared with 12,093 thousand euros in the previous year; the increase is mainly attributable, not only to the exchange rate effect (+716 thousand euros) and the change in consolidation scope effect¹⁶ (+1,113 thousand euros), but also to the higher amortisation/depreciation of Memry Corporation (in particular, depreciation of new plant and equipment both for the expansion of the existing production capacity, and for the new tube department in Bethel), of SAES Smart Materials, Inc. (in particular, amortisation of the investment for the building expansion) and of the Parent (mainly as a result of the refurbishment of laboratories and certain areas for office use, as well as the commissioning of the new emulsification pilot plant and amortisation related to the BIPOD project).

Consolidated EBITDA was equal to 56,734 thousand euros in 2022 (22.7% of consolidated revenue), up sharply (+58.3%) compared to 35,845 thousand euros in 2021 (18.8% of consolidated revenue). Net of the positive exchange rate effect (+7,600 thousand euros), the change in the consolidation scope¹⁷ (+913 thousand euros)

¹⁵ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

¹⁶ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022, including the higher depreciation of property, plant and equipment and amortisation of intangible assets identified in relation to the business combinations of its companies, in accordance with the provisions of IFRS 3.

¹⁷ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

and the non-recurring costs of both years (in 2022: costs for settlement to heirs of a key employee of the Parent, equal to 1,890 thousand euros; consultancy costs for preliminary assessments relating to the sale of the Medical Nitinol business, equal to 2,223 thousand euros; costs for the liquidation of the Korean subsidiary, equal to 479 thousand euros; in 2021: 1,100 thousand euros for the cancellation of an advance for a potential equity investment not made in the packaging business), the change in EBITDA would have been positive for +15,868 thousand euros (+ 44.3%), in line with the organic increase in the operating profit and driven by the growth in performance in the **Medical Nitinol** and **High Vacuum** Divisions.

The table below shows the **reconciliation of EBITDA and operating profit** in 2022, together with a comparison with last year.

(thousand of euro)					<i>of which:</i>
	2022	2021	Total difference	Difference %	Change in consolidation scope
Operating profit	41,172	22,252	18,920	85.0%	(200)
Depreciation of property, plant and equipment and amortisation of intangible assets	(12,601)	(9,798)	(2,803)	28.6%	(953)
Depreciation of right-of-use assets	(2,622)	(2,295)	(327)	14.2%	(160)
Impairment losses on property, plant and equipment and intangible assets	(339)	(1,500)	1,161	-77.4%	0
EBITDA	56,734	35,845	20,889	58.3%	913
<i>% of revenue</i>	<i>22.7%</i>	<i>18.8%</i>			<i>13.8%</i>

Net **other income** was essentially immaterial and equal to 74 thousand euros in 2022, compared to net other expenses of 828 thousand euros in 2021.

The positive change, for +902 thousand euros, is mainly attributable to the cost in the previous year (-1,100 thousand euros) related to the cancellation of the advance for a potential non-controlling investment in the packaging business, subsequently suspended due to a change in strategy.

The amount for 2022 includes the cost for donations to support Ukraine, equal to 100 thousand euros (70 thousand euros given to a local volunteer network in connection with the Ukrainian Embassy in Italy and 30 thousand euros assigned to an Italian refugee assistance organisation). In both years, the item “other income” includes the amounts related to the tax credit of the Parent on R&D expenses¹⁸ (+413 thousand euros¹⁹ pertaining to 2022, compared to +454 thousand euros²⁰ pertaining to the previous year).

Net **financial expenses** was 13,359 thousand euros in 2022, against net financial income of 2,019 thousand euros in 2021.

The negative change (-15,378 thousand euros) is mainly attributable to the loss from securities management (12,871 thousand euros in the current year, compared to a profit of 3,532 thousand euros in the previous year) which was affected by international tensions also resulting from the conflict in Ukraine, only partially offset by lower interest on loans (change of +519 thousand euros) following the rescheduling of Group loans (the Parent, at the end of 2021, proceeded with the early repayment of all existing loans, replaced by the Lombard loan taken out by SAES Investments S.A., with the aim of reducing financial pressure on financial results).

In 2022 the item “financial income” includes income of 339 thousand euros deriving from the remeasurement at fair value of the previous investment (49%) in SAES RIAL Vacuum S.r.l. before the purchase on May 25, 2022 of the entire quota capital and full consolidation; financial expense includes the expense, equal to 234

¹⁸ Law No. 160 of December 27, 2019, par. 198 to 209 (2020 Budget Law).

¹⁹ In addition to the income of 413 thousand euros, in 2022 an expense of 12 thousand of euro was also recognised, as an adjustment to the amount recognised in 2021.

²⁰ Income equal to 454 thousand euros and expense equal to 29 thousand euros, to balance the amount recognised in 2020.

thousand euros, for the recognition of the onerous contract related to the irrevocable commitment of the Group to pay the first tranche of the additional convertible loan in favour of Flexterra, Inc. resolved on December 7, 2022.

The item “**Impairment losses on loan assets and other financial assets**” amounted to -2,364 thousand euros in 2022, compared to -2,148 thousand euros in the previous year.

Both amounts include the impairment losses on assets related to the interest accrued on the loans granted by the Group to the joint ventures Actuator Solutions GmbH and Flexterra, Inc. because they are deemed difficult to recover, based on the information available.

The 2022 balance also includes the impairment, in the amount of 1,819 thousand euros, of the entire convertible loan (principal and interest portion) to the German company RapiTag GmbH, as a result of the failure to achieve the set business objectives and the uncertainty about the future development of the business. In the previous year, the second convertible loan (principal amount of 1,734 thousand euros) granted to Flexterra, Inc. during the second half of 2021 was impaired.

The **share of profit (loss) of equity-accounted investees** amounted to -433 thousand euros in 2022 and compares with +200 thousand euros in the previous year. The change is mainly attributable to the loss of the joint venture Actuator Solutions GmbH and corresponds to the share capital increases of 600 thousand euros paid by SAES in 2022. This loss was accounted for with the objective of reducing the carrying amount of SAES’s investment to zero, as the equity of the joint venture was negative, without setting up any provision for risks, as there is no legal or implicit obligation for further recapitalisation by the Group as of today.

In both years, the item also includes the share of the profit of the joint venture SAES RIAL Vacuum S.r.l. (+167 thousand euros in 2022, compared to +200 thousand euros in 2021), with the difference that the amount for 2022, instead of being referred to the entire year, refers to the period from January 1 to May 25, 2022 (date of closing of the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. by the SAES Group).

For further details on the breakdown of these amounts, please refer to the paragraph “Performance of the joint ventures in 2022” and to Notes no. 8 and no. 17 of the Consolidated Financial Statements at December 31, 2022.

Lastly, similarly to last year, the share of the loss realised by the Flexterra joint venture was not recognised, as SAES’s shareholding had already been fully impaired and no legal or implicit recapitalisation obligation by the Group existed to date.

Net exchange losses came to 559 thousand euros in 2022, compared to 230 thousand euros in the previous year. The increase was mainly due to higher realised losses on forward contracts entered into to hedge commercial transactions in US dollars in 2022, which were only partially adjusted by the positive fair value valuation of forward contracts entered into to hedge foreign currency sales estimated for 2023.

The **pre-tax profit** amounted to 24,457 thousand euros in 2022, up by 10.7% compared to 22,093 thousand euros in the previous year; despite the excellent performance of operations (operating profit almost doubled compared to 2021), the growth in the pre-tax profit is lower, due to the reduction in the value of the securities portfolio (negative balance of -12,871 thousand euros), due to international tensions, including as a result of the conflict in Ukraine.

Income taxes in 2022 amounted to 12,107 thousand euros, compared to 9,296 thousand euros in 2021 and mainly include the taxes of manufacturing companies in the USA; the increase in absolute value is attributable not only to the penalising effect of exchange rates, but also to the higher taxable income realised by the latter, compared to the previous year.

The Group’s effective **tax rate** increased from 42.1% to 49.5%: the worsening is due to the fact that SAES Investments S.A. closed the current year with a taxable loss²¹, with reference to which deferred tax assets were not prudentially recognised.

²¹ Loss caused by the negative performance of the securities portfolio held by the company.



The **consolidated profit** for 2022 amounted to 12,350 thousand euros, unchanged compared to 12,797 thousand euros in the previous year. Also in this case, the excellent performance of operations was penalised by the aforementioned loss on securities.

Financial position – Investments – Other information

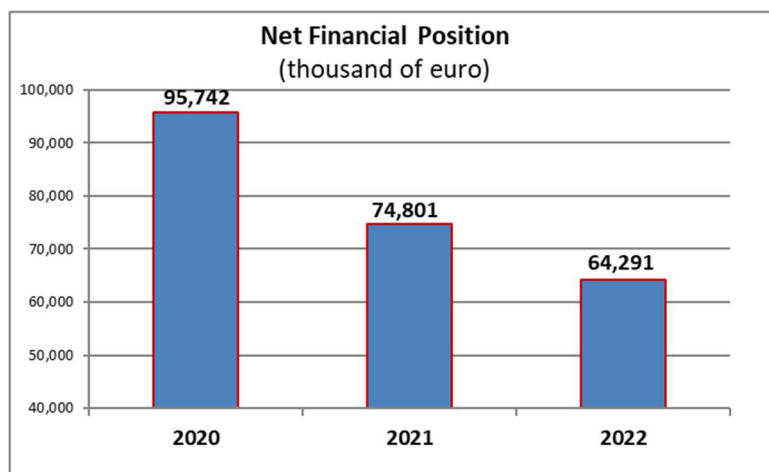
A breakdown of the items making up the consolidated net financial position is provided below.

(thousand of euro)

	December 31, 2022	June 30, 2022	December 31, 2021
Cash	10	8	9
Cash equivalents	42,129	35,127	29,509
Cash and cash equivalents	42,139	35,135	29,518
Financial assets with related parties	0	0	1
Securities	145,484	85,761	94,655
Derivative financial instruments	259	0	9
Current financial assets	145,743	85,761	94,665
Bank loans and borrowings	(65,302)	(77,530)	(63,935)
Current portion of non-current liabilities	(52,094)	(99)	(109)
Derivative financial instruments	0	(354)	0
Other financial liabilities	(30)	(7)	(20)
Lease liabilities	(2,545)	(2,233)	(2,409)
Current financial liabilities	(119,971)	(80,223)	(66,473)
Current financial position	67,911	40,673	57,710
Financial assets with related parties	0	0	49
Other financial assets with third parties	0	1,618	1,424
Securities	0	67,072	71,887
Non-current financial assets	0	68,690	73,360
Financial liabilities	(119)	(52,171)	(52,199)
Lease liabilities	(3,039)	(3,669)	(4,070)
Other financial liabilities	(462)	(457)	0
Non-current financial indebtedness	(3,620)	(56,297)	(56,269)
Non-current net financial position (indebtedness)	(3,620)	12,393	17,091
Net financial position	64,291	53,066	74,801

The Net Financial Position figure does not coincide with the Total Financial indebtedness figure, which was prepared in accordance with the indications contained in paragraphs 175 and following of the ESMA Guidelines of March 4, 2021. For the reconciliation of the two figures, see the paragraph “Alternative performance indicators - Net Financial Position (NFP)” of this Report.

The **consolidated net financial position** at December 31, 2022 was 64,291 thousand euros (cash and cash equivalents of 42,139 thousand euros and securities in portfolio of 145,484 thousand euros, against net financial liabilities of 123,332 thousand euros) and compares with financial position of 74,801 thousand euros at December 31, 2021 (cash and cash equivalents of 29,518 thousand euros, securities in portfolio of 166,542 thousand euros, against net financial liabilities of 121,259 thousand euros).



Compared to December 31, 2021, the decrease in the net financial position (-10,510 thousand euros), despite the excellent operating profit (+37,173 thousand euros), although penalised by the increase in net working capital, is mainly attributable to the negative performance of securities in the portfolio (-12,871 thousand euros), to which must be added the disbursement for the dividends for 2021, paid at the end of April 2022 (-8,530 thousand euros) and the disbursement for the purchase of the residual 51% of the quota capital of SAES RIAL Vacuum S.r.l. (-5,460 thousand euros²²), as well as net investments in property, plant and equipment and intangible assets (-15,864 thousand euros).

With regard to **operating activities** (net cash inflows of 37,173 thousand euros), the self-financing of the year was partially absorbed by the increase in net working capital, in particular an increase in inventories (in anticipation of increased future sales) and trade receivables (as a result of higher sales in 2022, compared to the last months of 2021). Lastly, there were payments of benefits to employees for -8,296 thousand euros²³ and cash outflows for taxes for -12,702 thousand euros.

As regards **investing activities**, in addition to what has been highlighted above (i.e., capex, securities performance and non-recurring transaction on the quota capital of SAES RIAL Vacuum S.r.l.), of note are:

- the cash outflows, totalling 600 thousand euros, for two share capital increases carried out at the end of 2022 in favour of the joint venture Actuator Solutions GmbH;
- the impairment loss on the convertible loan granted to the German company Rapitag GmbH (-1,819 thousand euros), net of interest accrued in 2022 (+97 thousand euros);
- net investments of -190 thousand euros in the EUREKA! venture capital fund;
- other interest and financial income collected, equal to 291 thousand euros.

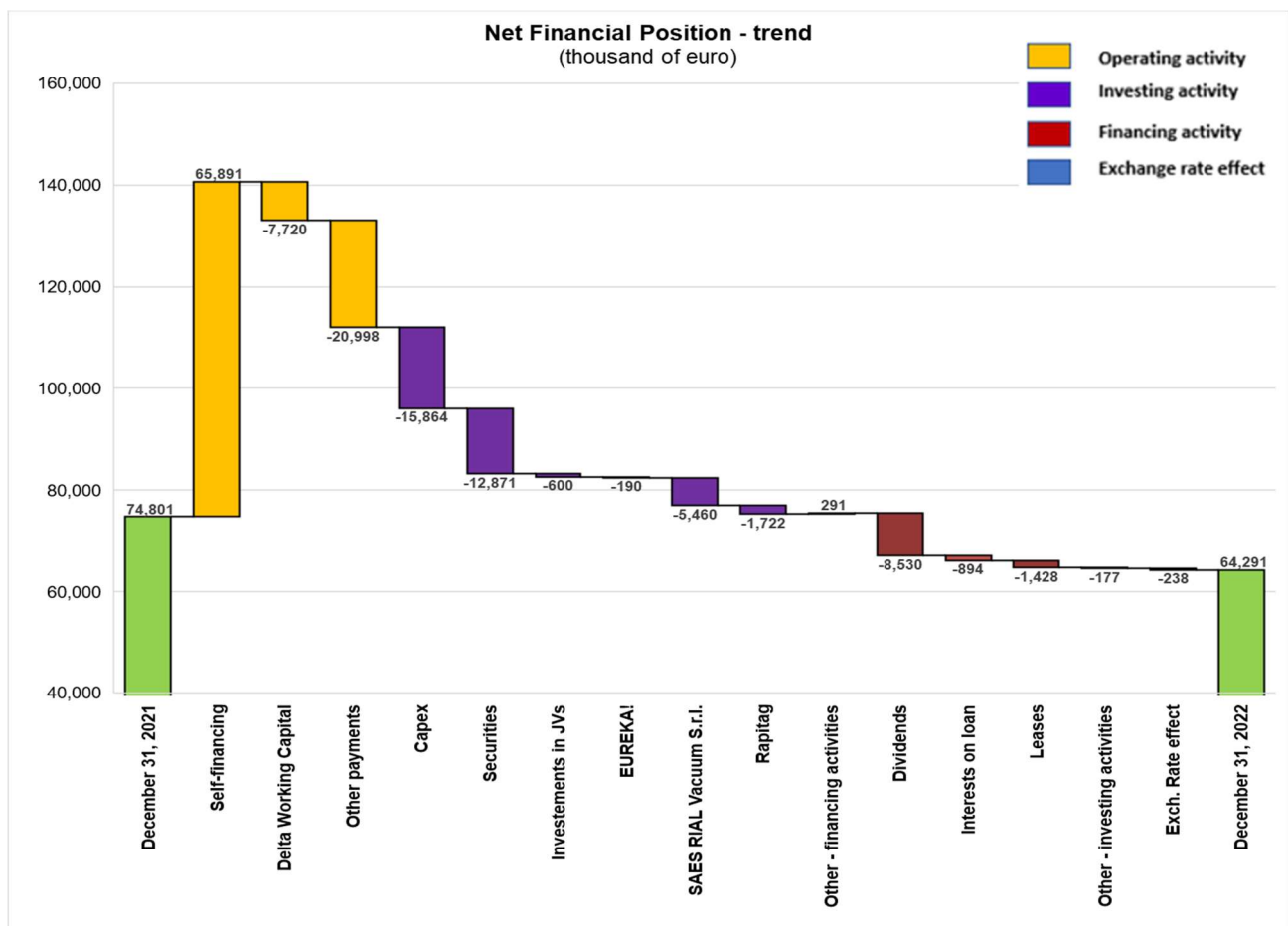
Finally, within financing activities, the following are also highlighted:

- financial liabilities for new lease contracts or for renewed contracts (including interest accrued during the year and the financial effect of the early termination of some contracts) totalling -1,428 thousand euros;
- net interest accrued on loans, equal to -894 thousand euros;
- other interest and financial expense paid equal to -427 thousand euros, partially offset by higher assets for financial hedging instruments (+250 thousand euros).

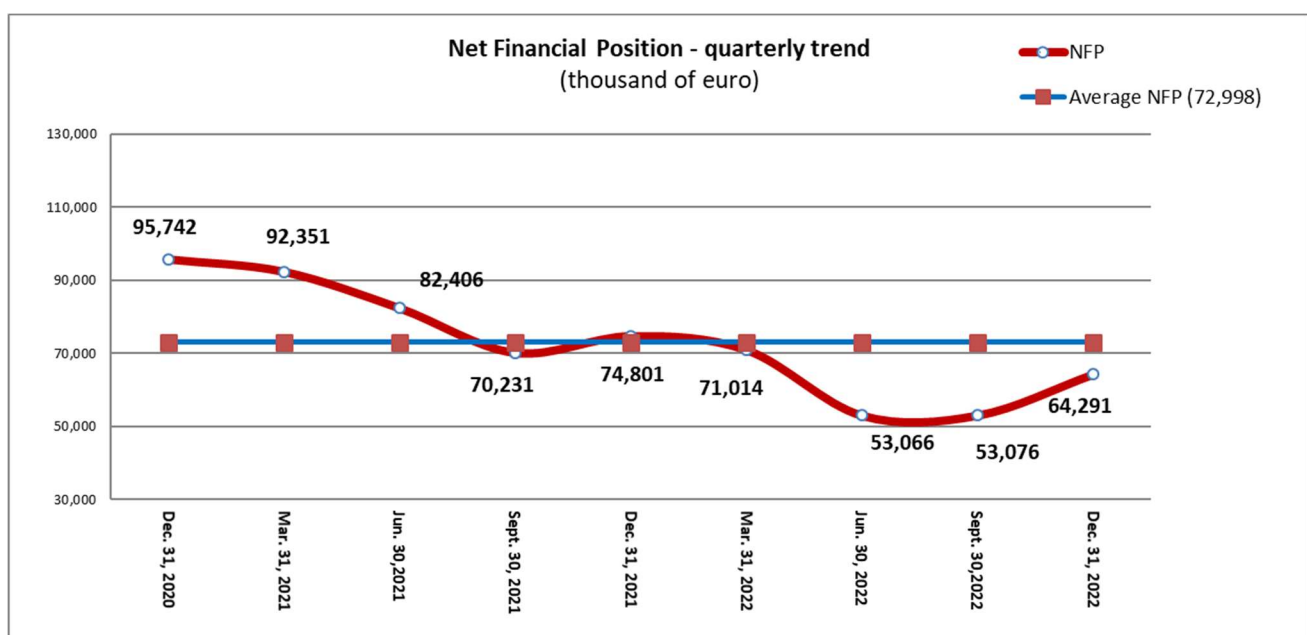
²² The amount includes, in addition to the amount paid by the Group at the closing date (4,750 thousand euros), the present value of the financial liability for the deferred consideration (462 thousand euros), in addition to the net indebtedness of SAES RIAL Vacuum S.r.l. at May 25, 2022 (248 thousand euros).

²³ Mostly payments for bonuses pertaining to 2021 and other benefits paid to the heirs of a key employee of the Parent.

The **exchange rate effect** was negative (-238 thousand euros), mainly due to the impact of the depreciation of the renminbi on cash and cash equivalents held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and the appreciation of the dollar on financial liabilities for leases held by the US subsidiaries.

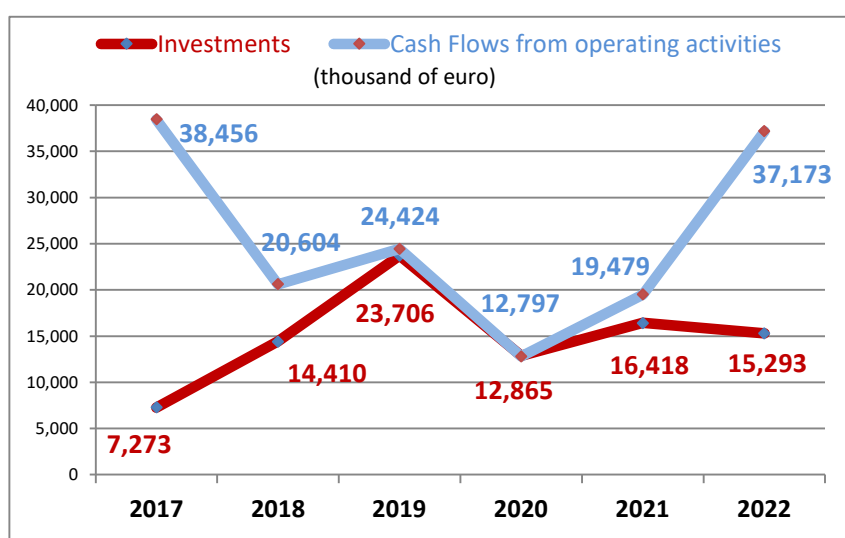


The chart below shows the **quarterly trend of the net financial position** during the last two years.



The net financial position in the **first quarter of 2022** was exclusively penalised by the decrease in the fair value of the securities in the portfolio also as a result of the Ukraine-Russia conflict (-5,526 thousand euros for the performance of securities as at March 31, 2022), while in the **second quarter of 2022** we note the payment of dividends (-8,530 thousand euros), as well as cash outflows related to both the securities portfolio (-7,589 thousand euros) and the acquisition of SAES RIAL Vacuum S.r.l. (-5,454 thousand euros). In the **third quarter of 2022**, the net financial position was unchanged; the cash flows from operations were offset by the capex (-4,151 thousand euros) and the cash outflows related to the securities portfolio (-2,861 thousand euros). In the **fourth quarter of 2022**, there was a reversal of the trend with an improvement in the net financial position due to the combined effect of the excellent cash flows from operating activities and the recovery of the securities portfolio (+3,105 thousand euros).

The net financial position in the **first quarter of 2021** was negatively impacted above all by the increase in net working capital, which caused net cash outflows from operations. In the **second and third quarters of 2021**, the net financial position was further reduced as a result, respectively, of the payment of dividends and the acquisition of Strumenti Scientifici Cinel S.r.l. On the other hand, in the **fourth quarter of 2021** there was a turnaround thanks to cash flows from operations, partially balanced by the capex and the impairment losses on the principal portion of the *convertible note* granted to Flexterra, Inc. during the second half of 2021.



The net **cash inflows from operating activities** were 37,173 thousand euros, an increase compared to 19,479 thousand euros in the previous year; the sharp increase in self-financing, in line with that recorded in the consolidated EBITDA, was only partially offset by the higher payments for tax (related in particular to the higher taxable income of the US subsidiaries) and for employee benefits (in particular, payment to the heirs of a key employee of the Parent, as well as higher cash outflows for variable remuneration pertaining to the previous year, paid in the current year).

With regard to the **net working capital** compared to December 31, 2021, the following are noted:

- 1) the **increase in inventories** concentrated both in the Parent (new B!POD project in Lainate and higher inventories of finished Chemicals products at the Avezzano production unit, to meet future sales, also in light of the decline recorded in the last period of the year, mainly caused by prolonged lockdowns in some areas of China), and in SAES Coated Films S.p.A. (higher inventories of raw materials and finished goods, following the drop in demand in the last part of the year, against a recovery in orders in the first months of 2023); in the Medical Nitinol business, The increase in inventories of raw materials is offset by a decrease in semi-finished products, due to some delays in the supply chain relating especially to the production of tubes;
- 2) the increase in **trade receivables**, as a result of higher sales in the Medical Nitinol Division in the last part of the current year compared to the corresponding period of the previous year, only partially offset by the slowdown in demand in the Chemicals Division.

The increase in trade receivables and inventories is partially offset by the increase in **trade payables**, in particular for the new B!POD project of the Parent (payables for both materials and marketing costs), as well as for consultancy for strategic projects.

Finally, the **change in the consolidation scope**, following the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. in May 2022, resulted in an increase in net working capital of 2,131 thousand euros (trade receivables of +1,387 thousand euros; inventories of +1,763 thousand euros; trade payables of -1,019 thousand euros). The **exchange rate effect**, almost exclusively attributable to the appreciation of the US dollar, instead led to an increase in working capital of 2,070 thousand euros.

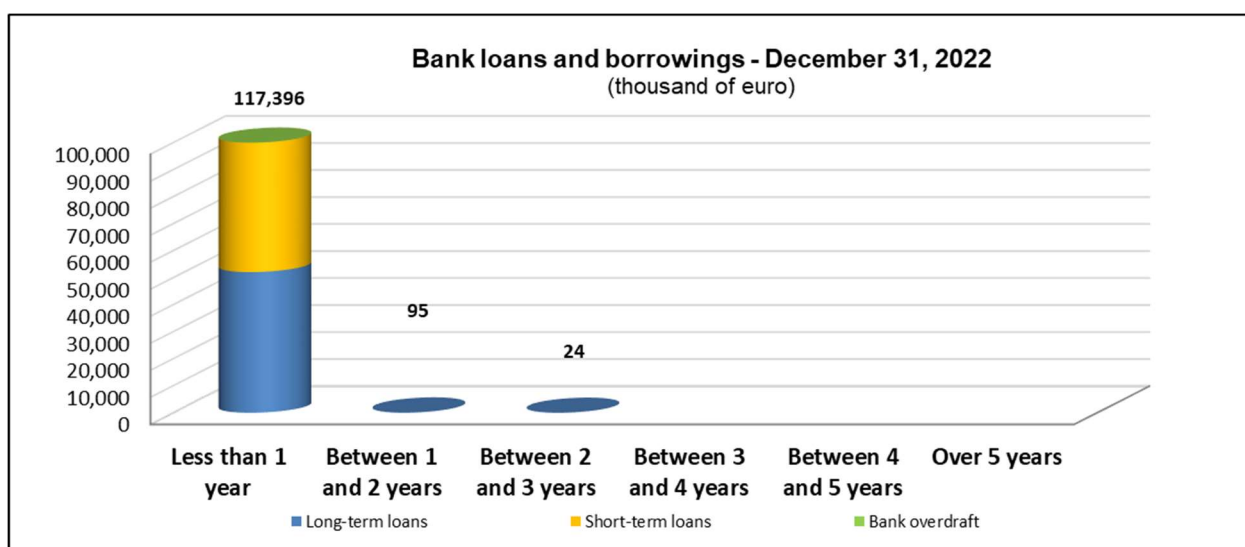
In 2022, cash outflows for **investments for the purchase of property, plant and equipment** amounted to 15,293 thousand euros, down compared to 16,418 thousand euros in 2021; on the other hand, **investments in intangible assets** were up (602 thousand euros, compared to 192 thousand euros at December 31, 2021), albeit still insignificant in absolute value.

Capex in 2022 includes investments related to the finalisation of a new department to manufacture Nitinol tubes at the Bethel plant, as well as those aimed at the expansion of the production capacity of a number of existing lines, again in the medical business. Please also note the expansion works of the building of the subsidiary SAES Smart Materials, Inc. The remaining portion investments was made mainly by the Parent and refers to the purchase of equipment for High Vacuum and SMA Industrial productions, related to the new B!POD project. Also with regard to SAES Getters S.p.A., note should be taken of the investments for the renovation and modernisation of the corporate labs in Lainate, as well as the purchase of the emulsification pilot plant and other specific instrumentation for the R&D laboratories. Lastly, new plant and process instrumentation were also acquired by the subsidiaries SAES Getters/U.S.A. Inc. and Spectra-Mat, Inc. Increases in intangible assets mainly refer to capitalisable costs related to the development phase²⁴ of the new website for the B!POD project and to updates or new developments of software programs by the subsidiary Memry Corporation and the most recently acquired companies (Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l.).

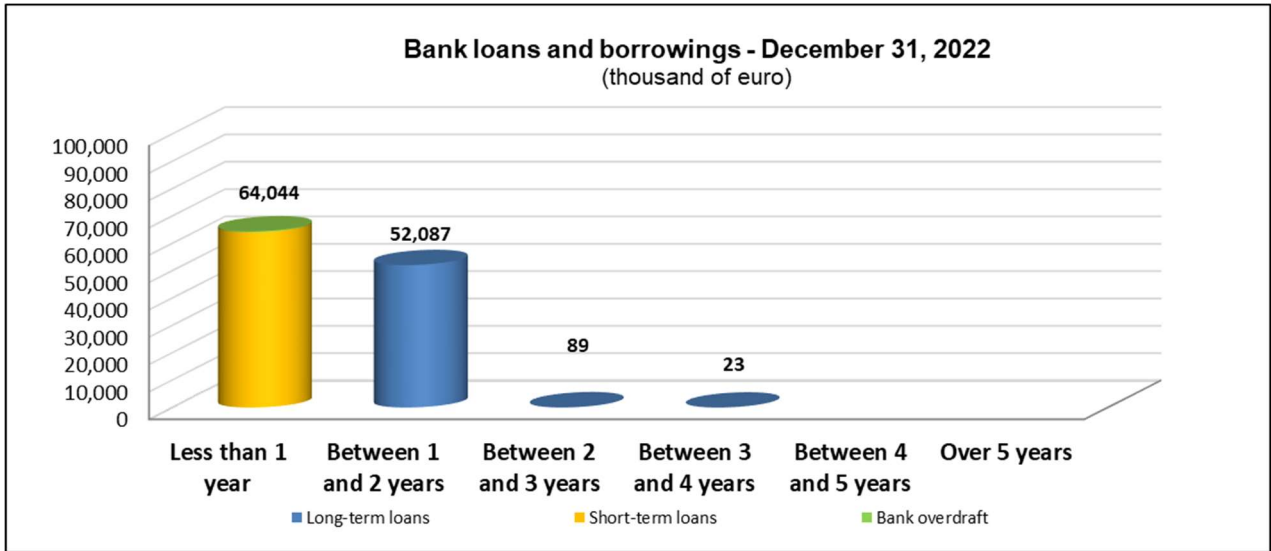
For further details on the capex, please refer to Notes no. 13 and no. 14 of the Consolidated Financial Statements at December 31, 2022.

With regard to the **disposals of non-current assets**, the collections for the disposal of assets were of an immaterial amount in both years (+31 thousand euros in 2022, compared to +7 thousand euros in 2021).

The following chart shows the **maturity profile of consolidated bank debt** at December 31, 2022 compared with the end of the previous year.



²⁴ In accordance with the provisions of SIC 32, the expenses incurred in the development phase of the content are excluded from capitalisation.

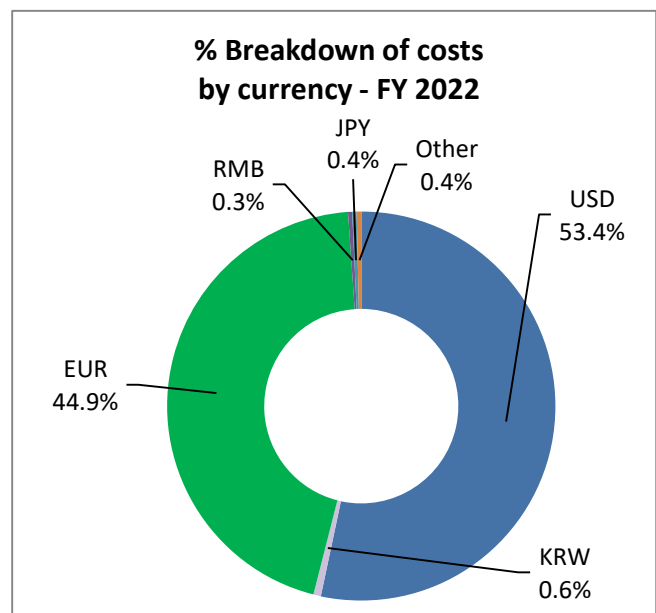
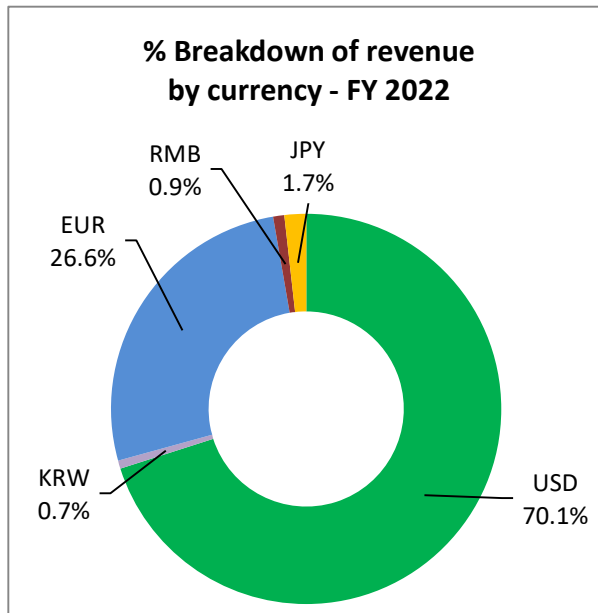


The maturity profile of the bank debt as at December 31, 2022 changed compared to the end of the previous year because the Lombard loan taken out with JP Morgan at the end of 2021 (two-year duration) will mature by the end of 2023.

To guarantee the necessary financial coverage by the maturity, the Group is renegotiating with lenders the renewal of the RCF credit lines falling due, not excluding possible recourse to transactions on the current securities portfolio.

Revenue and costs by currency

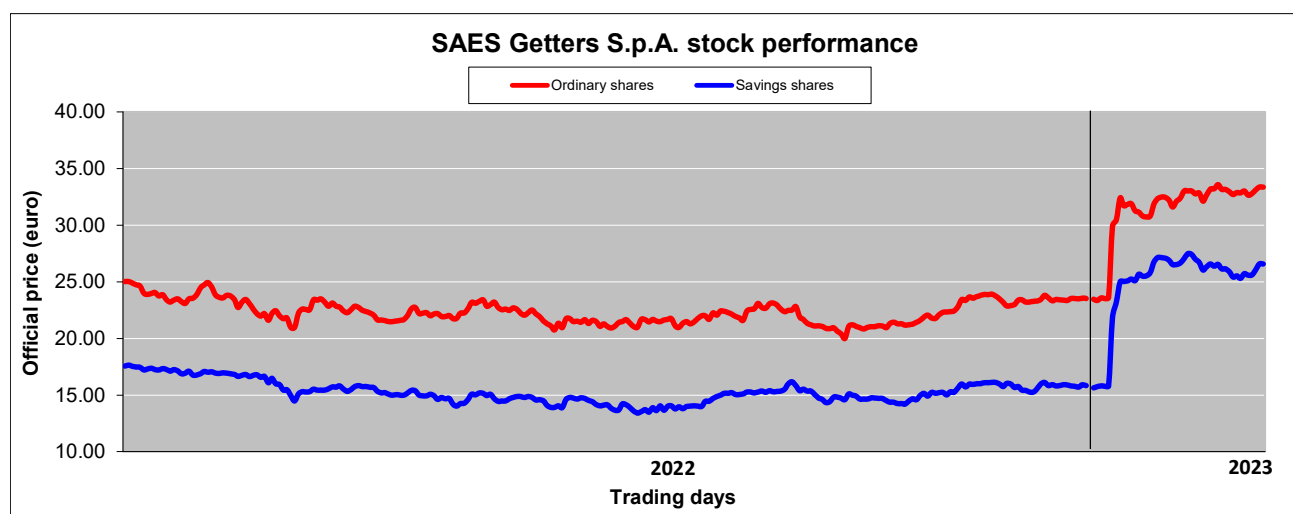
The **breakdown of revenue and costs** (cost of sales and operating costs) **by currency**²⁵ in 2022 is provided below.



Listing of SAES Getters S.p.A. shares

²⁵ Original currency of the transactions.

The following chart shows the trend of the **official prices of ordinary and savings shares** in 2022 and in the first few weeks of 2023.



The value of ordinary shares, listed on the Euronext STAR Segment of the Mercato Telematico Azionario (electronic equity market) of Borsa Italiana S.p.A., fell by 6% during 2022, a decrease more contained with respect to that of 14.5% recorded by the FTSE MIB index and that of 28.2% recorded by the FTSE Italia STAR index.

Savings shares recorded a higher decrease in value than that of ordinary shares, equal to 9.9%, but still lower than the decrease in the FTSE MIB and FTSE Italia STAR indices.

Financial statements ratios

The following table shows the main **financial statements ratios**.

Ratios		2022	2021 (**)	2020
Operating profit (loss)/Revenue	%	16.5	11.7	9.6
Pre-tax profit (loss)/Revenue	%	9.8	11.6	5.5
Profit (loss) from continuing operations/Revenue	%	4.9	6.7	2.8
Profit (loss) from continuing operations/Average equity (ROAE)	%	5.0	5.4	2.0
Research & development expenses/Revenue	%	5.1	6.2	6.2
Depreciation of property, plant and equipment/Revenue	%	4.0	4.4	4.3
Cash flows from (used by) operating activities/Revenue	%	14.9	10.2	7.6
Income taxes/Pre-tax profit (loss)	%	49.5	42.1	48.5
Revenue/average number of staff (*)	Thousand Euro	215	178	170
Accumulated depreciation/Property, plant and equipment	%	61.3	61.7	65.3

(*) Data calculated without considering the employees of the joint ventures, consolidated using the equity method.

(**) Some amounts shown in the column have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of 2021 figures".

Performance of subsidiaries in 2022

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

In the current year, SAES Getters/U.S.A., Inc, recorded consolidated revenue of 37,745 thousand dollars (35,845 thousand euros, at the average exchange rate for 2022), against 35,780 thousand dollars (30,253 thousand euros, at the average exchange rate for 2021) in the previous year. The consolidated profit

amounted to 7,065 thousand dollars (6,709 thousand dollars), against 6,929 thousand dollars in 2021 (5,859 thousand euros).

Further notes are provided below.

The US parent **SAES Getters/U.S.A., Inc.**, Colorado Springs, CO (USA), which operates primarily in the Industrial Division, particularly in security and defence, closed 2022 with revenue of 26,548 thousand dollars (25,212 thousand euros) compared to 25,650 thousand dollars (21,688 thousand euros) in 2021; this slight increase (+3.5%) is mainly concentrated in the security & defence segment (Industrial Division), thanks to continued government investment in the defence sector, as well as in the High Vacuum Division, thanks to the overcoming of the pandemic crisis and the return to business of universities and research centres.

The company made a profit of 7,065 thousand dollars (or 6,709 thousand euros), up 2% compared to a profit of 6,929 thousand dollars (or 5,859 thousand euros) in 2021, due to increased revenue and gross profit, despite higher general and administrative expenses (in particular, increased personnel expense and insurance policy costs).

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Sintered Materials Business (Industrial Division), achieved revenue of 11,197 thousand dollars (10,634 thousand euros) in 2022, compared to 10,130 thousand dollars (8,565 thousand euros) in the previous year; this growth (+10.5%) is a result of increased sales of electron-emitting cathodes in the various applications of defence, telecommunications, scientific research and healthcare, due to increased market demand and domestic production capacity.

The company closed 2022 with a profit of 1,310 thousand dollars (1,244 thousand euros), up (+16.1%) compared to 1,128 thousand dollars (954 thousand euros) in 2021, mainly as a result of the increase in revenue and the substantial maintenance of industrial profit margins, despite the physiological increase in operating costs (mainly, increase in general and administrative expenses as a result of higher bonus allocations, against the increase in results).

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

The company operates with the objective of managing the exports of all the US Group's companies.

It made a profit of 4,951 thousand dollars (4,702 thousand euros) in 2022, up 52.9% from the previous year (3,238 thousand dollars, or 2,738 thousand euros) due to higher commissions received mainly by the US companies active in the Medical Nitinol business, as a result of the post-Covid resumption of deferrable hospital surgeries and the need to recover deferred surgeries, together with physiological market growth.

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. ended 2022 with revenue of RMB 19,370 thousand (2,736 thousand euros), down from RMB 21,196 thousand (2,779 thousand euros) in the previous year, which was adversely affected by both the structural decline in the fluorescent lamp market and the "zero-Covid" policy adopted by China, which led to prolonged lockdowns in many areas of China.

The decline in revenue was offset by a more favourable sales mix, and as a result of this, 2022 closed with a profit (RMB 2,469 thousand, or 349 thousand euros) broadly in line with 2021 (RMB 2,492 thousand, or 327 thousand euros).

MEMRY GmbH – Weil am Rhein (Germany) – company wound up in July 2021

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 Group²⁶ in October 2017, started the liquidation process, which was finalised in July 2021. Memry GmbH closed the first seven months of 2021 with a loss of -19 thousand euros, due to certain residual costs (mainly consulting) in preparation for the winding up.

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

The corporate purpose of the company is to design, manufacture and sell shape memory alloy instruments and actuators, getters and any other equipment for creating high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, in July 2011 the company established the joint venture Actuator Solutions GmbH (for further details on the joint venture, please refer to the next section of the Report on Operations and to Notes no. 8 and no. 17 of the Consolidated Financial Statements at December 31, 2022).

SAES Nitinol S.r.l. closed the current year with a loss of 667 thousand euros (impairment loss of 600 thousand euros on the equity investment in Actuator Solutions GmbH to zero following the two capital increases made in the fourth quarter of 2022 in favour of the joint venture to ensure its operational continuity and enable it to pursue its ongoing development projects, as well as advisory and legal costs related to accounting and tax compliance), compared with a profit of 226 thousand euros in the previous year (a positive result as a consequence of the release of the residual risk provision²⁷ of 300 thousand euros recorded on the equity investment in Actuator Solutions GmbH following the improvement in the financial situation of the joint venture).

The results for both year includes the impairment loss (160 thousand euros) on the financial asset corresponding to the interest income accrued on the loans granted to Actuator Solutions GmbH, which was fully impaired because it was deemed not recoverable.

Finally, SAES Nitinol S.r.l. waived, at the beginning of March 2022, a further portion of interest accrued on loans granted to the joint venture Actuator Solutions GmbH for a total amount of 300 thousand euros. This waiver, in addition to that of 500 thousand euros finalised in June 2021, had no effect on the results of the company at December 31, 2022, as the financial asset related to the interest-bearing loans (both principal and interest) had already been fully impaired, as it was judged difficult to recover. For further details on the loans granted by SAES Nitinol S.r.l. to the joint venture, please refer to Note no. 21 of the Consolidated Financial Statements at December 31, 2022.

SAES INNOVATIVE PACKAGING S.r.l., Lainate, MI (Italy)

The corporate purpose of the company is to directly or indirectly acquire interests or holdings in the field of packaging and to scout for new technologies in the same field.

The company, which is currently non-operational, closed 2022 with a loss of -32 thousand euros (mainly consulting costs related to accounting and tax compliance), in line with the loss of -28 thousand euros in the previous year.

SAES COATED FILMS S.p.A. – Roncello, MB & Lainate²⁸, 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

²⁶ Memry Corporation, SAES Smart Materials, Inc. and SAES Getters S.p.A. (Avezzano plant).

²⁷ The provision for risks allocated at December 31, 2019, equal to a total of 600 thousand euros, had already been released for half of its amount (300 thousand euros) during the second half of 2020.

²⁸ Local unit in Lainate, at the headquarters of the Parent.

characterised by transparency, recyclability or compostability, and therefore with a low environmental impact.

SAES Coated Films S.p.A. established a Branch in Freiburg (Germany) in March 2021, with the aim of improving its presence in strategic markets, in order to boost new business opportunities.

In 2022, SAES Coated Films S.p.A. achieved revenue of 10,641 thousand euros, almost double the 5,864 thousand euros in the previous year, due to the consolidation of the signs of growth already seen at the end of 2021 and the balancing of the commercial strategy, which has resulted in the more innovative proposals for sustainable packaging being complemented by alternative product offerings to established barrier technologies.

The increase in sales made it possible to achieve greater economies of scale and to close 2022 with a loss of -1,163 thousand euros, halved (-50.7%) compared to the loss of -2,359 thousand euros in the previous year.

STRUMENTI SCIENTIFICI CINEL S.r.l. – Vigonza, PD (Italy)

Strumenti Scientifici Cinel S.r.l., based in the province of Padua, is a consolidated international player in the sector of components and scientific instrumentation for synchrotrons and particle accelerators.

The entire quota capital of the company was acquired by the Parent on 7 July 2021, with the aim of strengthening SAES's competitive position in the vacuum sector by expanding its all-Italian, state-of-the-art product offering for particle accelerators and synchrotrons on a global scale.

In 2022, Strumenti Scientifici Cinel S.r.l. achieved revenue of 5,866 thousand euros and profit of 314 thousand euros, both of which were adversely affected by the company's difficulties in procuring raw materials and other key components for production activities. In the previous year, from the date of acquisition (beginning of July 2021) to December 31, 2021, Strumenti Scientifici Cinel S.r.l. had recorded revenue of 1,895 thousand euros and a loss of -182 thousand euros.

Finally, Strumenti Scientifici Cinel S.r.l. was included in the scope of the national tax consolidation, with retrospective effect from January 1, 2022.

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

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, jointly controlled by SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%).

On May 25, 2022, SAES Getters S.p.A., finalised the acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l., of which it already held 49%, with the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other companies of the Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. which was acquired in July 2021. As of that date, SAES RIAL Vacuum S.r.l. is a wholly owned subsidiary of the SAES Group and, therefore, fully consolidated, rather than using the equity method, which was used previously.

In the period May 25, - December 31, 2022, SAES RIAL Vacuum S.r.l. achieved revenue of 3,974 thousand euros and profit of 136 thousand euros; similarly to Strumenti Scientifici Cinel S.r.l., SAES RIAL Vacuum S.r.l. also encountered some difficulties in the procurement of electronic components, which slowed down production activities.

SAES INVESTMENTS S.A., Luxembourg (Luxembourg)

SAES Investments S.A., with registered office in Luxembourg, has as its object the management of the 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 2022 with a loss of -11,109 thousand euros, compared with a profit of 2,361 thousand euros in 2021; the loss for 2022 is mainly attributable to the reduction in the fair value of the securities in the portfolio, due to international tensions in the financial markets, which manifested especially in the first part of the year, also as a result of the conflict in Ukraine (for further details on the securities in the portfolio and their valuation as at December 31, 2022, see Note no. 19 to the Consolidated Financial Statements at December 31, 2022).

SAES GETTERS INTERNATIONAL S.r.l. – Milan, MI (Italy) – formerly SAES GETTERS INTERNATIONAL LUXEMBOURG S.A. – Luxembourg (Luxembourg)

The company, whose main purposes were the management and acquisition of equity investments, optimal liquidity management and the provision of intragroup financing, and whose registered office had been transferred from Luxembourg to Italy at the beginning of July 2022, merged into SAES Getters S.p.A. on December 22, 2022. The merger is the natural completion of the previous transfer of the registered office to Italy and makes it possible to shorten the chain of control of the SAES Group, reducing its number of legal entities and the resulting administrative costs.

For more details on the merger, which took legal effect with the end of the accounting day of December 30, 2022, while for accounting and tax purposes only it was backdated to January 1, 2022, please refer to the SAES Getters S.p.A. Separate Financial Statements at December 31, 2022.

Following the merger into the Parent, the equity investments in the following companies are now held directly by SAES Getters S.p.A.:

- Memry Corporation (now 100% owned by SAES Getters S.p.A.);
- SAES Smart Materials, Inc. (now 100% owned by SAES Getters S.p.A.);
- SAES Getters Korea Corporation in liquidation (a company formerly 62.52% owned by SAES Getters International S.r.l., with the remaining equity held directly by the Parent; now 100% owned by SAES Getters S.p.A.);
- Flexterra, Inc. (joint venture, in which SAES Getters S.p.A. holds a 46.84% interest).

MEMRY CORPORATION – Bethel, CT (USA)

Memry Corporation is a technology leader in next-generation, highly engineered medical devices made of Nitinol shape memory alloy.

The company, which already owned a German branch in Freiburg, set up a second branch in Italy on January 24, 2022, based in Lainate, with the aim of encouraging the commercial expansion of Memry Corporation on the European market.

The company achieved revenue of 119,038 thousand dollars (113,047 thousand euros), up 25.1% from 95,119 thousand dollars (80,426 thousand euros) in 2021, due to the resumption of deferred hospital operations, the need to recover deferred operations and the related restocking actions, together with the physiological growth of the market. The increase in revenue and related economies of scale, as well as the gradual improvement in the production yield of the new tube department, enabled the company to close 2022 with a profit of 28,207 thousand dollars (26,788 thousand euros), up 58% from 17,848 thousand dollars (15,091 thousand euros) in the previous year, despite the physiological increase in operating costs (in particular, higher bonus allocations and higher consulting costs related to the establishment of the Italian Branch, as well as higher export fees paid to the subsidiary SAES Getters Export, Corp.).

SAES SMART MATERIALS, INC. – New Hartford, NY (USA)

SAES Smart Materials, Inc. is active in the development, production and sale of semi-finished Nitinol products.

The company achieved revenue of 21,377 thousand dollars (20,301 thousand euros) in 2022, up 15% from 18,585 thousand dollars (15,714 thousand euros) in 2021, due to post-Covid recovery and the gradual

elimination of the delays accumulated during the acute phase of the pandemic due to the deferral of elective therapies. Increased revenue and the related economies of scale, only partially offset by higher operating costs (higher bonus allocations as a result of business recovery and higher commissions on foreign sales paid to the subsidiary SAES Getters Export, Corp, as well as impairment losses and consulting costs related to the building expansion work), enabled the company to close 2022 with a profit of 5,274 thousand dollars (5,008 thousand euros), up 41.8% from 3,718 thousand dollars (3,144 thousand euros) in 2021.

SAES Getters KOREA CORPORATION in liquidation – Seoul (South Korea)

SAES Getters Korea Corporation, which has operated as a distributor in the Korean territory of products made by the other Group companies, was put into liquidation in September 2022 and its business operations will be assigned to local Korean agents and distributors.

In 2022, the company reported revenue of KRW 2,287 million (1,684 thousand euros), up (+9.7%) from KRW 2,085 million (1,540 thousand euros) in the previous year, due to higher sales in the high vacuum systems segment.

The company closed 2022 with a profit of KRW +60 million (+44 thousand euros), compared with a loss of KRW -288 million (-213 thousand euros) in 2021: the increase in sales was offset by a less favourable sales mix, with essentially no effect on the gross profit, while the better results were mainly attributable to the income (KRW 1,021 million, or 752 thousand euros) recognised by the Korean subsidiary following the waiver of intragroup financial assets by SAES Getters S.p.A, only partially offset by costs related to the liquidation (KRW 650 million, or 479 thousand euros, consisting mainly of personnel severance costs and legal fees).

Performance of the joint ventures in 2022

ACTUATOR SOLUTIONS GmbH – Gunzenhausen (Germany)

Actuator Solutions GmbH is headquartered in Gunzenhausen (Germany) and is jointly controlled 50% by SAES Nitinol S.r.l. and SMA Holding. The Alfmeier Präzision Group, of which SMA Holding was a part, was recently sold²⁹ to the Gentherm Group, with the exclusion of SMA Holding from the scope of the transaction. The composition of the share capital of Actuator Solution GmbH therefore remains unchanged.

The joint venture is focused on the development, production and marketing of actuators that use shape memory alloys to replace the motor.

Actuator Solutions GmbH recorded **revenue** of 5,515 thousand euros in 2022, compared to 12,365 thousand euros in 2021. The two years are, however, incomparable since at the beginning of the third quarter of 2021 Actuator Solutions sold two production lines of actuators for the automotive seat comfort business to Alfmeier Präzision (now Gentherm Group), renouncing direct sales, but receiving in exchange a commission on them equal to the margin that would have been realised had the production activity continued; the last line was sold during the final quarter of 2022. This transaction therefore reduced the revenue in absolute value for the current year, making the two years incomparable.

Generally speaking, based on the pro-forma revenue for the two years and excluding the outsourcing of production, there was a slight decline in automotive sales, which were penalised by uncertainties in the supply chain. With regard to the fees generated by the application developments in the actuator sector, it is worth noting the increase in initial sales destined for the “intelligent” mattresses sector and the sales to the SAES Group of components for the BIPOD project, which were, however, not sufficient to offset the decline in revenue from COVID-19 rapid diagnostic test devices with the easing of the pandemic emergency and the absence in the current year of revenue generated by RapiTag.

²⁹ The sale transaction was finalised on July 29, 2022.

Despite the decline in sales, **gross profit** remained positive, albeit down (1,840 thousand euros in 2022, compared to 3,247 thousand euros in the previous year). The company recorded an **operating loss** on the other hand (787 thousand euros in 2022, compared to an operating profit of 962 thousand euros in 2021) with operating costs up slightly (from 2,461 thousand euros to 2,838 thousand euros), also penalised by non-recurring costs for severance pay (77 thousand euros).

2022 closed with a **loss** of 677 thousand euros, albeit an improvement on the operating loss (787 thousand euros) for 2022, thanks to the non-recurring income of 300 thousand euros generated by the SAES Group's partial waiver of interest accrued on loans granted to Actuator Solutions GmbH (in the previous year this waiver was 500 thousand euros).

(thousand of euro)

Actuator Solutions GmbH	2022	2021
	100%	100%
Revenue	5,515	12,365
Cost of sales	(3,675)	(9,118)
Gross profit	1,840	3,247
<i>% on revenue</i>	<i>33.4%</i>	<i>26.3%</i>
Total operating costs	(2,838)	(2,461)
Net other income	211	176
Operating profit (loss)	(787)	962
<i>% on revenue</i>	<i>-14.3%</i>	<i>7.8%</i>
Net financial income	95	262
Net exchange gains (losses)	8	(34)
Income taxes	7	(12)
Profit (loss) for the year	(677)	1,178

In order to ensure the operational continuity of Actuator Solutions GmbH and enable it to continue with its ongoing development projects, improving also the performance of the Group in the SMA Materials area, in the fourth quarter SAES carried out two capital increases in favour of the joint venture for 300 thousand euros each. Similar capital increases were also subscribed by the equal partner SMA Holding.

The share pertaining to the SAES Group in the 2022 loss of the joint venture would have been -338 thousand euros (+589 thousand euros being the share of the profit for 2021), but, since the equity of the joint venture was negative³⁰ despite the aforementioned share capital increases carried out by SAES Nitinol S.r.l. during 2022 (+600 thousand euros), the "share of profit (loss) of equity-accounted investments" was equal to the latter (-600 thousand euros), with the aim of eliminating the carrying amount of the SAES equity investment without setting up any provision for risks, as to date there is no legal or implicit obligation for further recapitalisation by the Group.

In addition, in 2022 the financial asset related to the interest accrued on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture in previous years, amounting to 160 thousand euros, was impaired as it was considered unlikely to be recovered (a similar impairment, again equal to 160 thousand euros, had been carried out in 2021).

Finally, the abovementioned waiver, equal to 300 thousand euros, of the interest accrued on loans granted by SAES had no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) had already been fully impaired at December 31, 2021.

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

³⁰ Almost -1.9 million euros, pro-rata amount at 50%.

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, initially jointly owned by SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%).

On May 25, 2022, SAES Getters S.p.A., finalised the acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l. (of which it already held 49%), with the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other companies of the Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. that was acquired in July 2021.

Starting from that date SAES RIAL Vacuum S.r.l. is wholly owned by the SAES Group and fully consolidated, rather than using the previous equity method.

The following table shows the statement of profit or loss of the joint venture from January 1 to May 25, 2022.

(thousand of euro)

SAES RIAL Vacuum S.r.l.	January 1 - May 25, 2022	2021
	100%	100%
Revenue	2,916	6,961
Cost of sales	(2,176)	(5,789)
Gross profit	740	1,172
<i>% on revenue</i>	<i>25.4%</i>	<i>16.8%</i>
Total operating costs	(265)	(683)
Net other income	16	104
Operating profit	491	593
<i>% on revenue</i>	<i>16.8%</i>	<i>8.5%</i>
Net financial expenses	(10)	(30)
Net exchange losses	(6)	(9)
Income taxes	(133)	(146)
Profit for the year	342	408

The share pertaining to the SAES Group of the profit for the period January 1- May 25, 2022 of the joint venture was equal to 167 thousand euros.

On February 28, 2022, prior to the completion of the purchase of the entire quota capital by the SAES Group, SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loans granted by the two quotaholders, SAES Getters S.p.A. (principal equal to 49 thousand euros) and Rodofil S.r.l. (principal equal to 51 thousand euros).

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, during the third quarter of 2021, saw its interest in Flexterra, Inc. increase from 46.73% to 46.84%, following the company's repurchase, for a symbolic value, of the shares previously owned by two small shareholders.

During 2022, Flexterra continued its **innovation activities** on organic semi-conducting and dielectric materials, focusing mainly on the development of formulations of dielectric materials with high thermal stability for

implementation in amorphous silicon-based thin film transistors (TFTs), to be used for the construction of backplanes used for the control of liquid crystal displays (LCD).

The initiative to cut operating costs, launched at the end of 2021 with the aim of reducing financial requirements without compromising development projects, made it possible to close 2022 with a **consolidated operating loss** of 3,096 thousand euros, significantly lower than the operating loss of 2021, equal to 3,875 thousand euros, despite the penalising effect on operating costs of the appreciation of the dollar (mainly, lower costs for employees and for materials used in research and development, as well as lower consultancy costs).

The company closed 2022 with a **loss for the year** of 4,111 thousand euros, in line with the loss of 4,099 thousand euros in the previous year; the aforementioned reduction in operating costs was largely offset by the higher interest accrued on convertible loans granted to the joint venture by the SAES Group³¹ and by the exchange losses of the subsidiary Flexterra Taiwan Co., Ltd

(thousand of euro)

Flexterra	2022	2021
	100%	100%
Revenue	0	5
Cost of sales	(81)	8
Gross profit (loss)	(81)	13
<i>% on revenue</i>	<i>n.a.</i>	<i>260.0%</i>
Total operating costs	(3,024)	(3,911)
Net other income	9	23
Operating loss	(3,096)	(3,875)
<i>% on revenue</i>	<i>n.a.</i>	<i>n.a.</i>
Net financial expenses	(441)	(267)
Net exchange gains (losses)	(610)	69
Income taxes	36	(26)
Loss for the year	(4,111)	(4,099)

The share pertaining to the SAES Group of the 2022 loss of the joint venture was equal to -1,926 thousand euros (-1,917 thousand euros in 2021); however, similar to last year, as SAES's equity investment in Flexterra had already been impaired in full and as there are to date no legal or implicit obligations for recapitalisation by the Group, SAES's liability for the share of the loss at December 31, 2022 was not recognised by the Group, in accordance with IAS 28.

On June 3, 2022, a new investor, external to the SAES Group, took out a convertible loan in favour of the Flexterra, Inc. joint venture for 1 million dollars. The characteristics of this loan are in line with those of the previous convertible notes underwritten by the SAES Group (interest rate equal to 8%).

On December 7, 2022, against the emergence of new and interesting business opportunities for the advanced materials developed by Flexterra, the Board of Directors of SAES resolved to disburse to the joint venture an additional convertible loan for a total of 1 million dollars, with the same characteristics as the two previously granted (July 2020 and August 2021) totalling 5 million dollars. The loan, maturing on December 31, 2023 and on which interest of 8% will accrue, is divided into four tranches of equal value, the first of which paid at the beginning of 2023 upon signing of the updated agreement; the second, to be paid by the end of April 2023, is subject to the positive assessment by SAES of an updated business plan of the joint venture; the subsequent two tranches will be paid respectively by the end of July and by the end of October 2023, upon achievement

³¹ A second convertible loan, for a total amount of 2 million dollars, was granted during the second half of 2021, in addition to the first loan of 3 million dollars, granted in July 2020.

of specific commercial objectives. The agreement also establishes the alignment of the maturity date of the previous 5 million dollars convertible loan with that of the new loan (December 31, 2023).

Flexterra will receive from a third party a loan similar to that granted by SAES for a total of 400 thousand dollars.

The amount of the first tranche (equal to 250 thousand dollars, corresponding to 234 thousand euros), constitutes an irrevocable commitment for the SAES Group in relation to the agreements signed and was accounted for as an onerous contract as at December 31, 2022 because, despite the aforementioned new business opportunities for Flexterra, there remains uncertainty as to the timing of the commercial success of the new initiatives. Therefore, a current provision for risks has been recognised in the consolidated financial statements of SAES, with a balancing entry under financial expense.

For similar reasons relating to business uncertainty, the financial asset related to the interest accrued in 2022 on the convertible loans granted to the joint venture in the two previous years was impaired (impairment loss of 379 thousand euros).

At December 31, 2021, the impairment losses instead referred to the financial asset both related to the interest accrued during the year on the convertible loan granted in mid-2020 (equal to 215 thousand euros), and corresponding to the second convertible loan (in total 1,769 thousand euros, of which 1,734 thousand euros principal and 35 thousand euros interest) disbursed in the second half of 2021.

The following table shows the **total profit or loss of the Group**, obtained by **incorporating the Group's joint ventures with the proportional method instead of the equity method.**³²

December 31, 2022								
(thousand of euro)	Statement of profit or loss	50% Actuator Solutions GmbH	Intragroup eliminations & other adjustments	49% SAES RIAL Vacuum S.r.l. (*)	Intragroup eliminations & other adjustments	46,84% Flexterra	Intragroup eliminations & other adjustments	Total Statement of profit or loss of the Group
Revenue	250,265	2,758	(204)	1,429	(114)	0		254,134
Cost of sales	(139,570)	(1,838)	204	(1,066)	114	(38)		(142,194)
Gross profit (loss)	110,695	920	0	363	0	(38)		111,940
	<i>% of revenue</i>							
Total operating costs	(69,597)	(1,419)	0	(130)	0	(1,416)	76	(72,486)
Net other income	74	106		8		4		192
Operating profit (loss)	41,172	(393)	0	241	0	(1,450)	76	39,646
	<i>% of revenue</i>							
Net financial income (expense)	(15,723)	48	(70)	(5)	0	(207)	288	(15,669)
Share of profit of equity-accounted investees	(433)		600		(167)		0	0
Net exchange gains (losses)	(559)	3		(4)		(286)		(846)
Pre-tax profit (loss)	24,457	(342)	530	232	(167)	(1,943)	364	23,131
Income taxes	(12,107)		4	(65)		17		(12,151)
Profit (loss) from continued operations	12,350	(338)	530	167	(167)	(1,926)	364	10,980
Profit (loss) from discontinued	0	0		0		0		0
Profit (loss) for the year	12,350	(338)	530	167	(167)	(1,926)	364	10,980
<i>attributable to:</i>								
- the owners of the parent	12,350							10,980
- non-controlling interests	0							0

(*) The amounts relating to SAES RIAL Vacuum S.r.l. are referred to the period January 1 - May 25, 2022, the date on which SAES Group completed the purchase of the entire quota capital of SAES RIAL Vacuum S.r.l.

Statement of reconciliation between the consolidated profit (loss) for the year and the equity with those of the Parent

The reconciliation between the consolidated profit (loss) for the year and the equity with the profit (loss) for the year and the equity of SAES Getters S.p.A. at December 31, 2022 is shown in the table below.

³² Actuator Solutions GmbH (50%), Flexterra (46.84%) and SAES RIAL Vacuum S.r.l. (49%) until May 25, 2022, the date on which the SAES Group acquired the entire quota capital and effective control of the company.

(thousand of euro)	December 31, 2022		December 31, 2021	
	Profit (loss) for the year	Equity	Profit (loss) for the year	Equity
Financial statements of the Parent SAES Getters S.p.A.	2,936	186,410	(8,292)	184,413
Equity and profit for the year of consolidated companies, net of dividends distributed	348	197,678	12,575	237,267
Carrying amount of consolidated equity investments, net of impairment losses	11,489	(69,820)	9,238	(120,477)
Consolidation adjustments:				
Elimination of profits deriving from intragroup transactions, net of the related tax effect	(656)	(20,149)	(147)	(19,720)
Provision for taxes on undistributed profits of foreign subsidiaries	(758)	(4,244)	(286)	(3,486)
Equity joint venture measurement	(33)	(22,833)	182	(22,800)
Other consolidation adjustments	(976)	(2,989)	(473)	(1,677)
Consolidated Financial statements	12,350	264,053	12,797	253,520

Statement pursuant to Article 2.6.2, par. 12, of the Regulations of the Markets organised and managed by Borsa Italiana S.p.A.

With regard to article 36 of Consob's Market Regulation No. 16191 of 29/10/2007, specifically the requirements for the listing of parents, companies incorporated or regulated according to the laws of countries that do not belong to the European Union and which are significantly material to the Consolidated financial statements, note that (i) the Group companies listed below are covered by the regulatory provision, (ii) adequate procedures have been adopted to ensure full compliance with the aforesaid regulation and (iii) the conditions set forth in article 36, cited, are met.

The following are considered companies of significant materiality in that, at December 31, 2022, they exceeded the individual materiality parameters envisaged by Article 151 of the Issuers' Regulations:

- SAES Getters/U.S.A., Inc. – Colorado Springs, CO (USA);
- Spectra-Mat, Inc. – Watsonville, CA (USA);
- SAES Smart Materials, Inc. – New Hartford, NY (USA);
- Memry Corporation – Bethel, CT (USA);
- SAES Getters (Nanjing) Co., Ltd., Nanjing (P.R. of China);
- SAES Investments S.A. – Luxembourg (Luxembourg)

Research, Development and Innovation

Research and development expenses for 2022 amounted to a total of 12,657 thousand euros (5.1% of consolidated revenue), a slight increase in absolute value, but down slightly as a percentage of revenue, with those of 2021 (11,704 thousand euros, equal to 6.2% of consolidated revenue).

The first part of 2022 saw the completion of the restructuring of the entire **GROUP RESEARCH LABS** area and the implementation of some important actions, such as the digitalisation of laboratory notebooks for a continuous and functional sharing of the knowledge developed. In this context, the radical development activities carried out by the Group Research Labs mainly concerned Applied Research and Experimental Development projects for the **Specialty Zeolites, Beads & Capsules, Packaging Solutions, Getter Dispensable Solutions** and **Innovative Alloys technology platforms**. The results obtained made it possible to consolidate the presence of SAES in the *chemicals sector*, both through the active participation in three different international conferences, and through the organisation of a national workshop on Functional Additives held in October at the SAES site in Lainate, which was sponsored by two important sector organisations, namely the Italian Chemical Society (SCI) and the National Inter-university Consortium for Science and Technology of

Materials (INSTM), and attended by around ninety participants, including companies active in the chemicals sector and academic groups of national importance.

As regards specific platforms, the continuous development of **Specialty Zeolites** concerned three research lines focused respectively on zeolites with bactericidal and virucidal properties (ZeoAid®), zeolites with optically active markers properties and zeolites for cosmetics.

With regard to **ZeoAid**, the standardisation of the process of preparation and integration of these zeolites in different product configurations, such as coatings, liquid dispersions and thermoplastic systems that can be processed by 3D printing, was completed. These approaches were also used to prepare samples suitable for carrying out validation tests, both according to ISO 22196: 2011 and US EPA regulations. In 2022, the patent application was also published, in order to obtain protection for SAES for this new class of zeolites.

With regard to **optically active markers**, the development of zeolites able to ensure the tracking of polymeric formulations, both natural and of fossil origin, was completed, exploiting the photoluminescence optical properties of a new zeolite. Numerous polymeric formulations were explored in order to expand the possible application areas and, in the second half of 2022, two new patent applications were submitted to claim the developed systems. One of the two applications was filed jointly with an important manufacturer of compostable formulations, partner of a project in collaboration with SAES.

In the second half of 2022, a test phase on **special zeolites for cosmetics** was also launched, which represents a new application area for this platform of innovative materials of SAES. Zeolites with specific structuring characteristics and with adequate surface properties have been used for the formulation of new cosmetic products currently being evaluated by an important player in the sector.

With regard to the platform relating to the development of organic **Capsules & Beads** with functional properties, after completing the installation and validation phase at the Lainate site in the first part of 2022 of a chemical nano-precipitation plant assisted by membrane emulsification, the preparation process was optimised and the control and verification protocols were standardised. This process represents a significant innovation in the field of activities for the development of functional materials as it allows the preparation of sub-micrometric polymeric beads (size <1µm) with different functional properties, suitable for integration in thin water-based coatings for applications in flexible packaging. Two collaboration agreements are being finalised for joint development activities for the integration of polymeric beads with oxygen barrier properties in flexible packaging structures and an assessment is underway relating to the use of this new technology for development of functional fillers in the cosmetics field.

In the **Packaging Solutions** area, activities continue for the development of water-based active lacquers for the creation of innovative coatings, in direct collaboration with SAES Coated Films S.p.A.

The technological transfer of a new antioxidant lacquer for the packaging of chocolate-based products has been completed and a prototype of active coating for the absorption of ethylene in fresh product packaging is in the functional test phase.

With regard to the development of lacquers with oxygen barrier properties, a significant optimisation of the oxygen barrier lacquer was obtained to reduce the defect of metal corrosion activation in lacquered and metallised films, expanding the possibilities of application. In this context, the signing of a collaboration project with an important converter for the development of new flexible packaging structures for pasteurisation and sterilisation processes is being finalised.

In parallel, a new project has been launched for the development of a primer capable of guaranteeing adhesion and interface properties suitable for the application of aluminium oxide on a wide range of substrates, extending in particular its applicability to polymeric substrates such as bi-oriented polypropylene, mono-oriented polyethylene and compostable substrates. The project is at an advanced stage of development and will be completed in 2023.

With regard to the activities carried out directly by **SAES Coated Films S.p.A.**, development continued on aluminium oxide deposition technology, capable of ensuring greater sustainability than traditional aluminium

metallisation and combining high barrier properties with high transparency. These characteristics allow to broaden the spectrum of use of Coathink technology to new application sectors, such as pasteurisation and sterilisation. At the same time, the number of actions aimed at obtaining the qualification and marketing of coating technology in new sectors of application, such as chocolate, coffee pods, nutraceutical products, processed meat, and the newly introduced industrial sector, has increased.

With regard to SAES's commitment to green chemistry approaches and support for the circular economy, the development activities of the Group Research Labs continue as part of the European project "Ecofishent" (www.cordis.europa.eu/project/id/101036428) funded by the European Commission Horizon 2020 programme in the area of "Climate action, Environment, Resource Efficiency and Raw Materials". The main objective of this project is the development of biodegradable and compostable flexible packaging structures through the recycling of bioactive materials deriving from fish processing side-streams.

With regard to **Dispensable Getter Solutions**, in 2022 the development of a dispensable getter with reversible absorption properties for application in photonic and telecommunication devices was carried out. The use of zeolite technology has made it possible to obtain higher absorption performance than in products already on the market, enabling the integration of this technology in the packaging of electronic devices through the functionalisation of metal supports (lid).

The **joint venture Flexterra** continued its innovation activities on organic semi-conducting and dielectric materials, focusing mainly on the development of formulations of dielectric materials with high thermal stability for implementation in amorphous silicon-based thin film transistors (TFTs), to be used for the construction of backplanes used for the control of liquid crystal displays (LCD). Development activities also concerned the scale-up of a new polymer to be used in integrated circuit manufacturing processes (IC packaging) in collaboration with a Korean company. Finally, a new project was recently launched for the manufacture of an 8-bit microprocessor to be used as a demonstrator based on organic thin-film transistors developed by Flexterra.

In the field of **Innovative Alloys**, in 2022 the study of a new getter alloy to be used in NEG pumps in the field of nuclear fusion research was started and an in-depth activity was carried out on ternary alloys to evaluate their use in the development of new porous getters.

With regard to SMA development activities, a consolidation and improvement activity was carried out on the melting process to reduce micro-inclusions in the production of high fatigue performance SMA alloy wires for industrial applications.

Experimentation and fine-tuning of the conversion processes of the Clean Melt material also continued to further improve its fatigue resistance, achieving Super Clean Melt performances (fatigue performance 100X vs std) for the production of SMA alloy wires for industrial applications.

In the field of thermostatic applications, the use of SMA alloy in pure torsion was developed, also patenting a torsional actuator capable of performing thermostatic functions with reduced cost impact.

The activities of the **STRATEGIC INNOVATION OFFICE** focused on several fronts of the innovation plan, which aims to fuel business growth and accelerate the creation of value.

The **Design House**, as part of the **B!POD project**, has completed the development of the first SAES B-to-C product. The launch was carried out in April 2022 with an event and a sales stand at Eataly Milan and with the presale on a proprietary e-commerce channel. The actual sale, again on the aforementioned channel, began in June 2022. A new commercial launch is planned in London in 2023.

Also in relation to the B!POD project, the creation of an innovative flexible compostable vacuum packaging is at an advanced stage of development. Sales are expected to start in summer 2023.

Finally, in the last part of the year, the Design House launched a development project for a new B-to-C product.

All the preparatory activities for the launch of **RedZone** have been completed, the **programme of interaction with start-ups** where SAES will act as both a technological and industrial partner, evaluating the technical opportunity and supporting the start-ups in the technological development of a product/valid solution, which responds to a clear market need. The laboratory to which the start-ups will have access has been completed and is operational. The website www.redzonebysaes.com is officially online, as is the related LinkedIn channel www.linkedin.com/company/redzonebysaes.

The first RedZone call was officially opened at the end of July. The five themes for the first call for start-ups were cosmetics, packaging, bio-materials, sensors and functional additives. The closing of the call was extended to 23 October. Activities in the Lainate open labs are expected to commence by February 2023. A new call for start-ups is expected to be opened in March/April 2023.

With regard to the **search for new strategic and technological directions**, following the launch of the Venture Assessment Tool, the new process for managing the analysis of potential collaboration, partnership or M&A opportunities with start-ups, spin-offs and SMEs, the inbound (pre-selection) and the skim (i.e., the first level of analysis) of several opportunities has been carried out, a couple of which should soon be brought to the first go/no go gate.

Finally, **systematic analysis of social and technological mega-trends and new emerging trends** continues, to select future SAES innovation trajectories, so that they are as consistent as possible with the expected evolution at a global level. In particular, the systematic analysis of the opportunities for the Chemicals Division in the area of cosmetics continues and three other application areas of potential interest have been identified, to be explored.

Lastly, all research and development costs incurred by the Group during the year were charged directly to profit or loss, as they did not meet the requirements for capitalisation.

Impact of the conflict in Ukraine

The Group's **direct exposure** in Russia, Ukraine and Belarus is marginal. Financial year 2022 revenue in Russia was immaterial, confirming the irrelevance of these markets.

Furthermore, SAES has no suppliers from these countries and has in any case decided to cautiously suspend all potential commercial activities towards Russia³³.

In 2022, only some **indirect effects** of the conflict were reported, relating to the energy impact and on the supply chains, which led to an increase in some costs. In particular, **energy costs** in the Italian plants increased and the **prices of some raw materials** used by the Group (for example, nickel, palladium and argon) increased temporarily due to shortages on the international markets; these increases were, in part, transferred to the price agreed with the customer.

The aforementioned pressures on the prices of raw materials and energy did not however have a material impact on the profitability at December 31, 2022 since the increase in cost was in any case not significant on the total cost of sales.

Again regarding the indirect effects of the conflict, on the supply chain side, **some delays in the supply** of components are reported, especially in the High Vacuum Division and particularly in the subsidiary Strumenti Scientifici Cinel S.r.l., which is being addressed by better inventory management and diversification, including geographical diversification, of supplies.

The only significant indirect effect for SAES of the Russian-Ukrainian crisis on the current year was the instability on the international financial markets which, in turn, induced the negative **performance** on the

³³ The Group does not carry out any commercial activities with Belarus.

securities held by the Group (-12.9 million euros), with a consequent impact on profit, substantially in line with that of the previous year, despite the strong increase in sales and operating indicators.

Finally, we inform you that the SAES Group has **donated the amount of 100 thousand euros to support Ukraine**. Specifically, 70 thousand euros were given to a local volunteer network, in connection with the Ukrainian Embassy in Italy, while the remainder was assigned to an Italian refugee assistance organisation.

The unpredictable dynamics of the geopolitical, military and economic development of the Russian-Ukrainian crisis, combined with the complex interdependencies between the world's economies and supply chains, make it impossible for us to provide reliable estimates on the future impact of this crisis and the expected results of ordinary operations continue to be influenced by developments in the global macroeconomic context.

Group's main risks and uncertainties

Based on the requirements of Italian Legislative Decree 32/2007, a brief illustration of the main risks and uncertainties to which the Group is exposed is provided below, together with the main measures set in place to mitigate said risks and uncertainties.

Strategic risks

Industry risk

2022 was a year of overall growth for the Group, more markedly in the first two quarters, while the persistence of inflation in Europe and the United States (although apparently in a slowdown phase) and fears of an upcoming recession have led to a slowdown in consumption and growth in some markets in which the Group operates starting from the third quarter and, in particular, in the fourth quarter. The macroeconomic scenario and analysts' expectations remain uncertain for the short and medium term, also due to the continuation of geopolitical tensions and the conflict in Ukraine. In this regard, the central banks of the countries and geographical areas in which the Group operates play a key role, their decisions in terms of monetary policy potentially influencing the performance of certain reference markets. In general, however, a cautious optimism prevails in the short and medium term with respect to the ability of the international economy to continue on a path of growth (albeit reduced), avoiding the risk of a heavy recession (the so-called "hard landing"). With reference to the SAES business, the economic recovery was evident mainly in the Medical Nitinol Division, which confirmed significant growth even after the positive performance of the previous year (benefiting from the general recovery of the US market after the significant slowdown caused by the pandemic in previous years) and in the High Vacuum Division, driven by new projects in the field of particle accelerators and, in general, the resumption of scientific investments at international level. Within the Industrial Division, growth mainly favoured the SMA Materials business, also thanks to the sustained demand for mobile and portable devices, as well as applications for the luxury market, while the Getters & Dispensers and Sintered Materials businesses were affected, in the case of the former, by the weak economic performance of the Chinese market (also due to the slowdowns resulting from the closures imposed locally to deal with the pandemic) and, in general for both businesses, by the maturity of some outlet markets for getter solutions and sintered products, characterised also by greater competitive pressure. Lastly, the Packaging Division recorded a significant improvement in performance, particularly during the first half of the year, also encouraged by the decision of some leading converters to anticipate purchases to cope with the growth in the inflation rate.

Another factor that may affect the Group is the presence of any embargoes and customs duties deriving from global trade tensions and from poor cooperation between national governments. In particular, also during 2022, sales of SMA wire (SMA Materials business, within the Industrial Division) for consumer electronics

applications were slowed down (albeit up on the previous year) by the US-China trade war, the future developments and duration of which are still uncertain.

The SAES Group responds to these risks by continuously monitoring the market and seeking to diversify its product range and target markets, investing in sectors that are less dependent on the economic cycle and political choices, as well as in sectors undergoing sustained technological development, and at the same time re-balancing and rationalising the structure of fixed costs, maintaining the departments (engineering, applied research etc.) required to ensure that production facilities can react quickly when ailing sectors show signs of recovery.

Another external factor that cannot be influenced by SAES is changing legislation in the countries in which the Group distributes its products or in those where the markets of SAES's customers are located. This legislation and the consequent operating practices are particularly important in the industrial lamps business, and in relation to the automotive business, whose markets are often influenced by environmental regulations, or those regarding applications for the medical market: think, for example of the indirect impact of the welfare laws on the customers of these applications, or of the frequent need for institutional entities to certify the products of customers in which the technologies (or the products themselves as components) of the Group have been applied. Think also of the case in which the above-mentioned certifications are awarded, but with a delay with respect to the timing envisaged, which delays the payback of the investments made by the Group to support the development and industrialisation of new products.

Another area in which regulatory developments significantly influence the end markets for SAES and, more generally, the level of investments of the entire production chain is the packaging sector. The functional polymer technology developed by SAES improves "high barrier" abilities of recyclable plastic films and, in addition, makes it possible to use non-petroleum-derived, and therefore compostable, plastic films. The use of these materials on the market is therefore sensitive to the introduction of regulations aimed at greater eco-sustainability, at a time when public opinion is paying more attention to the environmental impact of plastics, as are government bodies (e.g. the advances made by the European Commission at the end of 2022 on packaging and packaging waste), as evidenced by the primary role that the green transition has taken on in public investment decisions in multiple geographical areas (e.g. Europe and the United States). The acceleration and large-scale implementation of these regulations, as well as their standardisation in relation to strategic geographical areas for the Group, could have a positive impact on the timing of the Group's success on the market for innovative, recyclable and compostable products in the food packaging sector.

SAES seeks to mitigate the risks relating to changes in legislation by monitoring, where possible, legislative and macroeconomic trends and the offer of innovative products on reference markets or in markets that are complementary and/or functional to those in which the Group operates, also further down the production chain, by joining national and transnational associations, to anticipate the impact of any changes, maintaining its focus on the development of its products, to be able to innovate the range when needed and to anticipate sector trends. As mentioned above, the aim is also to react quickly by adapting the production structure through engineering functions.

Competition risk

The Group is typically involved in the phases at the start of the value and production chains of the sectors in which it operates (B2B or Business to Business), often as tier 2 or 3, and therefore generally does not sell to the end consumer. This reduces the SAES Group's ability to anticipate or guide the trend of final demand of its products, which depends on the success or commercial skills of its customers.

In recent years, aggressive competitors have emerged, for example in Asian markets, also in response to commercial tensions on international markets and changes in production chains as an indirect consequence of the pandemic, which act with strong price cutting policies aimed at the most price-sensitive and mature industries, with consequent risks of a reduction in margins. Furthermore, the competitive pressure for the

Group has increased due to the completion of vertical integration transactions and/or partnerships by some direct competitors, as well as the entry into some relevant markets of financially solid private investors, with the possible development of aggressive sales policies.

To respond to these risks, the SAES Group has adopted a number of strategies. In particular, SAES aims to differentiate itself in the market through the high quality and performance levels of its products as well as the formulation of integrated commercial proposals including sales activities, development at the customer's premises and after-sales assistance. In addition, where possible and in compliance with current legislation, long-term supply agreements and commercial partnerships are stipulated, orders that are significant in terms of amount and volumes are favoured, opportunities for modifying procurement strategies/supervision of local markets are evaluated and possibilities of inorganic growth are carefully examined, also in relation to the external acquisition of distinctive technologies and technical capabilities, as in the case of the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l., completed in May 2022 (the company was previously 49% owned by SAES. Through the acquisition of technologies or the development of new solutions and services, we work to expand and complete our product portfolio. The strong orientation towards product innovation drives the Group to support investments in research and development activities and to offer products that meet the reference standards and the specific requirements of customers, also by repositioning the range of products along different stages of the value chain.

Furthermore, as also mentioned, SAES seeks to diversify its target markets with a view to reducing its dependence on markets characterised by an increasing level of competition.

In parallel, market research continues to anticipate changes in demand, also by using alliances and agreements with leading specialised study centres. In addition, the collaboration with leading universities and commercial partnerships with established companies constitute important eminence tools for the Group, with the aim of increasing SAES brand awareness even downstream of the markets in which it operates and of retaining its customers.

Lastly, by also developing the activity of the Actuator Solutions joint venture and integrating SAES RIAL Vacuum S.r.l., the Group intends to pursue the objective of changing its positioning on the value chain, shifting from the production of simple components to that of more complex devices, of actual systems that can be sold directly to end users, which gives it the opportunity to handle the competition better due to the fact that it is closer to its customers. This objective also includes the strategic repositioning of SAES Coated Films S.p.A., from coated films manufacturer to packaging solution provider, started in the previous year and also continued in 2022.

Risk linked to technological and technical trends

There are external factors that can undermine the Group's market positioning as well as the value of the technological assets available to SAES. The change in sector regulations (for example, in the environmental field), as well as the dependence on the technological success of the large players operating in the market, may influence reference technological trends. One risk that companies operating in consumer electronics are exposed to is the rapid technological obsolescence of applications and technologies on the market. As already mentioned, the replacement of a technology or of certain specifications of a product with others may be triggered by legislative changes in target markets.

With reference to the consumer electronics sector and, more generally (albeit to a lesser extent), to all sectors in which the Group operates, it should be noted that success downstream of the production chain is increasingly linked to changes in preferences and use habits of products by customers and end consumers. In particular, the digitisation of products and services offered downstream also translates upstream into greater attention dedicated to these aspects, with an impact along the entire value chain. From this point of view, the commercial and technical success of SAES is linked to the ability to maintain a leadership role in the development of the solutions and products offered and in effectively integrating digital solutions into its

business operating model (for example for marketing, customer engagement and customer relationship management), also in response to the initiatives and innovations proposed by competitors.

This risk is mitigated by continuous market analyses and through screening emerging technologies and of emerging trends, from a market pull point of view, both to identify new opportunities for development and to ensure that one is not prepared for the emergence of technological ageing.

Furthermore, as already mentioned, SAES seeks to reduce the importance of a single industry/application by diversifying the target markets and continuously investing in the development of innovative solutions, with a technology push approach.

M&A risk

As part of its growth strategies and in order to reinvest at an industrial level the proceeds obtained from the completion of any extraordinary disposal transactions, the Group evaluates potential investments related to the purchase of controlling stakes/company branches/joint ventures in order to strengthen its position in the sectors in which it operates, diversify its product portfolio and expand into markets synergistic to those it is already present in, including through careful monitoring and scouting of innovative projects and start-ups. With this in mind, in 2022 SAES launched the RedZone project, aimed at identifying potentially functional start-ups and projects for the Group and supporting its growth and development path. In addition, the Group continued its strategy of diversifying investments in companies characterised by technologically advanced production and high innovation (for example, Flexterra, Actuator Solutions, Rapitag), which SAES believes may be instrumental to the growth of its business (although it deems it appropriate to write down these investments at the time of their execution).

Furthermore, through mergers and/or acquisitions, the Group aims to integrate critical and distinctive skills and technologies within its scope, as well as exploit appropriate synergies between different business models, to invest more easily in markets functional to its own, achieving efficiencies in terms of production and procurement costs, greater effectiveness of business processes and to position itself closer to the end customer within the value chain, through the provision of custom services and also after-sales.

To this end, the Group identifies, evaluates and defines risk response actions by assessing the consistency of any opportunities with respect to its strategies and objectives, also involving leading professionals to support the M&A process in the due diligence phase and evaluating all possible issues.

Inflation risk

One of the macroeconomic factors that may have an adverse effect on SAES, albeit expressed in different ways in relation to the individual Divisions and the multiple reference markets (also due to the Group's different positioning, the varying commercial practices and the competitive scenario specific to each of them), is the evolution of inflation rates. This factor was found to be very diverse in the different geographical areas in which SAES operates, both with reference to the areas in which it occurred (mainly the energy component in Europe, while in the United States it mainly affected the cost of labour), and in relation to the different response strategies adopted by governments and central banks.

Inflation rates, as well as the sometimes conflicting expectations linked to their development in the short and medium term, fuel the variability in the price of raw materials (for example, nickel and titanium, the temporary price increases of which during 2022, however, had no significant impact on the total consolidated cost of sales), the increase in energy supply costs (especially in Europe, also due to the geopolitical tensions linked to gas supplies), the increase in transport costs (for example due to the increase in fuel prices and the inefficiencies of multiple production chains, also due to the pandemic) and the increase in labour costs for the recruitment and retention of qualified personnel (in particular in the United States, characterised by greater flexibility in the labour market). In this way, inflation rates can affect and/or alter consumption and savings

habits of end customers, as well as the investment strategies of companies, with repercussions along the value chains in which SAES operates.

In the various markets in which the Group operates, the different contractual standards, the different commercial dynamics and the different positioning of SAES with respect to its competitors, entail a different capacity for the Group to respond to the increase in the cost of production factors. In general, during 2022 the Group implemented, where possible, a revision of sales prices, also thanks to periodic re-pricing mechanisms defined contractually with some primary customers or through indexing to reference parameters commonly accepted by operators in the sector, finding a general acceptance by the market. In addition, cost efficiency and production optimisation strategies were further developed, aimed at protecting margins. These initiatives have been specifically developed for each Division and each market in which the Group operates, in accordance with their respective characteristics.

Risks of catastrophic events

In this category of risks, which include, among others, natural disasters, accidents and acts of terrorism, pandemic events have been included which - by virtue of their extraordinary and unpredictable nature - can lead to disruption of the Group's supply chain and the unavailability of resources and plants, due to the limitations resulting from the continuation of the pandemic and measures by some local governments to contain the spread of the virus (for example, the restriction of local operating activities). Finally, the location of some of the Group's facilities within seismic areas makes it necessary to evaluate the existing safeguards and the investments to be made by the organisation.

In order to ensure business continuity during events that by their nature are extraordinary, crisis committees have been appointed to define the appropriate response strategy for the continuation of the Group's business activities.

With regard to the presence of some of the Group's production plants in earthquake-prone areas (for example Abruzzo and California), the organisation has adopted specific risk mitigation measures, such as: operating in earthquake-proof buildings; drawing up special procedures to manage emergencies; ensuring that the relevant authorities make periodic checks of the buildings; drawing up insurance policies to cover material assets and business interruption for the Italian sites and the foreign production subsidiaries; frequent evacuation drills for the employees that work there; investment plans finalised at the safeguarding of corporate assets and continuity of operations.

Uncertainty about the success of research and development projects

The SAES Group, on its own initiative or in cooperation with its customers or partners, operates with the objective of developing innovative products or solutions, which are often "cutting-edge" and with returns in the long term.

The risk of failure does not just depend on our ability to provide in the required form, time and costs. SAES, in fact, has no control over the ability of its customers to develop what is outlined in their business plans, nor on the timing of confirmation of new technologies, and the difficulty of finding suppliers of technologies and tools capable of supporting the Group in scaling up processes are also external factors not directly controllable by SAES.

As non-exhaustive examples, competitive technologies may emerge that do not require the use of the Group's products or expertise, or development times could become so long that continuing with the project is no longer economically viable, or in any event delaying the time-to-market with negative effects on the return on investment.

During 2022, the Group saw a substantial recovery in the development of research projects and a gradual return to the pre-pandemic situation, including through renovations and the installation of new plants at its laboratories. With the aim of mitigating exposure to specific technologies and favouring a diversification of

development and industrialisation projects, specific response actions were adopted regarding the definition of strategies in the field of innovation, the prioritisation of projects for research and the definition of KPIs to monitor the evolution of projects.

The risk is mitigated through periodic and structured reviews of the project portfolio, managed by the Innovation Committee, which, as part of its activities to support the Chief Technology and Innovation Officer (CTIO), is responsible for: i) defining the priorities of research and development projects; ii) proposing the annual budget for research and innovation in terms of costs and times; iii) preparing plan and budget proposals for approval by the Group Business Management Committee (GBMC); iv) developing technological knowledge; v) evaluating and proposing new technological solutions; vi) developing and promoting a uniform and distinctive scientific approach for the different areas of the Group. Furthermore, in order to continuously monitor the expenses of individual projects, the Innovation area uses specific tools for the management of research projects.

Where and when possible, SAES seeks to access public funding, obviously if the objectives are perfectly in line with the R&D project in question. Furthermore, forms of “open” cooperation with external centres of excellence are being increasingly used, in order to reduce development times.

Protection of intellectual property

The SAES Group has always sought to develop original know-how, where possible protecting it with forms of industrial property rights, such as patents. It is becoming increasingly difficult to defend the same, also due to uncertainties relating to the legal systems in some of the countries in which the Group operates. Finally, there is the risk, albeit remote, of violation of the intellectual property of others and/or of the onset of disputes in this regard.

The risks are the loss of market share and margins taken by counterfeit products infringing the Group’s intellectual property rights, as well as the need to cover significant legal expenses, as well as the possibility of incurring administrative sanctions.

The Group responds to these risks by seeing to improve the quality and the completeness of the patents, also reducing the number published, and by monitoring the commercial initiatives of other industrial and commercial operators with a view to identifying potential adverse effects on the value of said patents as soon as possible and to mitigate the risk of violation of third parties’ rights.

Possible energy crisis scenarios

As a possible consequence of the conflict in Ukraine and in particular of the energy dependence of many European countries (including Italy) on Russian natural gas supplies, with a view to optimising the use of national reserves, at a political, media and government level, several possible scenarios of forced reduction of energy consumption, for example through the rationing of energy supplies in the short and medium term, were highlighted on a number of occasions throughout 2022.

The production activities of the SAES Group typically do not qualify as energy-intensive and this conclusion can be considered substantially valid for all the Group’s production sites, both in Europe (where the risks related to the possible interruption and/or rationing of electricity supplies are greater, due to dependence on Russian supplies), and in the United States. That said, given the possibility of having to deal with energy rationing, even temporary, as well as with the more general objective of optimising energy consumption and its allocation to the various company activities, the Group monitors consumption at the plants in Italy and their interconnections, formulating integrated business continuity plans in advance (with specific countermeasures of a productive and organisational nature) to allow the continuation of operating activities.

Risks relating to dependence on customers deemed to be strategic

This risk refers to the possibility that for some businesses, revenue is concentrated on a small number of customers, with the consequence that the Group's results are excessively dependent on the economic-financial performance of the customers themselves or on their strategic decisions.

The Group constantly monitors its exposure with respect to its customer portfolio through monthly rolling forecasts and tries to mitigate the potential consequences of this risk by investing in customer relationship management solutions and broadening its customer base as much as possible, both through trying to identify new prospects, and by diversifying the range of products offered to individual customers, increasing its commercial presence in new markets, also in order to identify and seize new business opportunities. Furthermore, the Group aims to strengthen its partnerships with its key customers by sharing specific technical expertise where necessary, in accordance with intellectual property rights, and seeking to obtain and renew medium-long term contracts that guarantee less volatility of the volumes invoiced and of unit prices. Further focus is placed on innovation and product quality, as drivers that guide the Group in developing the business and strengthening its position in the reference markets.

Operational risks

Risks related to production planning

The occurrence of external shocks at international level in the recent past (such as the Covid-19 pandemic, but also the conflict in Ukraine) has exposed the Group to the risk that its production planning and programming may be delayed, as a result of the freezing and/or postponement of shipments and/or supplies due to temporary difficulties of companies operating within the Group's value chain.

In order to mitigate the risk – and consistently with the Group's priority of safeguarding the health and safety of its employees, counterparties and the general public in relation to the persistence of infections due to the pandemic also during 2022 – SAES has activated business continuity plans in order to guarantee operational continuity with reference to operations, for example, drawing on inventory stocks, previously procured by increasing the minimum stock levels, such as to satisfy operational continuity in cases of need, as well as adopting dual supplier strategies that make it possible to reduce dependence on individual counterparties.

Risks associated with the recruitment and retention of qualified resources

With reference to the labour market and more particularly to the ability to acquire and retain key technical and technological skills within SAES, while avoiding excessive growth in labour costs, especially in those geographical areas characterised by greater contractual flexibility and fewer obstacles (for example linguistic) to the movement of personnel, as in the case of the United States, during 2022 the Group effectively faced some general labour market difficulties, both in the process of selecting and hiring qualified personnel for the operations areas, as well as in defining retention strategies for profiles with critical technical know-how. In particular, SAES was not affected by the effects of some labour market trends that took hold in the course of 2022 at global level (such as the "great resignation") and, through collaboration with leading universities, research centres and employment agencies, it promptly met its needs for the hiring of qualified personnel, even where local policies to increase minimum wages and subsidies to the unemployed population were a disincentive to work. Given the above, with particular regard to the labour market in Italy, the scarcity of qualified STEM profiles on the market risks making the SAES recruitment process more onerous and expensive.

In order to mitigate the risk, as well as to favour the maintenance of key skills within the Group, continuous education and training activities are envisaged for personnel, as are the structuring of specific retention plans that integrate financial and welfare aspects, the implementation of initiatives that nurture the corporate

wellness of employees, the development of ad hoc succession plans and the preservation of know-how within SAES.

Business continuity risk

The risk refers to the possibility that production and/or activities of the Group be suspended due to internal events (e.g., accidents) or external events (e.g., extraordinary events such as catastrophic events that might have an impact on the Group by restricting its operations and business).

With reference to the continuity of business operations, the Group has a business continuity procedure that defines the response actions in case of unavailability of resources, business infrastructure and supply chain. The Group also defines inventory policies for warehouses and dual suppliers to guarantee production continuity even in cases of supply chain disruption and has set up smart working projects to guarantee the continuity of remote activities for staff and sales personnel.

With regard to the continuity of information systems, in order to reinforce the actual IT structure, the Company has planned the implementation of specific disaster recovery procedures, finalised at the definition of roles, responsibilities and operating methods for the management of risk events that could potentially impact the functioning of the company's IT systems.

Risks related to the security of information systems

The SAES Group is sensitive to cybersecurity issues related to the risk of security breaches of information systems, endangering the information and data of the Group companies, as well as the integrity of corporate assets (including the IT resources themselves).

In order to guarantee data security and prevent cyber-attacks, also in consideration of the military conflict between Ukraine and Russia, the Group has defined an IT security implementation plan over the years through the continuous strengthening of existing procedures, strong authentication technological measures, systems redundancy and a periodic training and awareness plan on IT security issues, in order to always maintain a high level of attention of all Group personnel with respect to these issues. Lastly, the Group periodically verifies the soundness and resistance of its IT security defences, in order to identify any areas for improvement and promptly develop appropriate strengthening initiatives.

Compliance risks

Risks related to environmental sustainability and climate change

The importance of the issue relating to climate change calls for reflection on the possible consequences of the physical damage that meteorological events - extraordinary or otherwise - could have on the Group's infrastructures and assets. The potential for a major weather event to occur could potentially result in a period of unavailability of buildings and assets. The Group already has business continuity procedures in place that cover the main areas and processes exposed to greater risks.

From another perspective, it is necessary to analyse which are the activities that the company carries out on a daily basis and that could contribute negatively to climate change (e.g., emissions) and also impact legal liability for non-compliance with local and international environmental regulations (stringent and uncertain in some contexts).

Finally, the increasing attention paid by end consumers, legislators and public opinion in general to the energy transition and to environmental protection issues may produce a significant impact in the markets downstream of those in which SAES operates. This impact can, therefore, have important repercussions

“backward” along the entire value chain, representing at the same time a source of risks (for example, SMA Materials business for the automotive sector) and opportunities (for example, business packaging) for the Group and involving the need to change production processes through the timely introduction and effective use of green production factors, which include cutting-edge technologies and production techniques that are efficient from an energy and resource consumption point of view, guiding the transformation of business processes towards greater sustainability. In particular, regulatory developments in the automotive sector could affect the speed of transition from combustion engines to hybrid and electric engines, with a possible negative impact on the Group’s commercial activities in the SMA Materials segment. However, it should be noted how this risk may be more than offset for SAES by the opportunities that are likely to arise in relation to the business of SAES Coated Films S.p.A., thanks to technological, consumer and regulatory changes in the packaging sector, aimed at encouraging the use of eco-sustainable solutions, while maintaining the effectiveness of the products used in terms of high-barrier.

In order to mitigate these risks, the Group constantly monitors the reference environmental and product regulations, verifies the environmental impact of the product as part of research projects, adopts a Supplier Code of Conduct at Group level that also has relevance on environmental issues, measures its performance and monitors any critical areas also through compliance with the standards set out in the ISO 14001 certification, where implemented.

Furthermore, with regard to issues concerning climate change, the Group is committed to shortly defining a sustainability plan that includes activities aimed at mitigating the areas of risk identified with concrete actions, which allow to contribute, among other things, to the reduction of emissions and the definition and implementation of products that contribute to the promotion of a circular economy.

Financial and reporting risks

Budget & planning risk

Frequent changes in business, such as tier 2 or tier 3, the consequent organisational re-adaptation and limited forward-looking visibility as regards the different business the Group operates in, are risk events on the budget and planning process.

To mitigate this risk, the Group involves all interested company departments in the forecasting process and, in specific circumstances and where available, uses assessments made by third parties or with the cooperation of sector consultants to substantiate its own estimates; if the assumptions initially used change, additional reports are prepared and implemented, involving the various parties involved in the process. Corporate planning, therefore, at individual Division level, makes it possible to intercept the developments expected for the Group in the short and medium term, to assess the adequacy of the organisational structure and the resources available, and to establish the development objectives for SAES, defining the investments to be made accordingly.

Tax risk

The international context in which SAES operates and the various tax regulations to which subsidiaries must comply expose the Group to risks of a fiscal nature: the potential non-compliance with local tax laws would entail an increase in costs and disputes with the tax authorities with consequent impact on commercial and operational strategies of the Group as well as impacts on the reputation of SAES.

For the purposes of assessing the tax risk, the Group takes into account the following assessments: political decisions in tax matters by local governments, geographical distribution of subsidiaries, economic and financial results achieved by Group companies and cost structure at corporate level.

The management of the tax process is outsourced, in order to mitigate the risks associated with non-compliance with local regulations and ensure the execution of activities based on the professional skills of external providers with proven experience and reliability. The periodic meetings between external consultants and the Group Chief Financial Officer, as well as the control activity carried out by the auditing firm on fiscal matters in the financial statements, are to be considered additional safeguards for risk management.

Financial risks

The SAES Group is also exposed to several financial risks, in particular:

- **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. This risk is also linked to the strategies implemented by governments and central banks to deal with the growing level of inflation (on this subject, see the previous section dedicated to strategic risks);
- **Currency risk**, linked to the volatility of exchange rates, which may affect the relative value of the Group's costs and revenue 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 profit. The figures of the financial assets/liabilities denominated in currencies other than the euro also depend on the exchange rate, so not only the profit is affected, but also the net financial position;
- **Price variation risk of productive factors (for example, raw materials)** which may affect the Group's product margins if it is not possible to offset this variation in the price agreed with customers;
- **Credit risk**, associated with the solvency of customers and, in general, the ability to collect and measure financial assets;
- **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 non-recurring expenditure (such as *merger & acquisition* transactions or organisational rationalisation and restructuring activities);
- **Financial investment risk**, relating to the Group's ability to re-invest in low-risk securities that can be quickly liquidated (so as not to bind SAES) the collections deriving from the completion of any extraordinary disposal transactions, pending the identification of advantageous business opportunities (reference should be made to the discussion of M&A issues above), as well as relating to the measurement in the financial statements of these investments. With this in mind, the current composition of the Group's securities portfolio, defined with a conservative approach and a "*buy & hold*" strategy prior to the occurrence of the tensions on the financial markets that characterised 2022 (penalising the overall measurement at fair value), may be reviewed in order to recover the present value of the assets, optimise their financial returns and identify solutions consistent with SAES's short and medium-term investment objectives. To this end, the Group relies on the support of specialised professionals.

Besides these risks, there are those caused by possible new unfavourable developments in the Covid-19 pandemic (e.g. new variants emerging in certain countries/markets and consequent local closure measures, with an impact on production chains), despite the gradual decrease in the global emergency level.

With regard to financial risk, the Board of Directors periodically reviews and defines the risk management policies, as described in detail in Note no. 43 to the Consolidated Financial Statements at December 31, 2022, to which reference is also made for the related sensitivity analyses.

Subsequent events

For events occurring after the reporting date, please refer to Note no. 49 to the Consolidated Financial Statements at December 31, 2022, "Events after the reporting date".

Subsequent events – binding agreement for the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

On January 9, 2023, the SAES Group signed a **binding agreement with the US company Resonetics for the sale to the latter of the Nitinol business and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.**

Resonetics, based in Nashua, New Hampshire, and whose main shareholders are the global investment company Carlyle and the leading private equity fund GTCR, is a leading company in the design and production of devices for the medical and life sciences industry.

The scope of the sale includes the entire production process of SAES in the aforementioned market, vertically integrated (from the melting of the Nitinol alloy to the production of components) and located entirely in the USA. The Group's activity in the sector of shape memory alloys for industrial applications (SMA Materials Business, within the SAES Industrial Division) which is not carried out by the two US investees subject to the sale and which will continue to be managed by SAES, remains excluded from the scope of the sale. To this end, a specific contract will be signed for the supply by Resonetics to SAES of the raw material in Nitinol necessary for the Group to continue its industrial SMA business. The Group's medical business, which uses Nitinol trained wires and Nitinol-based thermostatic actuators (already classified in the SMA Materials Business, within the SAES Industrial Division), remains excluded from the scope of the sale.

The agreed sale price is 900 million dollars (cash/debt free amount), corresponding to approximately 17 times the adjusted EBITDA relating to the scope of the sale in the period October 1, 2021 – September 30, 2022. The final price will be subject to possible adjustments, according to a calculation mechanism typical of this type of transaction and linked to the actual working capital and net financial position of the companies subject to sale at the closing date.

The conclusion of the transaction, expected in 2023, is subject to the receipt of the usual regulatory authorisations for this type of transaction, including authorisation by the Antitrust Authorities concerned.

The transaction will allow SAES to have a significant injection of liquidity, which will allow the Group to develop a business plan for organic and inorganic growth, consistent with the technical-scientific skills of the Group, with a particular focus in the areas of advanced packaging and new functional materials (chemicals), as well as to be used to ensure a return for stakeholders.

The business subject to the sale recorded revenue of 123.7 million euros in 2022, EBITDA of 49.9 million euros (40.3% in percentage terms of revenue) and a profit of 34.7 million euros. The sale transaction concerns a total workforce of 512 people as at December 31, 2022 (469 employees at Memry Corporation and 43 employees at SAES Smart Materials, Inc., excluding temporary workers). The net assets subject to disposal amounted to approximately 111.3 million euros as at December 31, 2022.

Although the conditions envisaged by IFRS 5 for the classification of the business subject to disposal as a "disposal group held for sale" did not materialise after the closing date of the financial statements and before the date of authorisation for its publication³⁴, given the significance of the transaction in question, the statement of profit or loss for 2022 is shown below, with an indication of the profits and losses relating to the net assets sold in a single line called "Profit (loss) deriving from discontinued operations".

³⁴ The authorisation of the Antitrust Authorities concerned is still pending.

(thousand of euro)

Statement or profit or loss	SAES Industrial			SAES High Vacuum			SAES Medical Nitinol			SEAS Chemicals			SAES Packaging			Not Allocated			Total		
	2022	Reclas. for disposal	2022 pro-forma	2022	Reclas. for disposal	2022 pro-forma	2022	Reclas. for disposal	2022 pro-forma	2022	Reclas. for disposal	2022 pro-forma	2022	Reclas. for disposal	2022 pro-forma	2022	Reclas. for disposal	2022 pro-forma	2022	Reclas. for disposal	2022 pro-forma
Revenue	71,946	(1,737)	70,209	38,967	0	38,967	121,965	(121,965)	0	14,714	0	14,714	10,641	0	10,641	32	0	32	250,265	(123,702)	126,563
Cost of sales	(36,452)	1,432	(35,020)	(16,052)	0	(16,052)	(65,661)	65,661	0	(11,890)	0	(11,890)	(9,334)	0	(9,334)	(181)	0	(181)	(139,570)	67,093	(72,477)
Gross profit	35,494	(305)	35,189	14,915	0	14,915	56,304	(56,304)	0	2,824	0	2,824	1,307	0	1,307	(149)	0	(149)	110,695	(56,609)	54,086
% on revenue	49.3%	-17.6%	50.1%	40.2%	n.a.	40.2%	46.2%	-46.2%	n.a.	19.2%	n.a.	19.2%	12.3%	n.a.	12.3%	(1.4%)	n.a.	(1.4%)	44.2%	-45.8%	42.3%
Total operating costs	(15,863)	324	(15,539)	(7,666)	0	(7,666)	(12,348)	12,348	0	(1,948)	0	(1,948)	(3,320)	0	(3,320)	(28,453)	0	(28,453)	(69,597)	12,672	(56,925)
Net other income (expenses)	(50)	0	(50)	(29)	0	(29)	(140)	140	0	(27)	0	(27)	46	0	46	(20)	0	(20)	74	(140)	(66)
Operating profit (loss)	19,595	19	19,614	7,220	0	7,220	44,096	(44,096)	0	849	0	849	(1,967)	0	(1,967)	(28,621)	0	(28,621)	41,172	(44,077)	(2,905)
% on revenue	27.2%	-1.1%	27.9%	23.3%	n.a.	23.3%	36.2%	-36.2%	n.a.	5.8%	n.a.	5.8%	-18.5%	n.a.	-18.5%	(11.3%)	n.a.	(11.3%)	16.5%	-33.6%	-2.5%
Financial income																					2,955
Financial expense																					(3)
Impairment losses on loan and other financial assets																					(16,317)
Share of profit (loss) of equity-accounted investees																					(2,364)
Net exchange losses																					(483)
Pre-tax profit (loss)																					(559)
Income taxes																					28
Profit (loss) from continuing operations																					24,457
Profit (loss) from discontinued operations																					(19,385)
Profit for the year																					(12,107)
																					9,106
																					(3,001)
																					12,350
																					(34,736)
																					0
																					34,736
																					12,350
																					0
																					12,350

Business outlook

In the first two months of 2023, consolidated revenue amounted to 39,826 thousand euros, up +4.4% compared to 38,162 thousand euros in the corresponding period of 2022. The increase is due to both the exchange rate effect (positive and equal to +3.7%), and the effect related to the change in the consolidation scope³⁵ (positive and equal to +3%), while the organic change was negative for -2.3%; growth in the Medical Nitinol Division and in the SMA Materials segment (Industrial Division) was more than absorbed by the generalised decline in the other businesses.

The table below shows the revenue of the first two months of 2023 for each Division, with the relative percentage change, at current and comparable exchange rates and with evidence of the effect deriving from the change in the consolidation scope.

(thousand of euro)

Divisions and Businesses	February, 2023	February, 2022	Total difference	Total difference %	Exchange rate effect %	Organic change %	Change in consolidation scope %
Getters & Dispensers	6,987	8,248	(1,261)	-15.3%	2.2%	-17.5%	0.0%
Sintered Materials	1,524	1,555	(31)	-2.0%	5.1%	-7.1%	0.0%
SMA Materials	3,212	2,284	928	40.6%	3.9%	36.7%	0.0%
SAES Industrial	11,723	12,087	(364)	-3.0%	2.9%	-5.9%	0.0%
High Vacuum Solutions	4,819	4,585	234	5.1%	0.6%	-20.5%	25.0%
SAES High Vacuum	4,819	4,585	234	5.1%	0.6%	-20.5%	25.0%
Medical Nitinol	20,408	17,152	3,256	19.0%	6.1%	12.9%	0.0%
SAES Medical Nitinol	20,408	17,152	3,256	19.0%	6.1%	12.9%	0.0%
Functional Chemicals	1,758	2,329	(571)	-24.5%	0.0%	-24.5%	0.0%
SAES Chemicals	1,758	2,329	(571)	-24.5%	0.0%	-24.5%	0.0%
Packaging Solutions	1,105	2,009	(904)	-45.0%	0.0%	-45.0%	0.0%
SAES Packaging	1,105	2,009	(904)	-45.0%	0.0%	-45.0%	0.0%
Not Allocated	13	0	13	0.0%	0.0%	0.0%	0.0%
Consolidated revenue	39,826	38,162	1,664	4.4%	3.7%	-2.3%	3.0%

The pro-forma revenue for the first two months of 2023 are shown below, with the elimination of the revenue of Memry Corporation and SAES Smart Materials, Inc., assuming that the divestment transaction announced on January 9, 2023 is realised (and for which reference is made to Note no. 49 of the Consolidated Financial Statements December 31, 2022, "Events after the reporting date").

³⁵ Full consolidation of SAES RIAL Vacuum S.r.l. in the first two months of 2023 following the purchase of the entire quota capital and control at the end of May 2022.

(thousand of euro)

Divisions and Businesses	February, 2023	February, 2022	Total difference	Total difference %	Exchange rate effect %	Organic change %	Change in consolidation scope %
Getters & Dispensers	6,987	8,248	(1,261)	-15.3%	2.2%	-17.5%	0.0%
Sintered Materials	1,524	1,555	(31)	-2.0%	5.1%	-7.1%	0.0%
SMA Materials	2,903	2,003	900	44.9%	3.6%	41.3%	0.0%
SAES Industrial	11,414	11,806	(392)	-3.3%	2.8%	-6.1%	0.0%
High Vacuum Solutions	4,819	4,585	234	5.1%	0.6%	-20.5%	25.0%
SAES High Vacuum	4,819	4,585	234	5.1%	0.6%	-20.5%	25.0%
Medical Nitinol	0	0	0	0.0%	0.0%	0.0%	0.0%
SAES Medical Nitinol	0	0	0	0.0%	0.0%	0.0%	0.0%
Functional Chemicals	1,758	2,329	(571)	-24.5%	0.0%	-24.5%	0.0%
SAES Chemicals	1,758	2,329	(571)	-24.5%	0.0%	-24.5%	0.0%
Packaging Solutions	1,105	2,009	(904)	-45.0%	0.0%	-45.0%	0.0%
SAES Packaging	1,105	2,009	(904)	-45.0%	0.0%	-45.0%	0.0%
Not Allocated	13	0	13	0.0%	0.0%	0.0%	0.0%
Consolidated revenue	19,109	20,729	(1,620)	-7.8%	1.7%	-15.0%	5.5%

A further increase is expected in 2023, with a slight slowdown in growth in the medical business.

Going concern

The consolidated financial statements are prepared on the **going concern** assumption, given that, despite a difficult and uncertain economic/financial and geopolitical environment in the light of the results achieved in 2022 and forecasts for future years that estimate a decline in energy costs, there are no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - Presentation of Financial Statements) regarding going concern. In addition, the positive net financial position and the availability of unused credit lines, constitute a further guarantee of going concern.

Related party transactions

With regard to the Group's **related party** transactions, please note that they fall within ordinary operations and are settled at normal market conditions.

A full disclosure on related party transactions carried out during the year is provided in Note no. 45 of the Consolidated Financial Statements at December 31, 2022.

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.

Consolidated Non-Financial Statement

The **Consolidated Non-Financial Statement of the SAES Group for 2022**, prepared pursuant to Italian Legislative Decree 254/16 and approved by the Board of Directors on March 14, 2023, constitutes a separate report from this Report on Operations as envisaged by Article 5, paragraph 3(b) of Italian Legislative Decree 254/16, and is also available on the website www.saesgetters.com, in the "Investor relations - Sustainability" section.

Report on corporate governance and ownership structure

The **Report on corporate governance and ownership structures of SAES Getters S.p.A. for 2022**, drawn up pursuant to arts. 123-*bis* of the Consolidated Law on Finance and 89-*bis* of the Consob Issuers' Regulation and approved by the Board of Directors on March 14, 2023, constitutes a separate report from this Report on Operations and is also available on the website www.saesgetters.com, in the "Investor relations – Corporate Governance" section.

SAES GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2022

Statement of profit or loss			
(thousand of euro)	Notes	2022	2021 (*)
Revenue	4	250,265	190,198
Cost of sales	5	(139,570)	(109,170)
Gross profit		110,695	81,028
Research & development expenses	5	(12,657)	(11,704)
Selling expenses	5	(20,654)	(13,071)
General & administrative expenses	5	(36,147)	(33,104)
Impairment on trade receivables	5	(139)	(69)
Total operating costs		(69,597)	(57,948)
Other income	6	812	860
Other expenses	6	(738)	(1,688)
Operating profit		41,172	22,252
Financial income	7	2,958	5,310
Financial expense	7	(16,317)	(3,291)
Impairment losses on loan assets and other financial assets	7	(2,364)	(2,148)
Share of profit (loss) of equity-accounted investees	8	(433)	200
Exchange gains	9	1,394	895
Exchange losses	9	(1,953)	(1,125)
Pre-tax profit		24,457	22,093
Income taxes	10	(12,107)	(9,296)
Profit from continuing operations		12,350	12,797
Profit (loss) from discontinued operations		0	0
Profit for the year		12,350	12,797
<i>attributable to:</i>			
- the owners of the parent		12,350	12,797
- non-controlling interests		0	0
Basic/diluted earnings per ordinary share	11	0.67368	0.69831
Basic/diluted earnings per saving share	11	0.69031	0.71494

(*) Some comparative amounts shown in the column have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of 2021 figures".

Statement of comprehensive income			
(thousand of euro)	Notes	2022	2021
Profit for the year		12,350	12,797
Exchange differences from translation of financial statements in foreign currencies	30	6,039	10,123
Total other comprehensive income which may be subsequently reclassified to profit or loss		6,039	10,123
Net actuarial gains (losses) on defined benefit plans related to SAES Getters S.p.A. and subsidiaries		914	(49)
Income taxes		(218)	12
Net actuarial gains (losses) on defined benefit plans related to equity-accounted investees		0	13
Income taxes		0	(3)
Net fair value losses on investments in other companies	30	(22)	(95)
Income taxes	30	0	0
Total other comprehensive income (expense) that will not be subsequently reclassified to profit or loss		674	(122)
Total other comprehensive income, net of taxes		6,713	10,001
Total profit for the year and other comprehensive income		19,063	22,798
<i>attributable to:</i>			
- the owners of the parent		19,063	22,798
- non-controlling interests		0	0

Statement of financial position

(thousand of euro)	Notes	December 31, 2022	December 31, 2021 (*)
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	13	92,697	84,549
Intangible assets	14	14,187	11,183
Goodwill	15	52,929	48,631
Right-of-use assets	16	5,481	6,399
Equity-accounted investees	17	0	2,362
Investments in other companies	18	1,549	1,381
Securities	19	0	71,887
Deferred tax assets	20	9,029	9,243
Financial receivables with related parties	21	0	49
Other non-current assets	22	376	381
Other financial assets from third parties	23	0	1,424
Total non-current assets		176,248	237,489
Current assets			
Inventories	24	44,436	35,392
Trade receivables	25	34,539	29,614
Sundry and other current assets	26	4,174	3,455
Current tax assets	27	3,964	2,608
Derivative financial instruments	28	259	9
Financial assets with related parties	21	0	1
Securities	19	145,484	94,655
Cash and cash equivalents	29	42,139	29,518
Total current assets		274,995	195,252
Total assets		451,243	432,741
<u>EQUITY AND LIABILITIES</u>			
Share capital		12,220	12,220
Share premium reserve		25,724	25,724
Treasury shares		(93,382)	(93,382)
Legal reserve		2,444	2,444
Other items of equity		304,697	293,717
Profit for the year		12,350	12,797
Equity attributable to the owners of the parent	30	264,053	253,520
Share capital and reserves attributable to non-current interests		0	0
Equity attributable to non-current interests	30	0	0
Total equity		264,053	253,520
Non-current liabilities			
Financial liabilities	31	119	52,199
Lease liabilities	32	3,039	4,070
Deferred tax liabilities	20	11,386	10,909
Post-employment and other employee benefits	33	10,717	10,555
Provisions for risks and charges	34	143	174
Other financial liabilities	35	462	0
Total non-current liabilities		25,866	77,907
Current liabilities			
Trade payables	36	17,005	13,280
Sundry liabilities	37	12,989	12,654
Current tax liabilities	38	424	790
Employee benefits	39	6,217	5,092
Provisions for risks and charges	34	304	242
Current portion of non-current loans and borrowings	32	52,094	109
Lease liabilities	33	2,545	2,409
Other financial liabilities	35	30	20
Bank loans and borrowings	40	65,302	63,935
Other current liabilities	41	4,414	2,783
Total current liabilities		161,324	101,314
Total equity and liabilities		451,243	432,741

(*) Some comparative amounts shown in the column have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of 2021 figures".

Statement of cash flows

(thousand of euro)	Notes	2022	2021
Cash flows from operating activities			
Profit for the year		12,350	12,797
Income taxes	10	12,107	9,296
Depreciation of right-of-use assets	16	2,622	2,295
(Reversal of impairment losses) impairment losses on right-of-use assets	16	0	0
Depreciation of property, plant and equipment	13	10,118	8,338
(Reversal of impairment losses) impairment losses on property, plant and equipment	13	339	1,168
Amortisation of intangible assets	14	2,483	1,460
(Reversal of impairment losses) impairment losses on intangible assets	14	0	332
Gains (losses) on the disposal of property, plant and equipment and intangible assets		30	(38)
Net financial (income) expense		16,156	(71)
Impairment losses on trade receivables	35	139	69
Other non-monetary expense (income)		(236)	(9)
Other non-monetary change in post-employment and other benefits	33/39	10,013	7,296
Accrual (utilization) of provisions for risks and charges	34	(230)	(466)
		65,891	42,467
Change in operating assets and liabilities			
<i>Cash increase (decrease)</i>			
Trade receivables and other current assets	22/25/26	(2,704)	(8,688)
Inventories	24	(5,873)	(2,451)
Trade payables	36	1,914	1,746
Sundry and other current liabilities	37/41	(1,057)	(653)
		(7,720)	(10,046)
Payments of post-employment and other benefits	33/39	(8,296)	(5,686)
Taxes paid		(12,702)	(7,256)
Cash flows generated by operating activities		37,173	19,479
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(15,293)	(16,418)
Acquisition of intangible assets	14	(602)	(192)
Proceeds from the disposal of property, plant and equipment and intangible assets	13/14	31	7
Purchase of securities		(14,646)	(47,447)
Disinvestments of securities		21,344	87,323
Income from securities, net of management fees		1,506	1,856
Investments in joint ventures	17	(600)	0
Investments in other companies	18	(190)	(190)
Consideration paid for the purchase of subsidiaries, net of the cash and cash equivalents acquired		(4,287)	(15,757)
Financial liabilities repaid to (granted by) related parties	21	49	(1,734)
Financial liabilities repaid to (granted by) third parties	23	(298)	(1,392)
Interest income on financial assets with related parties	21	1	1
Interest and other financial income received		291	349
Cash flows generated by (used in) investing activities		(12,694)	6,406
Cash flows from financing activities			
Proceeds from non-current financial liabilities, current portion included	31	0	52,000
Repayment of non-current financial liabilities	31	(114)	(100,462)
Interest paid on non-current financial liabilities	31	(116)	(1,173)
Proceeds from current financial liabilities	40	568,500	173,966
Repayment of current financial liabilities	40	(567,767)	(143,800)
Interests paid on current financial liabilities	40	(657)	(298)
Interest and other financial expense paid		(427)	(591)
Dividends paid	30	(8,530)	(7,440)
Other costs paid		(4)	(25)
Repayment of lease liabilities	32	(2,606)	(2,266)
Interest paid on leases	32	(199)	(215)
Cash flows used in financing activities		(11,920)	(30,304)
Increase (decrease) in cash and cash equivalents		12,559	(4,419)
Opening cash and cash equivalents		29,286	30,700
Effect of exchange rate changes on cash flows		(42)	3,005
Closing cash and cash equivalents		41,803	29,286

(*) The reconciliation between the cash and cash equivalents shown in the statement of financial position and in the statement of cash flow is detailed in Note no. 42.

Statement of changes in equity - December 31, 2022

(thousand of euro)	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other items of equity		Profit for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
					Translation reserve	Other reserves and retained earnings				
December 31, 2021	12,220	25,724	(93,382)	2,444	12,304	281,413	13,076	253,799	0	253,799
Restatement of 2021 figures (*)							(279)	(279)		(279)
December 31, 2021 - restated	12,220	25,724	(93,382)	2,444	12,304	281,413	12,797	253,520	0	253,520
Allocation of previous year profit							12,797	(12,797)	0	0
Dividends paid							(8,530)	(8,530)		(8,530)
Profit for the year							12,350	12,350	0	12,350
Other comprehensive income					6,039	674		6,713		6,713
Total profit for the year and other comprehensive income					6,039	674	12,350	19,063	0	19,063
								0		0
December 31, 2022	12,220	25,724	(93,382)	2,444	18,343	286,354	12,350	264,053	0	264,053

(*) Opening balances have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of 2021 figures".

Statement of changes in equity - December 31, 2021

(thousand of euro)	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other items of equity		Profit for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
					Translation reserve	Other reserves and retained earnings				
December 31, 2020	12,220	25,724	(93,382)	2,444	2,181	284,188	4,787	238,162	0	238,162
Allocation of previous year profit							4,787	(4,787)	0	0
Dividends paid							(7,440)	(7,440)		(7,440)
Profit for the year							12,797	12,797	0	12,797
Other comprehensive income					10,123	(122)		10,001		10,001
Total profit for the year and other comprehensive income					10,123	(122)	12,797	22,798	0	22,798
								0		0
December 31, 2021	12,220	25,724	(93,382)	2,444	12,304	281,413	12,797	253,520	0	253,520

Notes to the consolidated financial statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

General information

SAES Getters S.p.A. (hereinafter the “Company” or “Parent”) is the entity that draws up the consolidated financial statements and has its registered office in Lainate, Milan, Viale Italia, 77.

The Consolidated Financial Statements as at and for the year ended December 31, 2022 (hereinafter the “Consolidated Financial Statements”) include the financial statements of the Parent and its subsidiaries (hereinafter the “SAES Group”, “SAES” or the “Group”).

The SAES Group operates 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, optoelectronics, advanced photonics, telecommunications (5G) and telephony).

SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A.³⁶, with its registered office in Milan, via Santa Maria Fulcorina, 2, which 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 2022 Report on corporate governance and ownership). The share capital of S.G.G. Holding S.p.A. is in turn owned by a plurality of shareholders, none of whom individually exercise control over the company.

These Consolidated Financial Statements are prepared:

- in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (hereinafter “IFRS”), as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree No. 38 of February 28, 2005;
- using the criterion of measurement at historical cost, with the exception of some assets and liabilities for which the reference accounting standards (see Note no. 2) require measurement at fair value, such as some financial assets and derivative financial instruments;
- based on the going concern assumption since, despite the presence of a difficult economic, financial and geopolitical context, in light of the results achieved in 2022 and the forecasts for future years, there are no significant uncertainties as to the group’s ability to continue as a going concern; in addition, the positive net financial position and the availability of unused credit lines constitute a further guarantee of business continuity;
- using the Euro (the Parent’s functional currency) as the presentation currency, rounded to the nearest thousand, unless otherwise indicated.

The Board of Directors approved and authorised the publication of the Consolidated Financial Statements with the resolution passed on March 14, 2023.

³⁶ At December 31, 2022, S.G.G. Holding held 34.44% of the ordinary shares of SAES Getters S.p.A. and has 51.15% of the voting rights (percentage calculated taking into account that 5,018,486 ordinary shares held by S.G.G. Holdings S.p.A. have accrued the increased voting right, as well as the voting rights of the treasury shares held by SAES Getters S.p.A.).

In accordance with European Commission Regulation 815/2019 (the European Single Electronic Format Regulation – ESEF), the 2022 Annual Financial Report was prepared in xHTML format, marking up the Consolidated Financial Statements of the SAES Group (statements and notes thereto) according to the Inline XBRL specifications contained in the basic taxonomy issued by ESMA (European Securities and Markets Authority).

Basis of presentation

The Consolidated Financial Statements consist of:

- the statement of profit or loss, prepared by classifying operating costs by allocation, since this form of presentation 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 item “cost of sales” includes the cost of producing or purchasing products and goods that have been sold. It includes all the costs for materials, processing and overheads directly associated with production, including depreciation of the assets used in production and write-downs of inventories; the sub-total “operating profit (loss)” refers to the Group’s operating activities that generate ongoing revenue and includes other income and costs related to operating activities. Net financial expense, the share of profit (loss) of equity-accounted investments and income taxes are excluded from the operating profit (loss);
- the statement of comprehensive income;
- the statement of financial position, in which the assets and liabilities are presented according to the “current/non-current” criterion. Current assets are those intended to be realised, sold or consumed during the Group’s normal operating cycle or in the twelve months following the end of the year. Current liabilities are those which are expected to be extinguished during the Group’s normal operating cycle or which must be extinguished within twelve months of the reporting date or for which the Group does not have an unconditional right to defer settlement for at least twelve months following the reporting date;
- the statement of cash flows, in which the cash flows are presented according to the “indirect method”. Interest income collected is classified under investing activities, while interest expense is a cash outflow for financing activities. Cash and cash equivalents in the statement of cash flows include current account overdrafts (included in the item “Bank loans and borrowings”) but exclude cumulative expected losses determined in application of IFRS 9 on bank deposits.
- the statement of changes in equity;
- these notes to the Consolidated Financial Statements.

With reference to the requirements of Consob resolution No. 15519 of July 27, 2006 and Consob Communication No. DEM/6064293 of July 28, 2006, the following should be noted:

- no significant income and expense deriving from non-recurring transactions or from events that do not recur frequently in the ordinary course of business, as well as positions or transactions deriving from atypical or unusual transactions, were identified;
- the amounts of positions and transactions with related parties are summarised and described in Note no. 45.

Use of estimates and judgements

When preparing the Consolidated Financial Statements, Company Management was required to make estimates and judgements required by the application of accounting standards and affecting the amounts of the assets, liabilities, costs and revenue recognised in the consolidated financial statements, as well as the information included in the notes. However, as these are estimates, the results obtained in the future will not necessarily be the same as those shown in these consolidated

financial statements. These estimates and the underlying assumptions are regularly reviewed. Any changes deriving from the review of accounting estimates are recognised prospectively.

Decisions taken for the application of accounting standards

The decisions taken by company management regarding the application of accounting standards, which have the most significant effects on the amounts recognised in the consolidated financial statements, are provided in the following notes:

- revenue recognition: establish whether revenue must be recognised at a given time or over time (see Note no. 4);
- equity-accounted investments: establish whether the Group exercises significant influence/joint control over an investee (see Note no. 17);
- lease term: establish whether there is reasonable certainty that the Group will exercise the extension options (see Note no. 32).

Assumptions and uncertainties in estimates

As at December 31, 2022, information on assumptions and uncertainties in estimates that have a significant risk of causing material changes to the carrying amount of the assets and liabilities in the consolidated financial statements of the following year is provided in the following notes:

- Impairment test of non-current assets (property, plant and equipment, intangible assets, goodwill, right-of-use assets): main assumptions for determining recoverable amounts (see Note no. 16 – Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets));
- measurement of the useful lives of property, plant and equipment and of intangible assets for the calculation of depreciation and amortisation (see Notes no. 13 and no. 14);
- measurements with reference to business combinations: fair value of the consideration transferred (including the contingent consideration), fair value of the investment previously held in the acquiree and fair value of the assets acquired and liabilities assumed (see Note no. 3);
- measurement of the net realisable value of inventories (see Note no. 24);
- recognition and measurement of provisions and contingent liabilities: main assumptions on the probability and extent of an outflow of resources (see Note no. 34);
- measurement of obligations for defined benefit plans: main actuarial assumptions (see Note no. 33);
- recognition of lease contracts: estimate of the marginal borrowing rate for the discounting of payments due for leases (see Note no. 32);
- recognition of deferred tax assets: availability of future taxable profits against which the deductible temporary differences and tax losses carried forward can be used (see Note no. 20).

Fair value measurements

Several accounting standards and some disclosure obligations require the fair value measurement of financial and non-financial assets and liabilities. In particular, for the SAES Group, fair value measurements are required:

- for the initial recognition of financial instruments and for the subsequent measurement of derivative financial instruments and certain non-derivative financial assets, such as, for example, equity investments in other companies and securities (see Notes no. 18 and no. 19);
- for the disclosure in the consolidated financial statements relating to financial instruments measured at amortised cost (see Note no. 31);
- for the accounting of business combinations (see Note no. 3);
- for the performance of impairment tests if the value in use is not used as the basis for the calculation of the recoverable amount (see Note no. 16).

The fair value is the price that would be received at the measurement date for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators in the main (or most advantageous) market to which the Group has access at that time. The fair value of a liability reflects the effect of a risk of default.

Where available, the Group measures the fair value of an asset or liability using the quoted price of that asset or liability in an active market. A market is active when transactions relating to the asset or liability occur with sufficient frequency and volumes to provide useful information for determining the price on an ongoing basis.

In the absence of a quoted price in an active market, the Group uses valuation techniques, maximising the use of observable input data and minimising the use of non-observable input data. The valuation technique chosen includes all the factors that market operators would consider in estimating the transaction price.

On the basis of the above, the fair values are divided into the following hierarchical levels based on the input data used in the valuation techniques:

- *Level 1*: (unadjusted) prices quoted on active markets for identical assets or liabilities;
- *Level 2*: input data other than the quoted prices referred to in Level 1 that are observable for the asset or liability, both directly (prices) and indirectly (derived from prices);
- *Level 3*: input data relating to the asset or liability that are not based on observable market data.

If the input data used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the entire measurement is included in the same hierarchy level as the lowest level input that is significant for the entire assessment.

The Group recognises the transfers between the various levels of the fair value hierarchy at the end of the period in which the transfer took place.

Subsidiaries and joint ventures

The following table shows the companies directly and indirectly controlled by SAES Getters S.p.A. as at December 31, 2022, consolidated on a line-by-line basis.

Company	Currency	Share/quota capital	% of Ownership	
			Direct	Indirect
<u>Companies controlled directly by SAES Getters S.p.A.:</u>				
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 Export, Corp. Wilmington, DE (USA)	USD	2,500	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, MI (Italy) & Friburgo (Germany)	EUR	50,000	100.00	-
SAES Investments S.A. Luxembourg (Luxembourg)	EUR	30,000,000	100.00	-
Strumenti Scientifici Cinel S.r.l. Vigonza, PD (Italy)	EUR	78,000	100.00	-
SAES RIAL Vacuum S.r.l. Parma, Parma (Italy)	EUR	200,000	100.00	-
SAES Getters Korea Corporation in liquidation Seoul (South Korea)	KRW	524,895,000	100.00*	-
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	100.00*	-
Memry Corporation Bethel, CT (USA) & Freiburg (Germany) & Lainate, MI (Italy)	USD	30,000,000	100.00*	-
<u>Companies controlled indirectly through SAES Getters/U.S.A., Inc:</u>				

Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
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* Equity investment held directly by SAES Getters S.p.A. following the merger into the Parent of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

With reference to the changes in the equity investments directly and indirectly controlled by the Parent during 2022, it should be noted that:

- On May 25, 2022, SAES Getters S.p.A., finalised the **acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l.**, of which it already held 49%, with the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other companies of the Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. that was acquired in July 2021. From that date, the Group acquired control of SAES RIAL Vacuum S.r.l. and the company was consolidated on a line-by-line basis, rather than being included in the consolidation scope using the equity method.
- on September 12, 2022, it was resolved to **liquidate the Korean subsidiary SAES Getters Korea Corporation**, whose sales activities in the Korean territory will be assigned to local agents and distributors. The liquidation process, which began in November, is expected to be completed by the first half of 2023;
- on December 22, 2022, the **merger into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l.** (formerly SAES Getters International Luxembourg S.A.) was carried out. The merger deed took legal effect with the end of the accounting day of December 30, 2022; solely for accounting and tax purposes, the merger transaction was backdated to January 1, 2022. The merger did not have any impact on the financial position, financial performance and cash flows in the consolidated financial statements, nor did it provide for any exchange, as the merged company was already wholly owned by SAES Getters S.p.A.

Please note that:

- on January 24, 2022, the **Italian Branch of Memry Corporation**, with registered office in Lainate, was established by notarial deed No. 996/671, in order to facilitate Memry Corporation's commercial expansion in the European market.

The following table shows the equity-accounted investments in joint ventures by the SAES Group as at December 31, 2022.

Company	Currency	Share capital	% of Ownership	
			Direct	Indirect
Actuator Solutions GmbH Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*
Flexterra, Inc. Skokie, IL (USA)	USD	33,382,842	46.84**	-
Flexterra Taiwan Co., Ltd. Zhubei City (Taiwan)	TWD	5,000,000	-	46.84***

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

** Equity investment held directly by SAES Getters S.p.A. following the merger into the Parent of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

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

Restatement of 2021 figures

The statement of financial position balances relating to 2021, presented for comparative purposes, have been restated with respect to the amounts in the Consolidated Financial Statements as at and

for the year ended December 31, 2021, with an effect on the profit for the year and equity, to reflect the adjustments resulting from the completion of the provisional measurement of the business combination³⁷ of Strumenti Scientifici Cinel S.r.l., in compliance with the provisions of IFRS 3.

Both the profit for 2021 and equity at December 31, 2021 decreased by 279 thousand euros. For details of the adjustments, please refer to the following tables, which present the effect of the restatement on the statement of profit or loss and on the statement of financial position, respectively, as well as Note no. 3.

³⁷ Business combination completed on July 7, 2021.

Statement of Financial Position

(thousand of euro)	December 31, 2021 published	Restatement of 2021 figures	December 31, 2021 restated
ASSETS			
Non-current assets			
Property, plant and equipment	83,543	1,006	84,549
Intangible assets	4,490	6,693	11,183
Goodwill	54,461	(5,830)	48,631
Right-of-use assets	6,399	0	6,399
Equity-accounted investees	2,362	0	2,362
Investments in other companies	1,381	0	1,381
Securities	71,887	0	71,887
Deferred tax assets	9,243	0	9,243
Financial receivables from related parties	49	0	49
Other non-current assets	381	0	381
Other financial assets from third parties	1,424	0	1,424
Total non-current assets	235,620	1,869	237,489
Current assets			
Inventories	35,392	0	35,392
Trade receivables	29,614	0	29,614
Sundry and other current assets	3,455	0	3,455
Current tax assets	2,608	0	2,608
Derivative financial instruments	9	0	9
Financial assets with related parties	1	0	1
Securities	94,655	0	94,655
Cash and cash equivalents	29,518	0	29,518
Total current assets	195,252	0	195,252
Total assets	430,872	1,869	432,741
EQUITY AND LIABILITIES			
Share capital	12,220	0	12,220
Share premium reserve	25,724	0	25,724
Treasury shares	(93,382)	0	(93,382)
Legal reserve	2,444	0	2,444
Other items of equity	293,717	0	293,717
Profit for the year	13,076	(279)	12,797
Equity attributable to the owners of the parent	253,799	(279)	253,520
Share capital and reserves attributable to non-current interests	0	0	0
Equity attributable to non-current interests	0	0	0
Total equity	253,799	(279)	253,520
Non-current liabilities			
Financial liabilities	52,199	0	52,199
Lease liabilities	4,070	0	4,070
Deferred tax liabilities	8,761	2,148	10,909
Post-employment and other employee benefits	10,555	0	10,555
Provisions for risks and charges	174	0	174
Other financial liabilities	0	0	0
Total non-current liabilities	75,759	2,148	77,907
Current liabilities			
Trade payables	13,280	0	13,280
Sundry liabilities	12,864	0	12,864
Current tax liabilities	790	0	790
Employee benefits	5,092	0	5,092
Provisions for risks and charges	242	0	242
Derivative financial instruments	0	0	0
Current portion of non-current loans and borrowings	109	0	109
Lease liabilities	2,409	0	2,409
Other financial liabilities	20	0	20
Bank loans and borrowings	63,935	0	63,935
Other current liabilities	2,573	0	2,573
Total current liabilities	101,314	0	101,314
Total equity and liabilities	430,872	1,869	432,741

Statement of profit or loss

(thousand of euro)	2021 published	Restatement of 2021 figures	2021 restated
Revenue	190,198	0	190,198
Cost of sales	(108,886)	(284)	(109,170)
Gross profit	81,312	(284)	81,028
Research & development expenses	(11,704)	0	(11,704)
Selling expenses	(12,971)	(100)	(13,071)
General & administrative expenses	(33,101)	(3)	(33,104)
Impairment on trade receivables	(69)	0	(69)
Total operating costs	(57,845)	(103)	(57,948)
Other income	860	0	860
Other expenses	(1,688)	0	(1,688)
Operating profit	22,639	(387)	22,252
Financial income	4,613	0	4,613
Financial expense	(2,594)	0	(2,594)
Impairment losses on financial receivables and other financial assets	(2,148)	0	(2,148)
Share of profit (loss) of equity-accounted investees	200	0	200
Exchange gains	895	0	895
Exchange losses	(1,125)	0	(1,125)
Pre-tax profit	22,480	(387)	22,093
Income taxes	(9,404)	108	(9,296)
Profit from continuing operations	13,076	(279)	12,797
Profit (loss) from discontinued operations	0	0	0
Profit for the year	13,076	(279)	12,797
<i>attributable to:</i>			
- the owners of the parent	13,076	(279)	12,797
- non-controlling interests	0	0	0

In addition to the above, it should be noted that in the reporting period the name of some items in the consolidated financial statements was changed and, sometimes, new items were created to provide a greater breakdown. The comparative balances have been adjusted accordingly.

2. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise indicated, the accounting standards described below were applied consistently for all years included in these consolidated financial statements.

Basis of consolidation

Subsidiaries fully consolidated

Subsidiaries are those entities in which the Group has control, i.e. when the Group is exposed or is entitled to varying yields arising from its relationship with the entity in which it has invested and, at the same time, it has the ability to affect these yields, by exercising its power over that entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group assumes control until such control ceases.

In preparing the consolidated financial statements, all statement of financial position, statement of profit or loss and statement of cash flows balances between Group companies are eliminated, as are unrealised gains and losses (excluding exchange rate differences) on intragroup transactions.

Equity-accounted investees

The Group holds equity investments in joint ventures, i.e. in entities over which it exercises joint control with other parties, claiming rights on the net assets of the entity itself. Joint control is the sharing, established in an agreement, of the control of an economic activity that only exists when the unanimous consent of all parties sharing the control is required to take relevant decisions regarding said activity.

Investments in joint ventures are accounted for using the equity method, whereby the investment at the time of acquisition is recognised at cost, subsequently adjusted for the share of the investee's profit or loss. The Group's share of the profit or loss is recognised in profit or loss for the year under the item "Share of profit (loss) of equity-accounted investees".

Losses of joint ventures in excess of the Group's share are not recognised unless the Group has assumed an obligation to cover them.

In the event that a joint venture recognises adjustments that are recognised directly in equity and in other comprehensive income, the Group recognises the relevant portion in equity and discloses it, where applicable, in the statement of changes in equity and in the statement of comprehensive income.

Unrealised gains from transactions with equity-accounted investees are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, to the extent that there are no indicators of impairment.

At the end of the reporting period, the Group assesses the existence of any indicators of impairment and, if identified, performs an impairment test by comparing the carrying amount of the investment recognised using the equity method and its recoverable amount. Any impairment loss is allocated to the equity investment as a whole, with a balancing entry in the profit (loss) for the year under the item "Impairment losses on equity-accounted investments".

Business combinations and goodwill

Business combinations are accounted for using the acquisition method when the set of activities and assets acquired meets the definition of a business and the Group obtains control. In determining whether a given set of activities and assets represents a business, the Group assesses whether said set includes, at a minimum, an input and a substantive process and whether it has the capacity to create outputs.

In accordance with the acquisition method, the consideration transferred and the identifiable net assets acquired are usually recognised at fair value on the date of acquisition of control.

Any positive difference between the consideration transferred (increased by the amount assigned to non-controlling interests not subject to acquisition) and the amount of the identifiable net assets is recognised as goodwill. Any negative difference ("profit deriving from a purchase at favourable prices") is instead recognised in the profit (loss) for the year at the date of acquisition of control.

Non-controlling interests are initially measured in proportion to the relevant portion of net identifiable assets of the acquiree at the acquisition date.

If applicable, the consideration transferred is increased by any contingent consideration (future consideration subject to conditions) measured at fair value and by any investment previously held by the Group in the acquired entity, also remeasured at fair value. If the contingent consideration meets the definition of a financial instrument and is classified as equity, it is not subject to subsequent measurement and the future settlement is recognised directly in equity. Other contingent considerations are measured at fair value at the end of each year and changes in fair value are recognised in profit (loss) for the year.

Costs related to the business combination, other than those relating to the issue of debt securities or equity instruments, are recognised as costs in the profit (loss) for the year when incurred under the item “General and administrative expenses”.

If, at the date of approval of the consolidated financial statements, the valuations required by the acquisition method have not been completed, the Group accounts for the business combination on a provisional basis. This accounting method is permitted for a maximum period of 12 months from the date of acquisition of control (“measurement period”). With the completion of the valuation process, any adjustments to the provisional amounts are recognised retrospectively from the date of acquisition of control.

Goodwill arising from a business combination is not amortised, but is tested for impairment annually, or more frequently in the presence of impairment indicators. Goodwill impairment losses, if any, are never reversed in subsequent years (see the following paragraph “Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)”).

Goodwill arising from a business combination is allocated, on the date control is acquired, to the Group’s individual Cash Generating Units (CGUs) or groups of CGUs, that are expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the Group are assigned to those CGUs or groups of CGUs. Each CGU or group of CGUs to which the goodwill is allocated, represents the lowest level, as regards the Group, at which goodwill is monitored for internal management purposes.

When the goodwill is part of a CGU and part of the internal business of said unit is sold, the goodwill associated with the business sold is included in the carrying amount of the asset to calculate the profit or loss resulting from the sale. The goodwill sold in these circumstances is measured on the basis of the relative amounts of the asset sold and of the portion of the unit maintained.

If the entire business or part of the same previously acquired is sold, and said acquisition had indicated goodwill, when establishing the impact resulting from said sale, the corresponding residual value of the goodwill is taken into account. The difference between the sale price and the net assets plus the accumulated translation differences and the goodwill is recognised in profit or loss. The accumulated profits and losses recognised directly under equity are transferred to the statement of profit or loss at the time of the sale.

Foreign currency

Foreign currency transactions

Each Group company identifies its own functional currency. Transactions in foreign currency are translated into the functional currency of each Group company at the exchange rate in force on the date of the transaction. Monetary items in foreign currency at the reporting date are translated into the functional currency using the exchange rate on the same date. Non-monetary elements that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates in force on the date on which the fair value was determined. Non-monetary elements that are measured at historical cost in a foreign currency are translated using the exchange rate on the same date of the transaction.

Translation of the financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments recognised at the acquisition date, are translated into euro using the exchange rates in force at the reporting date. Revenue and costs of foreign operations are translated into euro using the average exchange rates for the year. Foreign exchange gains and losses arising from the translation of the financial statements of foreign operations are recognised under other comprehensive income and included in the translation reserve, with the exception of exchange differences that are attributable to non-controlling interests. In preparing the consolidated statement of cash flows, the cash flows

of foreign operations expressed in currencies other than the euro are translated using the average exchange rates for the year.

When the Group disposes of an investment in a foreign operation, in whole or in part, such that it loses control or joint control over it, the amount accumulated in the translation reserve relating to that foreign operation is reclassified to profit or loss for the year as an adjustment to the gain or loss on disposal. In the event of a partial disposal of a subsidiary that does not result in the loss of control, the proportional share of the amount accumulated in the translation reserve is reallocated to equity attributable to non-controlling interests, while in the event of a partial disposal of an investment in a joint venture which does not entail the loss of joint control, the proportional share of the accumulated amount is reclassified to profit or loss for the year.

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

expressed in foreign currency (per 1 euro)

Currency	December 31, 2022		December 31, 2021	
	Average rate	Closing rate	Average rate	Closing rate
US dollar	1.053	1.0666	1.1827	1.1326
Japanese yen	138.0274	140.6600	129.8767	130.3800
South Korean won	1,358.0700	1,344.0900	1,354.0570	1,346.3800
Renminbi (P.R. of China)	7.0788	7.3582	7.6282	7.1947
Taiwan dollar	31.3223	32.7603	33.0361	31.3671

Upon first-time adoption of IFRS, the cumulative exchange rate differences generated by the consolidation of foreign operations were zeroed out and, therefore, only cumulative exchange differences recognised after January 1, 2004 are included in the calculation of capital gains and losses arising from their possible disposal.

Owned property, plant and equipment

Owned property, plant and equipment are recognised at purchase or production cost and depreciated on a straight-line basis over their estimated useful life, which is reviewed at each reporting date. In the event of a change in the residual useful life, the effects of the change in the estimate are recognised prospectively in the profit or loss for the year. Property, plant and equipment existing as at January 1, 2004 (date of transition to IFRS) were recognised at fair value as deemed cost. Costs incurred after purchase are capitalised only if they lead to an increase in the expected future economic benefits attributable to the asset to which they relate.

Whenever there is an indication that property, plant and equipment may have suffered an impairment loss, they are subjected to an impairment test (see the following paragraph "Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)").

The minimum and maximum rates of depreciation applied are shown below.

Land	0%
Buildings	2.5% - 20%
Plant and machinery	3% - 40%

Intangible assets

Intangible assets are recognised at purchase cost and amortised on a straight line basis over their estimated useful life, which is reviewed at each reporting date. Only the relationship with customers is amortised using a decreasing method, over an estimated useful life of eighteen years.

In the event of a change in the residual useful life, the effects of the change in the estimate are recognised prospectively in the profit or loss for the year. Subsequent costs are capitalised only when they increase the expected future economic benefits attributable to the asset to which they relate.

Whenever there is an indication that the intangible asset may have suffered an impairment loss, it is tested for impairment (see the following paragraph “Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)”).

The estimated useful lives of intangible assets are indicated below:

Industrial patent rights and intellectual property rights	3/15 years/term of contract
Concessions, licenses, trademarks and similar rights	3/25 years/term of contract
Others	5/15 years/term of the contract

Property, plant and equipment, leased cars (Right-of-use assets and Lease liabilities)

At the start date of the lease, the Group recognises a right-of-use asset and a financial liability for the lease contract, with the exception of short-term lease contracts (i.e. contracts with a term equal to or less than twelve months) and those where the leased asset is a low-value asset (i.e. an asset with a value as new that does not exceed 5 thousand euros), for which the Group continues to recognise lease payments as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the payments due for the lease, which are not already paid at the effective date, discounted using the implicit interest rate of the contract. Since the implicit interest rate is not generally inferable from the contract, the Group uses its own marginal borrowing rate as the discount rate, calculated on the basis of the interest rates applied to the various external sources of financing.

The payments due for the lease include:

- fixed payments (including substantially fixed payments), net of any incentives;
- variable payments that depend on an index or rate, initially measured using the index or rate at the effective date of the contract;
- the exercise price of the purchase option, if the Group believes that the exercise of this option is reasonably certain;
- payments for an optional renewal period if the Group believes that the renewal is reasonably certain; and
- the payment of penalties for the termination of the contract, if the term of the contract reflects the exercise of this option.

Lease liabilities are measured at amortised cost using the effective interest rate method and are restated in the following circumstances:

- change in the estimate of the lease term or a significant event or change in circumstances occurs resulting in a change in the valuation of the exercise of the purchase option; in this case, the lease liability is restated by discounting the modified future lease payments, based on a revised discount rate;
- change in variable lease payments that depend on an index or rate; in this case, the lease liability is restated by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments is due to a change in a variable interest rate, for which a revised discount rate is used);
- amendment to the lease contract; in this case, the liability is restated based on the term and payments of the amended lease by discounting the payments based on a revised discount rate at the date of approval of the contract amendment.

When the lease liability is remeasured, the lessee makes a corresponding change to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the lessee recognises the change in the profit or loss for the year.

The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted for lease payments made on or before the effective date, increased by initial direct costs incurred and net of lease incentives received.

The right-of-use asset is subsequently amortised on a straight-line basis from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or, considering the cost of the right-of-use asset, it is expected that the Group will exercise the purchase option. In this case, the right-of-use asset is amortised over the useful life of the underlying asset.

Whenever there is an indication that the right-of-use asset may have suffered an impairment loss, it is subject to an impairment test (see the following paragraph “Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)”).

Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)

The Group verifies, at each reporting date, whether there are any indications that non-financial assets (property, plant and equipment; intangible assets, goodwill and right-of-use assets) may have suffered an impairment loss.

To this end, the Group considers both internal and external sources of information. As regards internal sources, the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to that envisaged. As regards external sources, instead, the following are considered: the trend of the market prices of the assets, any negative changes in technology, markets or laws, the trend of market interest rates, the cost of capital used to value the investments and lastly, if the carrying amount of the net assets of the Group are higher than market capitalisation.

If, on the basis of this test, it emerges that the non-financial assets may have suffered an impairment loss, the Group estimates their recoverable amount by performing an impairment test. The recoverability of goodwill is tested at least annually or, more frequently, whenever there is an indication that the asset may be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, such as in the case of goodwill, the Group estimates the recoverable amount of the cash-generating unit ('CGU' or 'cash-generating unit') to which the asset belongs. The CGU represents the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows generated by other assets or groups of assets. Goodwill acquired through a business combination is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the combination.

If the carrying amount of a CGU (or a group of CGUs) exceeds its recoverable amount, an impairment loss is recognised in the profit (loss) for the year, which is first recognised as a reduction in the carrying amount of goodwill, if any, and only then in the other assets of the CGU (group of CGUs) in proportion to their carrying amount up to the amount of the recoverable amount.

The recoverable amount of a CGU (or group of CGUs) is the higher of its fair value, less costs to sell, and its value in use. The value in use is represented by the present value of expected cash flows calculated by applying a discount rate that reflects current market valuations of the time value of money and of the specific risks of the asset comprising the CGU (or group of CGUs). Explicit future cash flows cover a period of three years, except in cases where explicit forecasts require longer periods, such as in the case of newly started businesses and start-up initiatives. The long-term growth rate used to estimate the terminal value of the CGU (or group of CGUs) is assumed at a value not exceeding the average long-term growth rate of the sector, country or market in which the CGU (or group of CGUs) operates.

Future cash flows are estimated with reference to the current conditions of the cash-generating unit and, therefore, do not include either the benefits of future restructuring for which the Group has not yet committed, or future investments to improve or optimise the unit.

For the purpose of impairment testing, the carrying amount of a CGU is determined in line with the basis on which the recoverable amount of the cash-generating unit is determined, excluding surplus assets (i.e. financial assets, deferred tax assets on past losses and net non-current assets held for sale).

After testing the CGU (or group of CGUs) for impairment, a second level of impairment testing is performed, including those centralised assets with ancillary functions (corporate assets) that cannot be allocated on a reasonable and consistent basis to individual units, and those assets that do not generate positive cash flows. At this second level, the recoverable amount of all CGUs (or groups of CGUs) is compared with the carrying amount of all CGUs (or groups of CGUs), including centralised assets.

Impairment losses on goodwill cannot be reversed. For other assets, impairment losses recognised in previous years are reversed up to the carrying amount that would have been determined (net of amortisation) if the impairment loss had never been recognised.

Financial assets and liabilities

Recognition, initial measurement and offsetting

Trade receivables and debt securities issued are recognised at the time they are originated. All other financial assets and liabilities are initially recognised at the trade date, i.e. when the Group becomes a contractual party to the financial instrument.

With the exception of trade receivables that do not contain a significant financing component, financial assets and liabilities are initially measured at fair value plus or minus, in the case of financial assets or liabilities not measured at fair value through profit (loss) for the year, the costs of the transaction directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

Financial assets and financial liabilities may be offset and the amount resulting from the offsetting is presented in the statement of financial position if, and only if, the Group currently has the legal right to offset such amounts and intends to settle the balance on a net basis or realise the asset and settle the liability simultaneously.

Subsequent measurement of non-derivative financial assets represented by debt securities (portfolio securities, trade receivables and financial assets)

The classification and subsequent measurement of financial assets is made on the basis of the business model chosen by the Group for their management, as well as on the basis of the characteristics of the contractual cash flows of the financial assets in question.

The business models adopted by the Group are the following:

- **Held to Collect (HtC):** the objective is to own the financial assets in order to collect the related contractual cash flows until their maturity. If the contractual cash flows are represented solely by payments on fixed dates of principal and interest, the financial assets are subsequently measured at amortised cost; otherwise, they are measured at fair value through profit or loss (FVTPL). At the reporting date, the financial assets managed under the HtC business model consisted of trade receivables from and financial assets with related parties and third parties and are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is decreased by impairment losses. Interest income, exchange gains and losses and impairment losses are recognised in profit (loss) for the year, as are any gains or losses on derecognition.
- **Held to Collect and Sell (HtC&S):** the objective is achieved both through the collection of contractual cash flows and through the sale of financial assets. If contractual cash flows are represented solely by payments on fixed dates of principal and interest, financial assets are subsequently measured at fair value through other comprehensive income (FVTOCI); otherwise, they are measured at fair value through profit or loss (FVTPL). At the reporting date, the financial

assets managed under the HtC&S business model consist of investments in monetary, bond and equity trading instruments for the dynamic management of cash surpluses and are subsequently measured at fair value through profit or loss. Net gains and losses, including dividends or interest received, are recognised in profit (loss) for the year.

Impairment of trade receivables is performed by estimating the expected credit loss over the life of the receivable at initial recognition and in subsequent measurements. The estimate is mainly made by determining the average expected non-collectability, based on historical and geographical indicators, as well as on forward-looking information. On the other hand, for certain receivables characterised by specific risk elements, specific assessments are carried out on individual credit positions.

Impairment of financial assets measured at amortised cost and other than trade receivables is performed using the expected credit loss model and, in particular, using the general model that recognises expected losses on financial assets over the following 12 months or over their entire residual life in the event of a material deterioration in credit risk. Specifically, with respect to liquid funds, expected losses are calculated in accordance with default percentages associated with each bank with which the cash is deposited, obtained on the basis of each bank's ratings.

Subsequent measurement of non-derivative financial assets represented by equity securities (equity investments in other companies)

The Group holds interests in other companies for non-trading purposes. These investments are measured at fair value. Dividends are recognised in profit (loss) for the year unless they clearly represent a recovery of part of the investment cost. Other gains and losses, including changes in fair value, are recognised in other comprehensive income and are never reclassified to profit (loss) for the year.

Subsequent measurement of non-derivative financial liabilities

Non-derivative financial liabilities, mainly represented by trade payables and financial liabilities, are initially recognised at fair value, which normally corresponds to the consideration received net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Interest expense and exchange gains (losses) are recognised in profit (loss) for the year, as are any gains or losses deriving from derecognition.

With reference to lease liabilities, see the previous paragraph "Property, plant and equipment, leased cars (Right-of-use assets and Lease liabilities)".

Financial derivatives

The derivative financial instruments subscribed by the SAES Group are represented by forward sale contracts on foreign currencies and have the purpose of hedging the exposure to currency risk originating from the Group's commercial transactions, within pre-established operating limits.

Although the derivative instruments subscribed by the Group have an economic purpose of hedging the currency risk, the Group does not account for these instruments according to the rules of hedge accounting, as not all the documentation required to designate the hedging relationship and monitor its effectiveness for accounting purposes has been prepared.

Based on this choice, all derivative instruments are measured at fair value through profit or loss (FVTPL).

Inventories

Inventories, consisting of raw materials, purchased goods, semi-finished products, work in progress and finished goods, are measured at the lower of cost and net realisable value; cost is determined

using the FIFO (first in, first out) method. In the case of goods produced by the Group, the cost includes the direct costs of materials and labour and indirect production costs (variable and fixed).

Employee benefits

Short-term benefits

Short-term employee benefits are recognised as an expense when the service that gives rise to these benefits is provided. The Group recognises a liability for the amount that is expected to be paid when it has a current, legal or constructive obligation to make such payments as a result of past events and it is possible to make a reliable estimate of the obligation.

Post-employment benefits (including TFR for Italian companies)

Post-employment benefits (TFR), which are mandatory for Italian companies under Article 2120 of the Italian Civil Code, are a type of deferred remuneration as they are paid at the end of the employment relationship and are correlated to the length of the employee's working life and the remuneration received during the period of service rendered. From 1 January 2007, the 2007 Finance Law and relative implementing decrees introduced changes to TFR, including giving workers a choice as to the destination of their accruing TFR, to supplementary pension plans or to the "Treasury Fund" managed by INPS. It follows, therefore, that as of 1 January 2007, the Group's obligation to pay TFR to INPS (Italian National Social Security Institute) and supplementary pension schemes assumes the nature of a "defined contribution plan", while TFR accrued by employees but not paid to employees, to INPS or to supplementary pension schemes assumes the nature of a "defined benefit plan".

With reference to "Defined contribution plans", the related cost is recognised in the profit (loss) for the year as a "personnel expense" over the period in which the employees provide their services. On the other hand, with reference to "Defined benefit plans", the Group recognises the liability determined on the basis of an actuarial calculation, using the Projected Unit Credit Method. Current service costs (portion accrued by the employee) and interest expense relating to the increase in the present value of the TFR obligation arising from the approaching time of payment of the benefits are recognised in the profit (loss) for the year as "personnel expense". Actuarial gains and losses are recognised in other comprehensive income and are immediately classified under retained earnings as they will never be reclassified subsequently to profit (loss) for the year.

Other long-term benefits

Long-term employee benefits are represented by the Long-Term Incentive Plans (LTIP) signed by the Executive Directors and certain Group employees identified as particularly important for the achievement of the medium to long-term consolidated objectives. The three-year plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Group objectives. The Group's obligation for these employee benefits corresponds to the amount of the future benefit that employees have accrued for work services in the current year and in previous years. This benefit is discounted and the re-measurements over the vesting period are recognised in the profit (loss) for the year as a "personnel expense" (for employees)/"corporate bodies" (for Executive Directors).

Cash-settled share-based payment transactions

The Group has an incentive plan based on phantom shares for Executive Directors and certain 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.

The above-mentioned incentive plan represents a cash-settled share-based payment plan. The Group therefore recognises a liability over the period during which the employees accrue the

unconditional right to receive the payment, which is measured at each reporting date and at the settlement date on the basis of the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised in profit (loss) for the year as “personnel expense” (for employees)/“corporate bodies” (for Executive Directors).

Provisions for risks and charges

The Group companies recognise provisions for risks and charges when, in the presence of a present, legal or implicit obligation towards a third party, resulting from a past event, it is likely that Group resources will be required to meet said obligation, and when a reliable estimate of the amount of said obligation can be made.

Changes in estimates are recognised in the profit (loss) for the year in which they occurred.

Ordinary shares and treasury shares

Incremental costs directly attributable to the issue of ordinary shares by the Parent are recognised as a decrease in equity.

In the event of the repurchase of treasury shares, the consideration paid, including costs directly attributable to the transaction, is recognised as a reduction of equity. The shares thus repurchased are classified as treasury shares and recognised in the reserve for treasury shares. The consideration received from the subsequent sale or re-issue of treasury shares is recognised as an increase in equity. Any positive or negative difference deriving from the transaction is recognised in the share premium reserve.

Revenue from contracts with customers

The contracts entered into by the Group with its customers relate to the sale of goods.

Revenue is measured taking into account the consideration specified in the contract, and recognition in the consolidated financial statements takes place when the Group transfers control of the goods to the customer, which usually coincides with their physical delivery and acceptance by the customer (revenue recognised “at a point in time”). The transfer of control of assets over a period of time, which coincides with the period of production (revenue recognised “over time”), occurs only with reference to certain contracts signed with customers by the Industrial (security & defence business) and High Vacuum Divisions, as these contracts relate to specific assets without an alternative use and, if the customer should decide to terminate the contract, the SAES Group is entitled to claim reimbursement of the costs incurred up to that time, increased by a reasonable margin.

The advancement of revenue “over time” is determined using an input-based method and, in particular, on the basis of the percentage that emerges from the ratio of incurred costs to estimated total costs (cost-to-cost method). This method is considered to be the most suitable for providing a true representation of the fulfilment of its performance obligation. Revenue that is not yet invoiced is recognised with a balancing entry in the statement of financial position item “Contract assets”, while advances are recognised in “Contract liabilities”.

Contract fees agreed with customers usually do not include variable components (e.g. discounts and premiums) and invoices issued are usually payable in a period not exceeding 90 days.

Government grants

Government grants are recognised in the consolidated financial statements when there is reasonable certainty that they will be received and that the Group will comply with the conditions for their receipt.

Grants related to assets are recognised initially in deferred income and subsequently in profit (loss) for the year as other income on a systematic basis over the useful life of the asset to which they relate.

Grants related to income that offset the costs incurred by the Group are recognised in the profit (loss) for the year on a systematic basis, to offset them in the same period against the costs that the grant is intended to offset, unless the conditions for receiving the grant are met after the related costs have been recognised. In this case, the grant is recognised when it becomes due.

Financial income and expense

The Group's financial income and expense include:

- interest income from financial assets measured at amortised cost (bank current accounts and loan assets);
- interest expense on overdrafts and bank loans;
- interest expense relating to lease contracts;
- commissions and other financial expense;
- net gains or losses from financial assets measured at FVTPL (securities in portfolio);
- fair value gains or losses on derivative financial instruments;
- impairment losses (gains) on debt securities accounted for at amortised cost;
- income deriving from a business combination for the remeasurement at fair value of any equity investment already held in the acquiree.

Interest income and expense are recognised in profit (loss) for the year on an accruals basis using the effective interest rate method. Dividend income is recognised when the Group's right to receive payment is established.

The effective interest rate corresponds to the rate that exactly discounts estimated future payments or collections over the expected life of the financial asset:

- at the carrying amount of the financial asset; or
- at the amortised cost of the financial liability.

When calculating interest income and expense, the effective interest rate is applied to the carrying amount of the asset (when the asset is not impaired) or to the amortised cost of the liability.

Current and deferred taxes

The tax charge for the year includes current and deferred taxes recognised in profit (loss) for the year, with the exception of those relating to business combinations or items recognised directly in equity or in other comprehensive income.

Current taxes include the estimate of the amount of income taxes due or to be received, calculated on the taxable income or on the tax loss for the year as well as any adjustments to taxes from previous years. The amount of tax assets or liabilities, determined on the basis of the tax rates in force or substantially in force at the end of the year, also includes the best estimate of any amount payable or receivable that is subject to uncertainty. Current taxes also include any taxes relating to dividends.

Deferred taxes are recognised with reference to the temporary differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for:

- temporary differences relating to the initial recognition of assets or liabilities in a transaction other than a business combination or a transaction that affects neither profit (or loss) for the year nor taxable profit (or tax loss);
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future; and
- the taxable temporary differences relating to the initial recognition of goodwill.

Deferred tax assets related to tax loss carry-forwards are recognised to the extent that it is probable that future taxable profit will be available against which these assets can be utilised. Future taxable income is defined on the basis of the reversal of the relevant deductible temporary differences. If the amount of taxable temporary differences is not sufficient to fully recognise a deferred tax asset, the future taxable income, adjusted for the reversal of outstanding temporary differences, provided for in the business plans of the individual Group subsidiaries, is taken into account.

Deferred tax assets and liabilities are determined on the basis of the tax rates in force or substantially in force at the end of the year and which will be applicable in the years in which the temporary differences will reverse.

Tax assets and liabilities for current and deferred taxes are offset when the income taxes are applied by the same tax authority and when there is a legal right to offset the same.

Earnings (loss) per share

The basic earnings (loss) per ordinary share is calculated by dividing the share of Group profit (loss) attributable to the ordinary shares by the weighted average of the ordinary shares outstanding during the year, excluding treasury shares. Likewise, the basic earnings (loss) per savings share is calculated by dividing the share of Group profit (loss) attributable to the savings shares by the weighted average of the savings shares outstanding during the year.

Accounting standards, amendments and interpretations applicable from January 1, 2022

The accounting standards, amendments and interpretations which were applied for the first time starting from January 1, 2022 are set out below.

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

- **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 purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset itself. Such revenue 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.

The adoption of the aforementioned amendments introduced starting from January 1, 2022 did not have a significant impact on these Consolidated Financial Statements at December 31, 2022.

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 standards and amendments approved by the European Union but not yet mandatorily applicable and not adopted by the Group in advance at December 31, 2022.

IFRS 17 – Insurance Contracts

New accounting standard for the recognition, measurement, presentation and disclosure of insurance contracts issued by an entity and/or reinsurance contracts held by an entity. It replaces IFRS 4, which had a limited set of guidelines for the accounting of insurance contracts and which essentially referred to the accounting policies envisaged by the national accounting standards. The main innovations introduced include, in particular: i) measurement of technical reserves at substantially present values, ii) transformation of the estimate of the expected profit of insurance contracts into a quantity with accounting value (new concept of expected profit of insurance contracts, which must be recognised in profit (loss) for the year over the term of the contract), iii) new representation in the statement of profit or loss was significantly different from the past and more in line with a “margin” logic.

Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and, therefore, at improving the usefulness of comparative information for readers of the financial statements.

Amendments to IAS 1 – Disclosure of Accounting Policies

The objective of the project is to define guidelines for the selection of accounting policies to be disclosed in the notes to the financial statements.

The amendment clarifies that: i) an entity must disclose in the notes to the financial statements only the material accounting policy information and not all the significant accounting policies; ii) information is material if, taken together with other information included in the financial statements, prepared for general purposes, it can reasonably influence the decisions made by the main users of the financial statements; iii) privilege the information on the accounting policies applied to the specific transactions of the entity (“entity-specific information”), avoiding generic information or mere duplication of the provisions of the IFRS Standards (“boilerplate”).

Amendments to IAS 8 – Definition of Accounting Estimates

The aim of the amendment is to clarify the distinction between changes in accounting policies (effects generally recognised retrospectively) and changes in accounting estimates (effects recognised prospectively).

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The aim of the amendment is to clarify the accounting treatment of deferred tax relating to assets and liabilities recognised in the financial statements as a result of a single transaction, whose carrying amounts differ from the tax bases. For example: i) leases (IFRS 16): recognition of a right-of-use asset and a financial liability; ii) legal or implicit obligation to dismantle an asset or restore a site: recognition of a provision, with a simultaneous increase in the carrying amount of the asset.

With reference to the accounting standards that will come into force from January 1, 2023, no significant effects are currently expected on the Consolidated Financial Statements of the SAES Group.

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.

On January 23, 2020, the IASB published the amendment “**Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**” and on 31 October 2022 published the amendment “**Amendments to IAS 1 - Presentation of Financial Statements: Non-Current Liabilities with Covenants**”. The purpose of the documents is to clarify the classification of financial liabilities as current or non-current liabilities, also introducing new disclosure requirements for non-current financial liabilities that require compliance with specific covenants. The amendments apply from January 1, 2024, but early adoption is allowed.

On September 22, 2022, the IASB published the amendment “**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**”. The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction in a way that does not recognise income or a loss relating to the retained right of use. The amendments will apply from January 1, 2024, but early adoption is allowed.

The adoption of these amendments is not expected to have any significant impact on the Consolidated Financial Statements of the SAES Group.

3. BUSINESS COMBINATIONS

Acquisition of 100% of the quota capital of Strumenti Scientifici Cinel S.r.l.

On July 7, 2021, the Parent SAES Getters S.p.A. finalised the closing for the acquisition of 100% of the quota capital of Strumenti Scientifici Cinel S.r.l. an established international player in the sector of components and scientific instruments for particle synchrotrons and accelerators, based in the province of Padua.

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.

The price, equal to 19.2 million euros, was set by calculating the equity value, by adding the enterprise value (equal to 8 times the gross operating profit obtained as the arithmetic average of the gross operating profit 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 December 31, 2020.

At the date of preparation of the Consolidated Financial Statements at December 31, 2021, the process of determining the present values of the assets and liabilities acquired was still in progress, therefore these assets and liabilities had been recognised in the consolidated financial statements at December 31, 2021 on the basis of historical amounts and the goodwill generated by the acquisition was to be considered provisional.

In compliance with the provisions of IFRS 3, the measurement of the net assets acquired was completed in the first half of 2022. The determination of the fair value of the net assets acquired was carried out through a complex estimation process, based on assumptions considered reasonable and realistic based on the information that was available at the acquisition date. In particular, the present value was determined by means of an appraisal carried out by an independent third party.

The following table shows the present values of assets and liabilities acquired, compared with the previous historical amounts and with evidence of the different goodwill generated by the transaction.

Amounts as at July 7,2021

(thousand of euro)

Strumenti Scientifici CineI S.r.l.	Amount used for the provisional assessment of the business combination	Difference	Amount at completion of business combination
	100%		100%
Property, plant and equipment	153	1,116	1,269
Intangible assets	8	6,970	6,978
Right-of-use assets	196		196
Deferred tax assets	53		53
Total non-current assets	410	8,086	8,496
Inventories	1,181		1,181
Trade receivables	909		909
Sundry and other current assets	150		150
Cash and cash equivalents	3,490		3,490
Total current assets	5,730	0	5,730
Total assets	6,140	8,086	14,226
Lease liabilities	81		81
Deferred tax liabilities	0	2,256	2,256
Post-employment and other employee benefits	1,046		1,046
Total non-current liabilities	1,127	2,256	3,383
Trade payables	110		110
Sundry liabilities	340		340
Current tax liabilities	237		237
Other current liabilities	1,257		1,257
Lease liabilities	115		115
Current portion of non-current loans and borrowings	38		38
Bank loans and borrowings	0		0
Total current liabilities	2,097	0	2,097
Total equity	2,916	5,830	8,746
Total equity and liabilities	6,140	8,086	14,226
Goodwill deriving from the transaction	16,331	(5,830)	10,501
Total net assets and goodwill	19,247		19,247
Financial outlay at closing date	18,982		18,982
Price adjustment	265		265
Total	19,247		19,247

Intangible assets

The intangible assets identified, the estimate of their fair value and their residual useful life (in years) at the acquisition date are summarised below.

Intangible assets	Amount at completion of business combination	Amount used for the provisional assessment of the business combination	Residual useful life
	(thousand of euro)	(thousand of euro)	(years)
Customer list	3,220	0	18
Know-how	3,540	0	10
Trademark	210	0	10
Total intangible assets	6,970	0	

Customer list

Strumenti Scientifici Cinel S.r.l. holds a significant number of strong customer relationships with international research bodies and leading companies in Italy and Europe.

The residual income method was used to estimate the fair value of the customer list on the basis of the following assumptions:

- the forecast revenue estimated for the years 2022-2024 has been extended assuming that their growth rate decreases linearly from 2025 to 2029, a year from which revenue is expected to grow at an inflation rate of 2%;
- revenue attributable to existing customers before taking into account the customer churn rate is expected to continue to grow at a constant inflation rate of 2%;
- in order to take into account the customer abandonment rate, an annual attrition rate of 6.8% was applied, a value based on historical data relating to revenue per customer;
- the operating margin was assumed to be in line with that resulting from the 2022-2024 three-year estimates;
- an adjustment for sales and marketing expenses related to the acquisition of new customers was considered;
- the contributory asset charges relating to the Know-how and the Trademark have been subtracted from the operating profit before tax to take into account the fact that the income generated by the Customer List cannot be attributed solely to this asset (notional charge equal to 6.4% for Know-how and equal to 0.75% for the Trademark);
- the taxes were applied according to the IRES and IRAP rates currently in force in Italy (equal to 24% and 3.9% respectively);
- the return on net invested capital necessary for the generation of such income (contributory asset charge) was subtracted; in particular, the remuneration of property, plant and equipment, net working capital and the workforce was calculated;
- the residual income thus obtained was discounted at a rate of 13.1%;³⁸
- the fair value was increased by the tax savings deriving from the amortisation of the estimated amount for the Customer List.

The residual economic life of the customer list was estimated on the basis of the so-called cut-off rule, which estimates the residual useful life attributable on the basis of the number of years necessary to contribute to most of the fair value of the total discounted flows. In particular, the estimated residual useful life is based on a number of years that contribute to 95% of the discounted cash flows in perpetuity.

The estimated value of the Customer List also includes the amount of the Company's order backlog at July 7, 2021, which, on the basis of preliminary analyses, was found to be of an immaterial amount and, therefore, not deemed relevant enough to be evaluated separately from the Customer List.

Know-how

The Know-how of Strumenti Scientifici Cinel S.r.l. consists of designs, technologies and processes that affect the various phases of the company's production process.

The fair value of the Know-how was estimated on the basis of the royalty method (relief from royalty).

The royalty rate assigned to the know-how was estimated on the basis of the analysis of publicly available transactions involving the licensing of comparable assets and on the basis of the characteristics of the company's Know-how and was equal to 6.4 %.

Royalties, net of taxes, were discounted at the same discount rate used for the measurement of the customer list (13.1%).

³⁸ Internal rate of return after tax.

The fair value of the know-how was verified using the differential income method (with and without). By applying this method, an economic value before the TAB (or tax amortisation benefit) was obtained, attributable to the Know-how which exceeds the value before the TAB assigned through the royalty method and therefore indicates that this value is sustainable and reasonable.

With regard to the residual useful life, a measurement time horizon limited to 10 years was considered, considering various factors, including the level of continuous research and development required by the Know-how, the level of competitive pressure and the dynamics of introduction of new products in the business sector.

Trademark

Strumenti Scientifici Cinel S.r.l. is the owner of the Cinel Trademark.

The measurement criterion adopted for the measurement of the trademark was that of royalty (relief from royalty).

The royalty rate assigned to the trademark was estimated on the basis of the analysis of publicly available transactions involving the licensing of comparable assets and was equal to 0.75%.

Royalties, net of taxes, were discounted at a rate of 13.1% (the same discount rate used for the Customer list and for the Know-how).

For the purposes of calculating the amortisation, the residual useful life was evaluated as 10 years, a time horizon in which it is expected to progressively replace the Cinel Trademark.

Property, plant and equipment

The property, plant and equipment of the company acquired are summarised below, with evidence of their fair value and their prior historical amount, as well as their residual useful life (in months) at the date of acquisition.

Property, plant and equipment	Amount at completion of business combination (thousand of euro)	Amount used for the provisional assessment of the business combination (thousand of euro)	Residual useful life (months)
Machinery	949	72	77
Vehicles	19	1	96
Equipment	242	56	30
Other assets	50	15	73 (*)
Assets under construction	9	9	n.a.
Total property, plant and equipment	1,269	153	

(*) Average amount.

The present value of property, plant and equipment was estimated by an independent third party with the premise of "continuity of use", i.e. that the assets continue to be used in the production context in which they operate, in particular with their current location and with the same configuration.

The method used for measurement purposes is that of cost, based on the assumption that a prudent and informed investor would not pay, for the purchase of an asset, more than the cost necessary to produce a replica of the asset itself. This approach therefore defines the maximum

amount of a property as the cost necessary to build a new one with utility equivalent to the one in question.

In particular, the Trending Method was applied to determine the New Rebuilding Cost (NRC), an estimation method in which a remeasurement index (for example, ISTAT) is applied to the historical cost of an asset, in order to estimate its current cost.

The cost thus obtained was reduced in the face of the forms of deterioration and obsolescence (both functional and economic) attributable to the property at the time of the estimate.

For the purpose of determining fair value, the comparative method was applied only in relation to the Vehicle category, rather than the cost method, looking for comparable goods offered on the market and turning to suppliers specialised in the sale of goods similar to those being studied.

For the assignment of useful lives, the American Society of Appraisers (ASA) database “Normal Lives Final - Version Jan 15, 2010” was used.

With the exception of the assets, the other carrying amounts present in the financial statements of Strumenti Scientifici Cinel S.r.l. at July 7, 2021, converted according to the International Financial Reporting Standards, were considered representative of the present values of the assets and liabilities acquired.

Since the differences between present values and historical amounts are not recognised for tax purposes, deferred tax liabilities on the identified capital gains (2,256 thousand euros) were recognised.

The final accounting of the business combination with retroactive restatement of the provisional amounts resulted in the recognition of the amounts shown in the following table in the profit (loss) for 2021.

(thousand of euro)	Period July 7 - December 31, 2021
Depreciation of property, plant and equipment	(110)
Amortisation of intangible assets	(277)
Effect on pre-tax profit (loss)	(387)
Deferred tax income	108
Effect on profit (loss) for the period	(279)

The comparative information for 2021 has been restated to reflect the above adjustments (these adjustments are detailed in Note no. 1, paragraph “Restatement of 2021 figures”).

Acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l., of which SAES Getters S.p.A. already held 49%

On May 25, 2022, the Parent, SAES Getters S.p.A., completed the purchase of an additional 51% of the quota capital of SAES RIAL Vacuum S.r.l., of which it previously held 49%.

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry. The company was established at the end of 2015 and was jointly controlled by SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%).

The acquisition follows that of Strumenti Scientifici Cinel S.r.l. (July 2021) and aims to strengthen the competitive position of the Group in the high vacuum sector, through an expansion and integration of products offered, making the most of the synergies with the other Group companies operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l..

The acquisition consideration for the remaining 51% of the quota capital was set at 5,250 thousand euros and was calculated by adding algebraically to the enterprise value (equal to approximately 10 times the gross operating profit for 2020, adjusted for non-recurring items) the net financial position at December 31, 2020, also pro-formed of the one-off items. A first tranche, equal to 4,750 thousand euros, was paid by SAES on May 25, 2022 with its own funds; the remainder, equal to 500 thousand euros, was withheld as a guarantee and will be paid, again with its own funds, in three successive annual instalments of the same amount (worth 166.7 thousand euros each) starting three years from the closing date (i.e. May 25, 2022).

The following table summarises the main components of the monetary consideration.

(thousand of euro)	
Cash and cash equivalents transferred at the closing date	4,750
Present value of deferred payment	456
Total payment	5,206

The following table shows the financial outlay, net of the cash and cash equivalents acquired (463 thousand euros).

(thousand of euro)	
Cash and cash equivalents transferred at the closing date	(4,750)
Cash and cash equivalents acquired	463
Financial outlay, net of the cash and cash equivalents acquired	(4,287)

The process of determining the present values of the assets and liabilities acquired was completed during the second half of 2022. The fair value of the net assets acquired was determined through a complex estimation process, based on assumptions deemed reasonable and realistic on the basis of information available at the date of acquisition. In particular, the present value was determined by means of an appraisal carried out by an independent third party.

The following table shows the present values of the assets and liabilities acquired, compared with their historical amounts³⁹ as at May 25, 2022.

³⁹ Carrying amounts in the financial statements of SAES RIAL Vacuum S.r.l., adjusted according to International Financial Reporting Standards.

(thousand of euro)

Amounts as of May 25, 2022

SAES RIAL Vacuum S.r.l.	Amount used for the provisional assessment of the business	Difference	Amount at completion of business combination
	100%		100%
Property, plant and equipment	599	246	845
Intangible assets	2	4,800	4,802
Right-of-use assets	309		309
Deferred tax assets	5		5
Other non-current assets	1		1
Total non-current assets	916	5,046	5,962
Inventories	1,763		1,763
Trade receivables	1,457		1,457
Sundry and other current assets	141		141
Current tax assets	232		232
Cash and cash equivalents	463		463
Total current assets	4,056	0	4,056
Total assets	4,972	5,046	10,018
Lease liabilities	236		236
Deferred tax liabilities	0	1,408	1,408
Post-employment and other employee benefits	237		237
Total non-current liabilities	473	1,408	1,881
Trade payables	1,089		1,089
Sundry liabilities	382		382
Current tax liabilities	220		220
Other current liabilities	13		13
Lease liabilities	73		73
Current portion of non-current loans and borrowings	0		0
Bank loans and borrowings	402		402
Total current liabilities	2,179	0	2,179
Total equity	2,320	3,638	5,958
Total equity and liabilities	4,972	5,046	10,018
Goodwill deriving from the transaction	5,754	(3,638)	2,116
Total net assets and goodwill	8,074	0	8,074

Intangible assets

The intangible assets identified, the estimate of their fair value and their residual useful life (in years) at the acquisition date are summarised below.

Intangible assets	Amount at completion of business combination (thousand of euro)	Amount used for the provisional assessment of the business combination (thousand of euro)	Residual useful life (years)
Know-how	2,390	0	10
Customer list	1,890	0	18
Order portfolio	370	0	3
Trademark	150	0	10
Total intangible assets	4,800	0	

Know-how

The Know-how of SAES RIAL Vacuum S.r.l. consists of documented process instructions to be applied to both prototyping activities and the subsequent industrialisation of small series of special products. Specifically, the company has five types of process know-how: special welding / UHV cleaning / testing / full quality management / design and industrialisation.

The fair value of the Know-how was estimated on the basis of the relief from royalty method, measuring each type of Know-how separately.

The royalty rate assigned to each Know-how was estimated on the basis of the analysis of publicly available transactions involving the licensing of comparable assets and on the basis of the characteristics of each type of Know-how. The rates applied were as follows:

- 6.6% for special welding Know-how;
- 6.7% for UHV cleaning Know-how;
- 6.7% for testing Know-how;
- 6.5% for full quality management Know-how;
- 6.5% for design and industrialisation Know-how.

Royalties, net of taxes, were discounted at a rate of 12.7%⁴⁰.

With regard to the residual useful life, a measurement time horizon limited to 10 years was considered, considering various factors, including the level of continuous research and development required by the Know-how, the level of competitive pressure and the dynamics of introducing new products in the business sector.

Customer list

SAES RIAL Vacuum S.r.l. holds a significant number of strong customer relationships with international research bodies and leading companies in Italy and Europe.

The residual income method was used to estimate the fair value of the Customer List at May 25, 2022 on the basis of the following assumptions:

- prospective revenue for the explicit forecast period 2022-2024, extended by assuming a decreasing growth rate from 2025 to 2029 and a growth rate equal to long-term inflation (2%) from 2030 onwards;
- for the years 2022-2024, revenue is expected to be fully attributable to existing customers; from 2025, revenue is expected to be attributable to both existing and new customers, with revenue attributable to existing customers in line with the total revenue recorded in 2021, before taking into account the abandonment rate and those attributable to the order backlog. Subsequently, revenue from existing customers is expected to grow annually at a growth rate of 2% (equal to long-term inflation);
- in order to take into account the customer abandonment rate, an annual attrition rate of 5.7% was applied, based on historical data;
- an operating margin in line with that of the company was estimated, applying an adjustment on sales and marketing expenses, which are related to the acquisition of new customers and therefore not attributable to the intangible asset being measured;
- the contributory asset charges relating to the Know-how (notional charge of 6.2%) and the Trademark (notional charge of 0.75%) were subtracted from the operating profit;
- the taxes were applied according to the IRES and IRAP rates currently in force in Italy (24% and 3.9% respectively);
- the return on net invested capital necessary for the generation of income (contributory asset charge) was subtracted; in particular, the remuneration of net working capital, property, plant and equipment and the workforce was calculated;
- the residual income thus obtained was discounted at a rate of 12.7% (coinciding with that used for the measurement of the Know-how);

⁴⁰ Internal rate of return after tax.

- the fair value was increased by the tax savings deriving from the amortisation of the estimated amount for the Know-how.

The residual economic life of the customer list was estimated on the basis of the so-called cut-off rule, which estimates the residual useful life attributable on the basis of the number of years necessary to contribute to most of the fair value of the total discounted flows. In particular, the estimated residual useful life is based on a number of years that contribute to 90% of the discounted cash flows in perpetuity.

Order portfolio

SAES RIAL Vacuum S.r.l. has positioned itself on the international market as a company capable of handling articulated and complex, even long-term orders for particle accelerators and synchrotrons, for laboratories and research centres, and for industrial customers. The Order Portfolio refers to contracts already entered into and signed, but for which the orders have not yet been completed as at May 25, 2022, and the fair value of which has been estimated using the residual income method, based on the following assumptions:

- only revenue attributable to the Order Portfolio in place at the acquisition date was considered;
- the operating profit was calculated assuming margins, fixed costs and amortisation in line with those of the company;
- an adjustment was made for sales and marketing expenses, which are related to the acquisition of new customers and therefore not attributable to the intangible asset being measured;
- the contributory asset charges relating to the Know-how (notional charge of 6.2%) and the Trademark (notional charge of 0.75%) were subtracted from the operating profit;
- the taxes were applied according to the IRES and IRAP rates currently in force in Italy (24% and 3.9% respectively);
- the return on net invested capital necessary for the generation of income (contributory asset charge) was subtracted; in particular, the remuneration of net working capital, property, plant and equipment and the workforce was calculated;
- the residual income thus obtained was discounted at a rate of 8%, by virtue of the lower risk of the intangible asset compared to the Know-how and the Customer List;
- the fair value was increased by the tax savings deriving from the amortisation of the estimated amount for the Order Portfolio.

The residual useful life coincides with that of the orders in place as at May 25, 2022, subject to measurement.

Trademark

SAES RIAL Vacuum S.r.l. is the owner of the SRV trademark.

The measurement criterion adopted for the measurement of the trademark was that of royalty (relief from royalty).

The royalty rate assigned to the trademark was estimated on the basis of the analysis of publicly available transactions involving the licensing of comparable assets and was equal to 0.75%.

Royalties, net of taxes, were discounted at a rate of 12.7% (the same discount rate used for the Know-how and the Customer List).

For the purposes of calculating the amortisation, the residual useful life was evaluated as 10 years, a time horizon in which it is expected to progressively replace the SRV Trademark.

Property, plant and equipment

The property, plant and equipment of the company acquired are summarised below, with evidence of their fair value and their prior historical amount, as well as their residual useful life (in months) at the date of acquisition.

Property, plant and equipment	Amount at completion of business combination (thousand of euro)	Amount used for the provisional assessment of the business combination (thousand of euro)	Residual useful life (*) (months)
Machinery	42	25	71
Equipment	523	368	95
Other assets	140	76	67
Leasehold improvements	138	128	123
Assets under construction	2	2	n.a.
Total property, plant and equipment	845	599	

(*) Average amount.

The present value of tangible property, plant and equipment was estimated by an independent third party with the premise of “continuity of use”, i.e. that the assets continue to be used in the production context in which they operate, in particular with their current location and with the same configuration.

The method used for measurement purposes is that of cost, based on the assumption that a prudent and informed investor would not pay, for the purchase of an asset, more than the cost necessary to produce a replica of the asset with the same utility. This approach therefore defines the maximum amount of a property as the cost necessary to build a new one with utility equivalent to the one in question.

Specifically, the Trending Method, an estimation method in which a remeasurement index (in this case, the trend developed by Eurostat related to “Manufacture of general-purpose machinery”) is applied to the historical cost of an asset in order to estimate its current cost, was applied to determine the Reconstruction Cost New (RCN). From the analysis performed, it could be concluded that the Reconstruction Cost New coincides with the Replacement Cost New, the Excess Investment (i.e., the loss of value resulting from technological advances and the development of better construction materials or the excess of investment over current production capacity) being zero. The cost thus obtained was reduced in the face of the forms of physical deterioration and obsolescence (both functional and economic) attributable to the property at the time of the estimate.

Only with respect to vehicles and motor vehicles, for the purpose of determining fair value, the comparative (or market) method was applied rather than the cost method, since there is a free and active reference market.

For the assignment of residual useful lives, the American Society of Appraisers (ASA) database “Normal Lives Final - Version Jan 15, 2010” was used.

With the exception of the assets, the other book values present in the financial statements of SAES RIAL Vacuum S.r.l. at May 25, 2022, converted according to the International Financial Reporting Standards, were considered representative of the present values of the assets and liabilities acquired.

Since the differences between present values and historical amounts are not recognised for tax purposes, deferred tax liabilities on the identified capital gains (1,408 thousand euros) were recognised.

The final accounting of the business combination with retrospective restatement of the provisional amounts resulted in the recognition of the amounts detailed in the following table in the profit (loss) for 2022.

(thousand of euro)	Period May 25 - December 31, 2022
Depreciation of property, plant and equipment	(27)
Amortisation of intangible assets	(411)
Effect on pre-tax profit (loss)	(438)
Deferred tax income	122
Effect on profit (loss) for the period	(316)

The goodwill deriving from the acquisition was recognised as illustrated in the following table.

(thousand of euro)	
Cash and cash equivalents transferred at the closing date	4,750
Fair value of the deferred payment	456
Total payment	5,206
Amount of the investment previously held by SAES (49%)	2,529
Fair value revaluation	339
Fair value of the investment previously held by SAES (49%)	2,868
Net assets acquired	(2,320)
Fair value revaluation	(3,638)
Fair value of net assets acquired	(5,958)
Goodwill deriving from the transaction	2,116

Goodwill mainly refers to skills and technical knowledge, as well as to synergies that are expected to be obtained with the total integration of SAES RIAL Vacuum S.r.l. into the High Vacuum sector.

In accordance with IFRS 3, the accessory charges to the acquisition were charged to profit or loss.

4. REVENUE

This item includes revenue from contracts with customers and amounted to 250,265 thousand euros in 2022, up 31.6% from 190,198 thousand euros in 2021.

The following table shows a **breakdown of revenue by operating segment**.

(thousand of euro)

	2022	2021	Total difference	Total difference %	<i>of which:</i>	
					Change in consolidation scope	Exchange rate effect
Getters & Dispensers	46,578	44,994	1,584	3.5%	0	2,999
Sintered Materials	10,634	8,564	2,070	24.2%	0	1,166
SMA Materials	14,734	10,710	4,024	37.6%	0	716
SAES Industrial	71,946	64,268	7,678	11.9%	0	4,881
High Vacuum Solutions	30,967	18,839	12,128	64.4%	6,601	756
SAES High Vacuum	30,967	18,839	12,128	64.4%	6,601	756
Medical Nitinol	121,965	86,422	35,543	41.1%	0	13,280
SAES Medical Nitinol	121,965	86,422	35,543	41.1%	0	13,280
Functional Chemicals	14,714	14,796	(82)	-0.6%	0	0
SAES Chemicals	14,714	14,796	(82)	-0.6%	0	0
Packaging Solutions	10,641	5,873	4,768	81.2%	0	0
SAES Packaging	10,641	5,873	4,768	81.2%	0	0
Not Allocated	32	0	32	0.0%	0	0
Revenue	250,265	190,198	60,067	31.6%	6,601	18,917

All operating segments showed growth, with the exception of **SAES Chemicals**, which was stable compared to the previous year.

One of the highest growth rates was recorded in the **SAES Medical Nitinol** operating segment (+41.1%, or 35,543 thousand euros) due to the resumption of elective therapies and the recovery of post-Covid deferred surgeries, together with the physiological growth of the minimally invasive surgery market.

The **SAES Packaging** operating segment also recorded strong growth (+81.2%, or 4,768 thousand euros) due to the consolidation of the signs of growth already seen at the end of 2021. In particular, 2022 saw the balancing of the commercial strategy, combining the most innovative proposals for sustainable packaging with an offer of alternative products to established barrier technologies, in a complex and constantly evolving market context, in terms of both price and availability of plastic raw materials.

The **SAES High Vacuum** operating segment grew by 64.4% (or 12,128 thousand euros), due to higher sales of vacuum pumps in all segments (industrial, particle accelerators and research institutes) and the start of the project with the RFX consortium in Padua, which is active in the field of experimental nuclear fusion.

In the **SAES Industrial** operating segment, revenue growth (+11.9% or 7,678 thousand euros) was driven by the good performance of **SMA materials** sales in the luxury and mobile device segments.

With regard to the **breakdown of revenue by geographical segment**, please refer to Note no. 12.

5. COST OF SALES and OPERATING COSTS

The cost of sales and operating costs for 2022 amounted to 209,167 thousand euros, compared to 167,118 thousand euros in the previous year.

(thousand of euro)

Cost of sales & Operating costs	2022	2021	Difference	of which:	
				Change in consolidation scope	Exchange rate effect
Raw materials (includes change in raw materials)	42,636	30,894	11,742	2,369	2,840
Direct labour	37,980	30,317	7,663	1,041	2,983
Manufacturing overheads	61,429	49,587	11,842	2,211	4,236
Change in work in progress and finished goods	(2,475)	(1,628)	(847)	(343)	168
Total cost of sales	139,570	109,170	30,400	5,278	10,227
Research & development expenses	12,657	11,704	953	91	337
Selling expenses (*)	20,793	13,140	7,653	845	660
General & administrative expenses	36,147	33,104	3,043	567	919
Total operating costs	69,597	57,948	11,649	1,503	1,916
Total cost of sales & operating costs	209,167	167,118	42,049	6,781	12,143

(*) The item include Impairment losses on trade receivables (139 thousand euros in 2022 compared to 69 thousand euros in 2021).

Cost of sales

Excluding the effects attributable to the change in the consolidation scope (i.e., acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and full consolidation of SAES RIAL Vacuum S.r.l. starting from the end of May 2022 following the acquisition of the entire quota capital) and exchange rate fluctuations, both on consolidated revenue (in total +25,518 thousand euros) and cost of sales (in total +15,505 thousand euros), the organic increase in cost of sales (+13.6%) is substantially in line with that of revenue (+18.2%).

In particular, looking at the individual components of the cost of sales, again net of the effect of changes in the consolidation scope and exchange rates, the **cost of direct labour** and **manufacturing overheads** increased at a lower percentage rate (+12% and +10.9% respectively) than the change in revenue due to economies of scale achieved through increased volumes, especially in the medical and packaging segments. In the Medical Nitinol Division, there was also a gradual improvement in the production output of the new tube department, while in the Packaging Division, the use of the new lacquering line increased, although it is not yet operating at full capacity, mainly due to higher demand in the first part of the year. On the other hand, the **cost of materials** (which also includes the change in inventories of semi-finished products and finished goods, as well as that of raw materials) recorded a slightly higher percentage increase (+20%) than the percentage change in revenue, due to the different sales mix and because it was penalised by the inflationary effects caused by the cyclical shortages of certain raw materials on international markets (in particular, in the Medical Nitinol and Packaging Divisions).

Operating costs

Excluding the exchange rate effect (+1,916 thousand euros) and the change in the consolidation scope⁴¹ (+1,503 thousand euros), operating costs increased by 8,230 thousand euros (+14.2%). The increase, although spread across all expense categories, is mainly concentrated in **selling expenses** (higher personnel expense mainly due to the expansion of the US sales network and the costs related to the settlement to the heirs of a strategic employee of the Parent, as well as higher consulting and marketing costs related to the launch of the B!POD and RedZone projects, travel expenses and commissions on sales of SMA wire for industrial application).

On the other hand, the increase was more contained both in **general and administrative expenses** (consulting costs for preliminary evaluations related to the sale of the Nitinol business (for further details on the extraordinary transaction, please refer to Note no. 49 "Events after the reporting period"), as well as salary increases mainly at the Parent and higher variable remuneration related to good performance, as well as higher costs for insurance coverage and IT projects), and in **research and development expenses** (slight increase in costs for personnel employed in research

⁴¹ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and full consolidation of SAES RIAL Vacuum S.r.l. from the end of May 2022 following the acquisition of the entire quota capital.

at the Parent, as well as expenses related to the restructuring of the Lainate laboratories and higher costs for energy and gas).

Below is a **breakdown by nature** of cost of sales and operating costs, compared with the previous year and showing the effect attributable to exchange rate fluctuations and the effect related to the change in the consolidation scope (i.e., the acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and the full consolidation of SAES RIAL Vacuum S.r.l. as of May 25, 2022, the date on which the Parent acquired its entire quota capital and, therefore, control).

Total costs by nature	2022	2021	Difference	of which:	
				Change in consolidation scope	Exchange rate effect
Personnel expense	99,389	82,158	17,231	2,187	6,079
Raw materials (includes change in raw materials)	42,636	30,894	11,742	2,369	2,840
Various materials	11,523	9,399	2,124	65	859
Technical, legal, tax and administrative consultancy	10,413	7,320	3,093	236	366
Depreciation of property, plant and equipment	10,118	8,338	1,780	263	478
Utilities	7,272	5,249	2,023	179	202
Corporate bodies	5,208	5,048	160	35	11
Maintenance and repairs	4,667	4,495	172	77	203
Depreciation of right-of-use assets	2,622	2,295	327	160	160
Amortisation of intangible assets	2,483	1,460	1,023	690	78
General services (canteen, cleaning, security)	2,454	2,148	306	20	112
Transport	2,410	1,839	571	5	181
Other	2,577	1,663	914	582	111
Advertising costs	1,782	389	1,393	17	24
Insurance	1,556	1,205	351	35	61
Travel and accommodation expenses	896	382	514	10	44
Licenses and patents	819	792	27	3	30
Rent and operating leases	703	728	(25)	19	16
Audit fees (*)	564	593	(29)	57	1
Commissions	452	213	239	31	40
Telephones and faxes	382	336	46	8	29
Impairment losses of property, plant and equipment and intangible assets	339	1,500	(1,161)	0	27
Training costs	238	233	5	8	9
Impairment losses on trade receivables	139	69	70	68	14
Total costs by nature	211,642	168,746	42,896	7,124	11,975
Change in work in progress and finished goods	(2,475)	(1,628)	(847)	(343)	168
Total cost of sales and operating costs	209,167	167,118	42,049	6,781	12,143

(*) Of which 117 thousand euros for out-of-pocket expenses incurred in 2022; 11 thousand euros as an adjustment on out-of-pocket expenses relating to the previous year and 6 thousand euros related to audit activities performed by the previous auditors (in 2021, 60 thousand euros for out-of-pocket expenses and - 6 thousand euros as a balance on out-of-pocket expenses relating to the previous year).

Below is the comment on the main differences, after having net both the exchange rate effect and the one related to the change in the consolidation scope.

The increase in the item “**Personnel expense**” is mainly attributable to the increase in the average number of employees at all the American production related companies (business recovery after the pandemic) and at the Parent (increase in production staff at the Avezzano plant, as well as an increase in commercial and research personnel, in addition to wage increases in the G&A area). Also worth mentioning is the higher allocation for bonuses, related to the improvement in operating performance, as well as non-recurring costs for the settlement to the heirs of a key employee of the Parent (1,890 thousand euros) and for the exit of personnel of the Korean subsidiary following a settlement decision (419 thousand euros). In 2022 this item includes the income of the Parent for the Southern tax incentive⁴² amounting to 784 thousand euros.

⁴² Contribution relief for companies in the south, which aims to contain the effects of the Covid-19 epidemic on employment, protecting employment levels in areas with serious socio-economic hardship.

The items **“Raw materials”** and **“Various materials”**, which are directly linked to the production cycle, increased proportionally with the organic increase in sales.

The increase in the item **“Technical, legal, tax and administrative consultancy”** is mainly related to the consultancy for the preliminary assessments related to the sale of the Medical Nitinol business, as well as for the market launch of the first product (DRO!D) under the new B!POD project, developed by the SAES **Design House** and aimed at using the Group’s innovative technologies to improve food preservation and combat waste, while reducing CO2 emissions.

The change in the item **“Utilities”** is related to the increase in both consumption and unit costs of energy in the Italian factories. In 2022 this item includes income (759 thousand euros) related to the tax credit granted to Italian companies for the purchase of electricity and natural gas.

The item **“Corporate bodies”** includes the remuneration due to the members of the Board of Directors, both executive and non-executive, and of the Board of Statutory Auditors of the Parent, and is substantially in line with the previous year. For the details on the amounts paid in terms of remuneration in 2022 and the comparison with the previous year, please refer to Note no. 45 and to the Report on remuneration.

The increase in the items **“Depreciation of property, plant and equipment”** and **“Amortisation of intangible assets”** is mainly explained by the higher depreciation and amortisation of Memry Corporation (in particular, depreciation of new plant and equipment both for the expansion of existing production capacity, and for the new tube department in Bethel), of SAES Smart Materials, Inc. (in particular, amortisation of the investment for the building expansion) and of the Parent (mainly as a result of the refurbishment of laboratories and certain areas for office use, as well as the commissioning of the new emulsification pilot plant and amortisation related to the B!POD project).

The increase in the item **“Transport”** is attributable both to the increase in sales and to the increase in average transportation and packaging costs, especially in the USA.

Also related to the launch of the first product (DRO!D) under the new B!POD project, as well as the launch of the RedZone project (an “on-call” acceleration programme dedicated to start-ups operating in the field of advanced materials) is the increase in **“Advertising expenses”**.

The increase in the item **“Insurance”** is attributable to the increase in the costs of insurance policies both in Italy and in the USA.

The item **“Travel and accommodation expenses”** increased as a result of the post-Covid recovery of both trade fairs and commercial activities with customers, and international conferences in the scientific and technological field.

The item **“Impairment losses on property, plant and equipment and intangible assets”** in 2022 mainly includes the impairment losses resulting from the works for the expansion of the building of the US subsidiary SAES Smart Materials, Inc., while in the previous year it consisted of the impairment loss following the impairment testing of property, plant and equipment and intangible assets in the packaging segment.

Lastly, the item **“Impairment losses on trade receivables”** includes the generic impairment losses on trade receivables, including those not yet past due, in application of the Expected Credit Loss model envisaged by IFRS 9 (3 thousand euros in 2022, compared to 25 thousand euros in the

previous year). The difference on December 31, 2022 consists of the impairment losses on specific credit positions of the Parent and the US subsidiary Spectra-Mat, Inc

6. OTHER INCOME AND EXPENSES

The items “Other income” and “Other expenses” came to a net other income of of 74 thousand euros at December 31, 2022, which compares with net other expenses of 828 thousand euros in the previous year.

A breakdown of these items in both years is provided below.

(thousand of euro)				<i>of which:</i>	
	2022	2021	Difference	Change in consolidation scope	Exchange rate effect
Other income	812	860	(48)	11	96
Other expenses	(738)	(588)	(150)	(31)	(13)
Expenses related to the cancellation of an advance for a potential non-controlling investment	0	(1,100)	1,100	0	0
Total net other income (expenses)	74	(828)	902	(20)	83

The item “**Other income**” includes all revenue that is not part of the Group’s ordinary operations (for example, income from the sale of scrap materials) and capital gains from the sale of assets, as well as income of the Parent related to the tax credit for investments in research and development, in accordance with the provisions of the 2021 Budget Law (equal to 413 thousand euros pertaining to 2022, compared to 454 thousand euros pertaining to 2021).

Excluding both the exchange rate effect and that related to the change in the consolidation scope⁴³, the slight decrease in other income is attributable to the fact that the amount for 2021 included a non-recurring public grant of 85 thousand euros, paid to SAES Smart Materials, Inc. following the conclusion of the insourcing of certain processes.

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.

Again net of both the exchange rate effect and that related to the change in the consolidation scope, the slight increase is attributable to donations made in 2022 in support of Ukraine (a total of 100 thousand euros, of which 70 thousand euros was given to a local volunteer network in connection with the Ukrainian Embassy in Italy and 30 thousand euros assigned to an Italian refugee aid organisation).

Lastly, in 2021, there was a cost of 1,100 thousand euros **for the cancellation of an advance for a potential non-controlling investment** in the packaging business, which was subsequently suspended due to a change in strategy. The amount due was fully impaired, as it was deemed difficult to recover.

7. FINANCIAL INCOME (EXPENSE) AND IMPAIRMENT LOSSES ON LOAN ASSETS AND OTHER FINANCIAL ASSETS

The following tables provide a breakdown of financial income (expense) in 2021, compared to the previous year.

⁴³ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and full consolidation of SAES RIAL Vacuum S.r.l. from the end of May 2022 following the acquisition of the entire quota capital.

(thousand of euro)

Financial income				of which:
	2022	2021	Difference	Change in consolidation scope
Bank interest income	266	228	38	0
Other financial income	1,000	564	436	339
Fair value gains on securities	0	2,070	(2,070)	0
Coupons and other net income realised on securities	1,692	2,415	(723)	0
Gains realised on derivative instruments	0	0	0	0
Fair value gains on derivative instruments	0	33	(33)	0
Total financial income	2,958	5,310	(2,352)	339

(thousand of euro)

Financial expense				of which:
	2022	2021	Difference	Change in consolidation scope
Bank interest and other bank expenses	1,244	2,085	(841)	34
Other financial expense	311	11	300	0
Fair value losses on securities	13,241	0	13,241	0
Expenses from disinvestments of securities	1,121	697	424	0
Commissions and other securities costs	201	256	(55)	0
Interest on lease liabilities	199	215	(16)	3
Realised losses on derivative instruments	0	27	(27)	0
Fair value losses on derivative instruments	0	0	0	0
Total financial expense	16,317	3,291	13,026	37
Impairment losses on loan assets and other financial assets	2,364	2,148	216	0
Total financial expense & impairment losses on loan assets and other financial assets	18,681	5,439	13,242	37

The item “**Other financial income**” includes interest income accrued on interest-bearing loans granted by the Group to the joint venture Actuator Solutions GmbH as well as on the two convertible loans granted to Flexterra, Inc. (the first convertible loan, of 3 million dollars, was paid in July 2020; the second, totalling 2 million dollars, was granted in two equal instalments, paid in August and November 2021, respectively). Please refer to Note no. 21 for further details. The item also includes interest income on the convertible loan granted at the beginning of July 2021 to the German company Rapitag GmbH (for further details, see Note no. 23). The increase compared to the previous year is mainly attributable, in addition to the higher interest accrued in respect of both Flexterra, Inc. and Rapitag GmbH, to the fair value gain of +339 thousand euros deriving from the remeasurement of the previous investment (49%) in SAES RIAL Vacuum S.r.l. prior to the acquisition on May 25, 2022 of the entire quota capital and the full consolidation of the company⁴⁴ (for further details, please refer to Note no. 3).

The items “**Fair value gains/losses on securities**” are associated with the measurement at fair value of the securities subscribed⁴⁵ to invest the cash and cash equivalents deriving from the non-recurring sale of the purification business completed at the end of June 2018. While an increase in the fair value of securities of +2,070 thousand euros was recorded in 2021, the strong decrease as of December 31, 2022, amounting to -13,241 thousand euros, was a consequence of the international tensions in the financial markets, which manifested themselves above all in the first part of the year, also as a consequence of the conflict in Ukraine.

Again with regard to the securities portfolio, the item “**Coupons and other net income realised on securities**” (+1,692 thousand euros in 2022, compared to +2,415 thousand euros in 2021) includes income from the collection of coupons, while the item “**Expenses from disinvestments of securities**” (-1,121 thousand euros in 2022, compared to -697 thousand euros in 2021) consisted of

⁴⁴ Company previously accounted for using the equity method since it was subject to joint control by the SAES Group.

⁴⁵ Securities subscribed by the Parent and by its Luxembourg subsidiary SAES Investments S.A.

net charges from the partial divestment of the bond portfolio, which was replaced by both a Dynamic Multi-Asset Management (DMAS) and an investment in three-month time deposits (cash equivalent), with the objective of protecting the value of capital in the current global macroeconomic and monetary environment.

The item **“Commissions and other securities costs”** consists of the management fees of the aforementioned securities portfolio and is in line with both years (-201 thousand euros in 2022, compared to -256 thousand euros in the previous year).

Please refer to Note no. 19 for further details on the securities subscribed.

The item **“Bank interest and other bank expenses”** included accrued interest expense on both short-term and long-term loans, as well as the bank fees related to the credit lines held by the Italian companies of the Group. The sharp decline in interest in the current year is attributable to the early repayment by the Parent of all the long-term loans that were still outstanding at the end of December 2021, replaced by the new fixed-rate Lombard loan signed by SAES Investments S.A. at the end of 2021, precisely with the aim of reducing the financial pressure on the financial performance. For long-term loans outstanding at December 31, 2022, please refer to Note no. 31.

The increase in the item **“Other financial expense”** is mainly attributable to the expense, equal to -234 thousand euros, for the Group’s irrevocable commitment to pay the first tranche (equal to 250 thousand dollars) of the additional convertible loan in favour of Flexterra, Inc. resolved by the Board of Directors of SAES Getters S.p.A. on December 7, 2022, recovery of which was not deemed likely.

Interest on lease liabilities amounted to 199 thousand euros in 2022, in line with 215 thousand euros in the previous year.

In 2021, the item **“Fair value gains/losses on derivative instruments”** represented the effect on the statement of profit or loss of the fair value measurement of the hedging contracts on the long-term variable rate loans subscribed by the Parent (contracts not accounted for under hedge accounting rules). The item **“Realised losses on derivative instruments”** included the interest differentials actually paid to credit institutes for those contracts. These items were both nil in 2022, as all interest rate hedging contracts either expired or were extinguished early at the end of last year, following the Parent’s early repayment of the related variable-rate loans. See Note no. 28 for further details.

The item **“Impairment losses on loan assets and other financial assets”** in both years includes the impairment loss on both the loan asset (160 thousand euros in both 2022 and 2021) for interest accrued in the year on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH, and on the loan asset (379 thousand euros in 2022, compared to 250 thousand euros in 2021) for interest accrued on convertible loans granted by SAES Getters International Luxembourg S.A. (subsequently merged into the Parent, following the transfer of its registered office to Italy) to Flexterra, Inc. Both loan assets were impaired because they were deemed difficult to recover, based on the information available.

The 2022 amount also includes the full impairment, of 1,819 thousand euros, of the entire convertible loan (principal and interest portion) to the German company Rapitag GmbH, as a result of the failure to achieve the set business objectives and the uncertainty about the future development of the business. In the previous year, on the other hand, the second convertible loan granted to Flexterra, Inc. in the latter part of 2021 was impaired (principal amount of 1,734 thousand euros).

Finally, the item includes impairment losses on financial assets (in particular, cash and cash equivalents) in application of IFRS 9. The expected losses have been calculated according to a default percentage associated with each bank where the cash and cash equivalents are deposited, obtained on the basis of the rating of each bank. Compared to December 31, 2021, while the risk

associated with the banks with which the Group does business declined slightly, this calculation resulted in a slight increase in expected losses on cash and cash equivalents of 6 thousand euros, as a consequence of the higher liquidity held by the Group (42.1 million euros at December 31, 2022, compared to 29.5 million euros at December 31, 2021). In the corresponding year, expected losses had increased by 4 thousand euros compared to December 31, 2020.

8. SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTEEES

The item “**Share of profit (loss) of equity-accounted investees**” includes the Group’s share in the profit (loss) of the joint ventures Actuator Solutions GmbH, SAES RIAL Vacuum S.r.l. and Flexterra, Inc.⁴⁶, consolidated with the equity method.

(thousand of euro)

	2022	2021	Difference
Actuator Solutions GmbH	(600)	0	(600)
SAES RIAL Vacuum S.r.l.	(*) 167	200	(33)
Flexterra	0	0	0
Total Share of profit (loss) of equity-accounted investees	(433)	200	(633)

(*) Share of profit for the period January 1 - May 25, 2022, the date on which the purchase of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l. was completed by the SAES Group.

The change is mainly attributable to the loss of **the joint venture Actuator Solutions GmbH** and corresponds to the share capital increases of 600 thousand euros paid by the SAES Group in 2022. This loss was accounted for with the objective of reducing the value of the investment to zero, as the equity of the joint venture was negative, without setting up any provision for risks, as there is no legal or implicit obligation for further recapitalisation by the Group as of today.

In both years, the item also includes the share of the profit of the **joint venture SAES RIAL Vacuum S.r.l.** (+167 thousand euros in 2022, compared to +200 thousand euros in 2021), with the difference that the amount for 2022, instead of being referred to the entire financial year, refers to the period from 1 January to May 25, 2022 (date of closing of the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. by the SAES Group).

Lastly, it should be noted that, similarly to last year, the share of the loss of the **Flexterra joint venture** was not recognised, as SAES’s shareholding had already been fully impaired and no legal or implicit recapitalisation obligation by the Group existed to date, in accordance with IAS 28.

For more details on the performance of equity-accounted investees, please refer to Note no. 17 of the Consolidated Financial Statements at December 31, 2022.

9. EXCHANGE GAINS AND LOSSES

Net exchange losses came to 559 thousand euros in 2022, compared to 230 thousand euros in the previous year. The increase was mainly due to higher realised losses on forward contracts entered into to hedge commercial transactions in US dollars in 2022, which were only partially adjusted by the fair value gain on forward contracts entered into to hedge foreign currency sales estimated for 2023.

⁴⁶ Flexterra, Inc., in turn, consolidated the wholly-owned subsidiary Flexterra Taiwan Co., Ltd. (established in January 2017).

The breakdown of exchange gains and losses in 2022 compared to the previous year is given below.

(thousand of euro)

Exchange differences	2022	2021	Difference	of which:
				Change in consolidation scope
Exchange gains	1,139	869	270	72
Exchange losses	(1,313)	(987)	(326)	(99)
Total Exchange differences	(174)	(118)	(56)	(27)
Gains on forward contracts	5	17	(12)	0
Losses on forward contracts	(640)	(138)	(502)	0
Fair value gains on forward contracts	250	9	241	0
Net losses on forward contracts	(385)	(112)	(273)	0
Net exchange losses	(559)	(230)	(329)	(27)

The item “**Total exchange differences**” in both years is mainly attributable to the effect of the fluctuations of the dollar against the euro on transactions of a commercial nature, including intragroup.

The item “**Net losses on forward contracts**” came to 385 thousand euros in 2022 (compared to 112 thousand euros in 2021) and included both realised losses (635 thousand euros) resulting from the termination of the forward dollar contracts entered into by the Parent at the end of 2021 to hedge approximately 80% of the net flows in dollars expected for 2022, and the fair value gains (250 thousand euros) on the forward contracts entered into in November 2022 to hedge the net flows in dollars of the Italian companies estimated for 2023.

For details of forward contracts both closed during 2022 and still open at year end, please refer to Note no. 28.

10. INCOME TAXES

In 2022, **income taxes** amounted to 12,107 thousand euros, compared to 9,296 thousand euros in the previous year.

The related details are provided below.

(thousand of euro)

	2022	2021	Difference	of which:
				Change in consolidation scope
Current taxes	13,000	8,467	4,533	134
Deferred taxes	(893)	829	(1,722)	(246)
Income taxes	12,107	9,296	2,811	(112)

In both years, the item mainly consisted of taxes of manufacturing companies in the US. The increase, in addition to the penalising effect of exchange rates, is attributable to the higher taxable income realised by the latter, in the face of the recovery of the business.

The reconciliation between the theoretical tax charge based on the current tax rates in Italy (IRES) and the actual tax charge recognised in the consolidated financial statements is shown below.

(thousand of euro)

	2022		2021	
Pre-tax profit		24,457		22,093
Taxes and theoretical rates	24.00%	5,870	24.00%	5,302
Different rates effect	-2.16%	(529)	-0.75%	(165)
Non-deductible expenses/(revenue) not taxable	-0.61%	(148)	1.08%	238
Taxes on the profits of subsidiaries	11.21%	2,741	7.96%	1,758
Not recognised (recognised) deferred tax assets on tax losses	18.07%	4,420	11.12%	2,457
R&D credits and other tax credits	-1.11%	(272)	-0.40%	(89)
Restatement of deferred taxation following a change in the tax rate	-0.55%	(135)	-2.53%	(559)
Other permanent differences	-0.02%	(5)	-0.29%	(64)
IRAP and other local taxes	0.67%	165	1.89%	418
Taxes and effective rates	49.50%	12,107	42.08%	9,296

The Group's effective tax rate increased from 42.08% to 49.50%: the worsening is due to the fact that SAES Investments S.A. closed the current year with a tax loss⁴⁷, with reference to which deferred tax assets were not prudentially recognised.

Similarly to last year, no Group company recognised deferred tax assets on tax losses incurred in 2022. These losses (incurred in the year) amount to 18,323 thousand euros and compare with tax losses of 12,364 thousand euros incurred in 2021. The increase is mainly due to tax loss of SAES Investments S.A. due to losses on securities resulting from tensions on the financial markets, only partly offset by the decrease in the tax loss of SAES Coated Films S.p.A.

11. BASIC/DILUTED EARNINGS PER SHARE

As indicated in Note no. 30, SAES Getters S.p.A.'s share capital 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.

In particular, for the purpose of calculating earnings per share, the amount of preference dividends contractually assigned to savings shares in the event of a theoretical distribution of such earnings was subtracted from the profit for the year. The amount obtained was divided by the average number of shares outstanding during the year.

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

The following table shows earnings per share in 2022, compared with the figure for 2021.

Basic/diluted earnings per share	2022			2021		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (thousand of euro)			12,350			12,797
Theoretical preference dividends (thousand of euro)		1,022	1,022		1,022	1,022
Profit (loss) attributable to the different categories of shares (thousand of euro)	7,256	4,071	11,328	7,522	4,253	11,775
Total profit (loss) attributable to the different categories of shares (thousand of euro)	7,256	5,094	12,350	7,522	5,275	12,797
Average number of outstanding shares	10,771,350	7,378,619	18,149,969	10,771,350	7,378,619	18,149,969
Diluted earning (loss) per share (euro)	0.67368	0.69031		0.69831	0.71494	

12. SEGMENT REPORTING

For management purposes, the Group is articulated into five operating segments or Divisions, on the basis of both the technological area of reference of the products and their application offerings.

⁴⁷ Loss caused by the negative performance of the securities portfolio held by the company.

- **SAES Industrial (formerly Metallurgy Division)** – metal-based getter components and metal dispensers used in a wide range of industrial applications (vacuum electronic devices for application in the security and defence sector, MEMS, X-ray tubes for diagnostic systems for images, lighting and thermal insulation products), shape memory and super elastic materials and components for the industrial sector (home automation, white goods industry, consumer electronics, non-implantable medical business, automotive and luxury sectors), as well as products based on functionalised polymers that have a getter function (dispensable getter and dryer, sealant barrier with getter function and filler containing getter species for OLED, optoelectronic, advanced photonics and telecommunications applications);
- **SAES Vacuum Technology (formerly Vacuum Technology Division)** – devices based on getter materials for vacuum systems with applications in the industrial sector, in research and in particle accelerators;
- **SAES Medical Nitinol (formerly Medical Division)** – raw materials, semi-finished products and super-elastic components in Nitinol alloy for medical applications, mainly in the non-invasive surgical sector;
- **SAES Chemicals (formerly Speciality Chemicals Division)**, which includes both the "functional acoustic composites" business (functional composites for consumer electronics applications) and the "functional additives" business (new products currently being validated by prospects and based on technological platforms of SAES functional materials);
- **SAES Packaging (formerly Advanced Packaging Division)** – advanced coating solutions for packaging and innovative plastic films for the food packaging market, and more generally, for the sustainable packaging sector, therefore recyclable and biodegradable.

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 segment is evaluated according to its operating profit or loss; financial income and expense, exchange gains or losses 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 IFRS and no reconciliation with the carrying amounts is therefore necessary.

The "Not Allocated" column includes the corporate costs, i.e. those expenses that cannot be directly attributed or allocated in a reasonable way to any operating segment, 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 **statement of profit or loss figures by operating segment** is provided below.

(thousand of euro)														
Statement of profit or loss	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	71,946	64,268	30,967	18,839	121,965	86,422	14,714	14,796	10,641	5,873	32	0	250,265	190,198
Cost of sales	(36,452)	(30,954)	(16,052)	(9,046)	(65,661)	(52,150)	(11,890)	(10,963)	(9,334)	(5,721)	(181)	(336)	(139,570)	(109,170)
Gross profit	35,494	33,314	14,915	9,793	56,304	34,272	2,824	3,833	1,307	152	(149)	(336)	110,695	81,028
% on revenue	49.3%	51.8%	48.2%	52.0%	46.2%	39.7%	19.2%	25.9%	12.3%	2.6%	n.a.	n.a.	44.2%	42.6%
Total operating costs	(15,863)	(11,544)	(7,666)	(5,043)	(12,348)	(8,803)	(1,948)	(1,208)	(3,320)	(5,103)	(28,452)	(26,247)	(69,597)	(57,948)
Other income (expenses)	(36)	(4)	(29)	(5)	140	174	(27)	(22)	46	(1,129)	(20)	158	74	(828)
Operating profit (loss)	19,595	21,766	7,220	4,745	44,096	25,643	849	2,603	(1,967)	(6,080)	(28,621)	(26,425)	41,172	22,252
% on revenue	27.2%	33.9%	23.3%	25.2%	36.2%	29.7%	5.8%	17.6%	-18.5%	-103.5%	n.a.	n.a.	16.5%	11.7%
Financial income													2,958	5,310
Financial expense													(16,317)	(3,291)
Impairment losses on financial receivables and other financial assets													(2,364)	(2,148)
Share of profit (loss) of equity-accounted investees													(433)	200
Net exchange gains losses													(559)	(230)
Pre-tax profit													24,457	22,093
Income taxes													(12,107)	(9,296)
Profit for the year													12,350	12,797

A breakdown of the main **statement of financial position items by operating segment** is provided below.

	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Assets and Liabilities														
Non-current assets	26,806	23,732	30,855	26,169	80,484	75,342	4,246	6,302	12,076	13,540	21,781	92,404	176,248	237,489
Current assets	21,273	21,317	10,263	7,057	37,249	29,396	8,047	6,424	5,475	4,050	192,688	127,028	274,995	195,252
Total assets	48,079	45,049	41,118	33,226	117,733	104,738	12,293	12,726	17,551	17,590	214,469	219,432	451,243	432,741
Non-current liabilities	3,114	3,303	2,993	2,479	1,374	1,838	713	796	959	1,218	16,713	68,273	25,866	77,907
Current liabilities	11,006	9,851	7,677	5,328	11,524	8,073	2,977	2,987	1,366	1,536	126,774	73,539	161,324	101,314
Total liabilities	14,120	13,154	10,670	7,807	12,898	9,911	3,690	3,783	2,325	2,754	143,487	141,812	187,190	179,221
Other information														
Increases of property, plant and equipment/intangible assets/ Right-of-use assets	4,242	4,143	1,321	2,017	6,393	9,326	138	688	266	442	4,809	2,895	17,169	19,511
Depreciation and amortisation	3,355	2,976	2,703	1,090	5,325	4,519	667	626	1,386	1,269	1,787	1,613	15,223	12,093
Other non-monetary costs	25	0	1	0	227	0	0	0	0	1,500	86	0	339	1,500

Compared to the previous year, the operating structure has the following differences:

- all products based on functionalised polymers that have a getter function - i.e. dispensable getter and dryer, barrier sealant with getter function and filler containing getter species - have moved from the SAES Chemicals Division to the SAES Industrial Division for a rationalisation based on their ultimate function, namely the selective absorption of gases in the packaging of the devices. This getter function, in fact, links these dispensable products, based on functionalised polymers, to the more traditional SAES getters, based on metal alloys;
- the SAES Chemicals Division includes other "functional acoustic composites" business (functional composites for consumer electronics applications, previously classified in this Division) and the new "functional additives" business (new products currently being validated by prospects and based on technological platforms of SAES functional materials).

The following table shows the **statement of profit or loss** and **statement of financial position data for 2021** presented for comparative purposes, shown in accordance with the new operating structure, highlighting both the **reclassifications** with respect to the operating segments in place until December 31, 2021, and the **adjustments** deriving from completion of the provisional valuation of the business combination⁴⁸ of Strumenti Scientifici Cinel S.r.l., in compliance with the provisions of IFRS 3 (for further details, please refer to the paragraph "Restatement of the balances for the year 2021" in Note no. 1 and Note no. 3).

(thousand of euro)	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total		
	2021	Reclass. 2021 Restated	2021	Adj. 2021 Restated	2021	2021 Restated	2021	Reclass. 2021 Restated	2021	2021 Restated	2021	2021 Restated	2021	Adj. 2021 Restated	
Consolidated income statement															
Revenue	62,304	1,964	64,268	18,839	18,839	86,422	86,422	16,760	(1,964)	14,796	5,873	0	190,198	0	
Cost of sales	(30,095)	(859)	(30,954)	(8,762)	(9,046)	(52,150)	(52,150)	(11,822)	859	(10,963)	(5,721)	(336)	(108,886)	(284)	
Gross profit	32,209	1,105	33,314	10,077	(284)	9,793	34,272	34,272	4,938	(1,105)	3,833	152	81,312	(284)	
% on revenue	51.7%	56.3%	51.8%	53.5%	n.a.	52.0%	39.7%	39.7%	29.5%	56.3%	25.9%	2.6%	42.8%	42.6%	
Total operating costs	(10,394)	(11,544)	(4,940)	(103)	(5,043)	(8,803)	(8,803)	(2,358)	1,150	(1,208)	(5,103)	(5,103)	(26,247)	(57,845)	
Other income (expenses)	1	(5)	(4)	(5)	(5)	174	174	(27)	5	(22)	(1,129)	(1,129)	158	(828)	
Operating profit (loss)	21,816	(50)	21,766	5,132	(387)	4,745	25,643	25,643	2,553	5	2,603	(6,080)	(26,425)	22,639	
% on revenue	35.0%	-2.3%	33.9%	27.2%	n.a.	25.2%	29.7%	29.7%	15.2%	-2.5%	17.6%	-103.3%	-103.3%	n.a.	11.9%
Financial income													5,310	0	
Financial expense													(3,291)	0	
Impairment losses on financial receivables and other financial assets													(2,148)	0	
Share of profit (loss) of equity-accounted investees													300	0	
Net exchange gains/losses													(230)	0	
Pre-tax profit													22,480	(387)	
Income taxes													(9,404)	108	
Profit for the year													13,076	(279)	

(thousand of euro)	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total	
	December 31, 2021	Reclass. 2021 Restated	December 31, 2021	Adj. 2021 Restated	December 31, 2021	December 31, 2021 Restated	December 31, 2021	Reclass. 2021 Restated	December 31, 2021	December 31, 2021 Restated	December 31, 2021	2021 Restated	December 31, 2021	Adj. 2021 Restated
Assets and Liabilities														
Non-current assets	23,158	574	23,732	24,300	1,869	26,169	75,342	6,376	(174)	6,302	13,540	92,404	0	1,869
Current assets	20,856	461	21,317	7,037	0	7,037	29,396	6,835	(461)	6,434	4,050	127,028	0	0
Total assets	44,014	1,035	45,049	31,337	(166)	33,206	104,738	13,211	(1,135)	12,726	17,590	219,432	0	1,869
Non-current liabilities	3,141	154	3,303	2,479	0	2,479	1,838	951	(154)	786	1,218	66,121	2,148	0
Current liabilities	8,473	373	9,851	6,324	0	6,324	8,073	3,165	(373)	2,987	1,536	73,539	0	0
Total liabilities	11,614	527	13,154	8,803	0	8,803	9,911	4,317	(527)	3,783	2,754	139,660	2,148	0
Other information														
Increases of property, plant and equipment/intangible assets/ Right-of-use assets	4,131	12	4,143	2,017	0	2,017	9,326	708	(12)	688	442	2,895	0	0
Depreciation and amortisation	2,911	65	2,976	703	387	1,098	4,519	491	(65)	626	1,269	1,613	11,706	387
Other non-monetary costs	0	0	0	0	0	0	0	0	0	1,500	1,500	86	0	0

Information on geographical segments

A breakdown of **non-current assets** by geographical segment is provided below.

⁴⁸ Business combination completed on July 7, 2021.

(thousand of euro)

	Italy	Europe	United States	Asia	Total Non-current assets (*)
2022	77,944	24	89,089	162	167,219
2021 (**)	70,189	1,127	83,351	219	154,886

(*) This amount includes: property, plant and equipment, intangible assets, rights-of-use assets, Equity-accounted investees, Investments in other companies and Other non-current assets.

(**) Some amounts have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l.

A breakdown of **consolidated revenue according to the location of the client** is provided below.

(thousand of euro)

Geographical area	2022		2021		Total difference	Total difference %	of which: Change in consolidation scope
		%		%			
Italy	5,607	2.2%	4,441	2.3%	1,166	26.3%	808
Europe	47,523	19.0%	31,710	16.7%	15,813	49.9%	3,700
North America	150,539	60.2%	110,956	58.3%	39,583	35.7%	1,764
Japan	6,943	2.8%	8,369	4.4%	(1,426)	-17.0%	0
South Korea	2,079	0.8%	2,085	1.1%	(6)	-0.3%	0
China	28,164	11.3%	25,815	13.6%	2,349	9.1%	0
Other Asian countries	6,557	2.6%	5,019	2.6%	1,538	30.6%	0
Others	2,853	1.1%	1,803	0.9%	1,050	58.2%	329
Consolidated revenue	250,265	100.0%	190,198	100.0%	60,067	31.6%	6,601

2022 shows a strong increase in sales concentrated above all in the following geographical segments:

- **North America**, driven mainly by the Medical Nitinol Division and, to a lesser extent, by the vacuum pump business, the getter business for security & defence applications, and sintered materials (for defence, telecom, scientific research, healthcare);
- **Europe**, in particular in the high vacuum and packaging divisions;
- **China**, especially the sale of high vacuum devices, as well as the sale of SMA wire for telecom applications.

The growth in sales in the packaging sector also favoured the increase in revenues in **Italy** and in **the rest of the world** (in particular, South Africa).

The only geographical segment that saw a drop in revenue was **Japan**, due to the different geographical distribution of vacuum pump revenue (higher sales in Europe, North America and China, but lower sales in Japan).

A breakdown of **consolidated revenue according to the country of the Group Company generating the revenue** is provided below.

(thousand of euro)

Country in which the Group's entity is located	2022		2021		Total difference	of which: Change in consolidation scope
		%		%		
Italy	87,513	35.0%	68,714	36.1%	18,799	6,601
North America	158,740	63.4%	117,426	61.8%	41,314	0
South Korea	1,672	0.7%	1,513	0.8%	159	0
China	2,331	0.9%	2,513	1.3%	(182)	0
Other Asian countries	9	0.0%	32	0.0%	(23)	0
Revenue	250,265	100.0%	190,198	100.0%	60,067	6,601

The increases in revenue in **North America** is mainly attributable to the growth in sales in the sector of Nitinol devices for medical applications, favoured both by the resumption of elective therapies

and the need to recover deferred operations, and by the exchange rate effect resulting from the appreciation of the dollar against the euro.

The increase in revenues in **Italy** is a consequence of both the growth in the packaging business and the change in the consolidation scope (acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and full consolidation of SAES RIAL Vacuum S.r.l. at the end of May 2022 following the acquisition of the entire quota capital), as well as the excellent results recorded in the High Vacuum Division and in the SMA Materials business (luxury and mobile devices).

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment amounted to 92,697 thousand euros at December 31, 2022 and showed an increase of 8,148 thousand euros compared to the restated amount at December 31, 2021.

The changes occurred during the current year and during the previous year are shown below.

(thousand of euro)

Property, plant and equipment	Land	Buildings	Plant and machinery	Under construction	Total
December 31, 2020	4,550	24,772	34,207	9,824	73,353
Acquisitions	0	756	4,941	10,721	16,418
Disposals	0	0	(5)	0	(5)
Reclassifications	0	707	7,838	(8,484)	61 (*)
Acquisitions following business combinations	0	0	1,260	9	1,269
Depreciation	0	(1,925)	(6,413)	0	(8,338)
Impairment losses	(84)	(289)	(795)	0	(1,168)
Revaluations	0	0	0	0	0
Translation differences	262	676	1,407	614	2,959
December 31, 2021 (**)	4,728	24,697	42,440	12,684	84,549
Acquisitions	0	2,626	5,241	7,426	15,293
Disposals	0	0	(56)	(5)	(61)
Reclassifications	0	8,161	3,655	(11,816)	0
Acquisitions following business combinations	0	138	704	3	845
Depreciation	0	(2,442)	(7,676)	0	(10,118)
Impairment losses	0	(235)	(10)	(94)	(339)
Revaluations	0	0	0	0	0
Translation differences	211	440	1,185	692	2,528
December 31, 2022	4,939	33,385	45,483	8,890	92,697
December 31, 2020					
Historical cost	4,608	50,168	146,445	10,196	211,417
Accumulated depreciation	0	(25,195)	(107,432)	0	(132,627)
Impairment losses	(58)	(201)	(4,806)	(372)	(5,437)
Carrying amount	4,550	24,772	34,207	9,824	73,353
December 31, 2021 (**)					
Historical cost	4,870	52,760	156,590	13,056	227,276
Accumulated depreciation	0	(27,573)	(108,565)	0	(136,138)
Impairment losses	(142)	(490)	(5,585)	(372)	(6,589)
Carrying amount	4,728	24,697	42,440	12,684	84,549
December 31, 2022					
Historical cost	5,081	64,314	167,383	9,356	246,134
Accumulated depreciation	0	(30,439)	(116,246)	0	(146,685)
Impairment losses	(142)	(490)	(5,654)	(466)	(6,752)
Carrying amount	4,939	33,385	45,483	8,890	92,697

(*) Reclassification from "Intangible assets" to "Property, plant and equipment".

(**) The opening balances have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of 2021 figures".

As at December 31, 2022, no asset included under property, plant and equipment is the subject of a mortgage, lien or other guarantee.

All the property, plant and equipment described in this paragraph are owned by the SAES Group. Please refer to Note no. 16 for more details on Right-of-Use Assets at December 31, 2022.

Capital expenditure in property, plant and equipment during 2022 totalled 15,293 thousand euros and included the finalisation of the new Nitinol tube processing department at Memry Corporation's Bethel facility, as well as capital expenditure to expand the production capacity of certain existing lines, also in the medical business. Please also note the significant building extension works of the subsidiary SAES Smart Materials, Inc. The remaining capital expenditure was mainly made by the Parent and refers to the purchase of equipment for High Vacuum and SMA Industrial production as well as production related to the new B!POD project, and to the purchase of the emulsification pilot plant and other specific instrumentation for the R&D laboratories, in addition

to capital expenditure for the renovation and modernisation of the corporate labs in Lainate. Lastly, new plant and process instrumentation were also acquired by the subsidiaries SAES Getters/USA Inc. and Spectra-Mat, Inc.

The item “Acquisitions following business combinations” (+845 thousand euros) refers to the present value of property, plant and equipment of SAES RIAL Vacuum S.r.l. as of May 25, 2022, the date on which SAES Getters S.p.A., which already held 49% of the company’s quota capital, completed the acquisition of the remaining 51%; as of this date, SAES RIAL Vacuum S.r.l. is wholly owned by the SAES Group and is fully consolidated, instead of using the equity method, as previously used.

For the determination of the present value of the property, plant and equipment of SAES RIAL Vacuum S.r.l. as at May 25, 2022, please refer to Note no. 3.

Depreciation for the year, which amounted to 10,118 thousand euros, increased compared to the previous year end (8,338 thousand euros). The increase is mainly attributable, in addition to the effect of the change in the consolidation scope⁴⁹ (+263 thousand euros, including higher depreciation on the capital gain of property, plant and equipment arising from the business combination of Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l., in accordance with IFRS 3), to the higher depreciation of Memry Corporation (in particular, depreciation of new plant and equipment both for the expansion of the existing production capacity and for the new Bethel tube department), of SAES Smart Materials, Inc. (in particular, depreciation of the capital expenditure for the building expansion) and of the Parent (mainly as a result of the refurbishment of laboratories and some office areas, in addition to the start-up of the new emulsification pilot plant and depreciation related to the BIPOD project).

The impairment losses, which totalled -339 thousand euros, mainly included impairment losses on obsolete assets of the US subsidiary SAES Smart Materials, Inc., for which a detailed analysis was carried out in view of the completion of the expansion of the building.

Translation differences (gains of 2,528 thousand euros) relate to assets pertaining to the US companies and are the result of the appreciation of the US dollar at December 31, 2022 compared to the exchange rate of December 31, 2021.

The item “Under construction” mainly includes assets still under construction or for which the final testing process is not yet complete. At December 31, 2022, this item mainly includes investments not yet completed in the Nitinol segment, both for the expansion of Memry Corporation’s production capacity and for the finalisation of the aforementioned new Bethel tube department. Lastly, of note are payments on account and work in progress of the Parent in preparation for the installation of the emulsification pilot plant and for the renovation and modernisation of the corporate labs in Lainate, as well as for the new specific instrumentation for both the R&D laboratories and the High Vacuum and SMA Industrial productions.

Please refer to Note no. 16 – Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets) for the analyses carried out by Management and the results of the impairment tests carried out with reference to non-financial assets.

14. INTANGIBLE ASSETS

⁴⁹ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

Intangible assets amounted to 14,187 thousand euros at December 31, 2022, an increase of 3,004 thousand euros compared to the restated amount at December 31, 2021.

The changes occurred during the current year and during the previous year are shown below.

(thousand of euro)

Intangible assets	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Under development	Total
December 31, 2020	4,027	470	938	313	5,748
Acquisitions	51	1	93	47	192
Disposals	0	0	0	(1)	(1)
Reclassifications	2	159	118	(340)	(61)
Acquisitions following business combinations	0	218	6,760	0	6,978
Amortisation	(466)	(344)	(650)	0	(1,460)
Impairment losses	(332)	0	0	0	(332)
Revaluations	0	0	0	0	0
Translation differences	31	17	63	8	119
December 31, 2021 (**)	3,313	521	7,322	27	11,183
Acquisitions	103	24	122	353	602
Disposals	0	0	0	0	0
Reclassifications	27	59	0	(86)	0
Acquisitions following business combinations	0	150	4,652	0	4,802
Amortisation	(492)	(204)	(1,787)	0	(2,483)
Impairment losses	0	0	0	0	0
Revaluations	0	0	0	0	0
Translation differences	23	17	45	(2)	83
December 31, 2022	2,974	567	10,354	292	14,187
December 31, 2020					
Historical cost	10,135	11,312	21,355	1,052	44,037
Accumulated amortisation	(5,814)	(8,345)	(20,257)	0	(34,599)
Impairment losses	(294)	(2,497)	(160)	(739)	(3,690)
Carrying amount	4,027	470	938	313	5,748
December 31, 2021 (**)					
Historical cost	10,481	11,659	29,422	766	52,511
Accumulated amortisation	(6,542)	(8,641)	(21,940)	0	(37,306)
Impairment losses	(626)	(2,497)	(160)	(739)	(4,022)
Carrying amount	3,313	521	7,322	27	11,183
December 31, 2022					
Historical cost	10,800	11,993	35,113	1,031	59,120
Accumulated amortisation	(7,200)	(8,929)	(24,599)	0	(40,911)
Impairment losses	(626)	(2,497)	(160)	(739)	(4,022)
Carrying amount	2,974	567	10,354	292	14,187

(*) Reclassification from "Intangible assets" to "Property, plant and equipment".

(**) The opening balances have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of 2021 figures".

Capital expenditure for the period, which was not significant, amounted to 602 thousand euros and mainly consisted of capitalised costs of the Parent Company related to the development phase⁵⁰ of the new website for the B!POD project and updates or new developments of software programmes held by the subsidiary Memry Corporation and the more recently acquired companies (Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l.).

The item "Acquisitions following business combinations" (+4,802 thousand euros) refers to the present value of intangible assets of SAES RIAL Vacuum S.r.l. as of May 25, 2022, the date on which SAES Getters S.p.A., which already held 49% of the company's share capital, completed the acquisition of the remaining 51%; as of this date, SAES RIAL Vacuum S.r.l. is wholly owned by the SAES Group and is consolidated on a line-by-line basis, instead of using the equity method, as previously used.

For details of the intangible assets identified during the business combination, please refer to Note no. 3.

⁵⁰ In accordance with the provisions of SIC 32, the expenses incurred in the development phase of the content are excluded from capitalisation.

Amortisation for the period amounted to -2,483 thousand euros, compared to -1,460 thousand euros in the previous year. The increase is attributable to the effect of the change in the consolidation scope⁵¹ (+690 thousand euros, including higher amortisation on the capital gains of intangible assets resulting from the business combination of both Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l., in accordance with IFRS 3).

Translation differences (gains of 83 thousand euros) relate to intangible assets pertaining to US companies and are the result of the appreciation of the US dollar at December 31, 2022, compared to the exchange rate of December 31, 2021.

Please refer to Note no. 16 – Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets) for the analyses carried out by Management and the results of the impairment tests carried out with reference to non-financial assets.

15. GOODWILL

The changes in the item “Goodwill”, with an indication of the operating segment⁵² to which the goodwill is allocated and monitored, are shown below, with reference to both the current and the previous year.

(thousand of euro)

Operating segment	SAES Industrial	SAES High Vacuum	SAES Medical Nitinol	Functional Acoustic Composites (SAES Chemicals)	SAES Packaging	Not allocated	Total
December 31, 2020	945	0	34,472	0	0	0	35,417
Increase	0	10,501	0	0	0	0	10,501
Impairment losses	0	0	0	0	0	0	0
Translation differences	0	0	2,713	0	0	0	2,713
December 31, 2021 (*)	945	10,501	37,185	0	0	0	48,631
Increase	0	2,116	0	0	0	0	2,116
Impairment losses	0	0	0	0	0	0	0
Translation differences	0	0	2,182	0	0	0	2,182
December 31, 2022	945	12,617	39,367	0	0	0	52,929

(*) Goodwill related to the CGU SAES High Vacuum has been restated respect to the amounts of the consolidated financial statement at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph “Restatement of 2021 figures”.

The increase compared to the restated amount at December 31, 2021 is attributable to both the consolidation using the line-by-line method of SAES RIAL Vacuum S.r.l. (for further details on the calculation of goodwill, please refer to Note no. 3), and the effect of exchange rates on goodwill in currencies other than the euro (in particular, appreciation of the dollar at December 31, 2022, compared to the exchange rate at December 31, 2021).

The gross carrying amounts of goodwill and the related accumulated impairment losses at December 31, 2022 and December 31, 2021, are shown below.

(thousand of euro)

Operating segment	December 31, 2022			December 31, 2021		
	Gross amount	Impairment losses	Carrying amount	Gross amount	Impairment losses	Carrying amount
SAES Industrial	1,008	(63)	945	1,008	(63)	945
SAES High Vacuum (*)	12,617	0	12,617	10,501	0	10,501
SAES Medical Nitinol (**)	42,767	(3,400)	39,367	40,585	(3,400)	37,185
Total goodwill	56,392	(3,463)	52,929	52,094	(3,463)	48,631

(*) The difference between the gross amount as at December 31, 2022 and December 31, 2021 is due to the full consolidation of SAES RIAL Vacuum S.r.l.

(**) The difference between the gross amount as at December 31, 2022 and December 31, 2021 is due to exchange differences on goodwill in currencies other than euro.

⁵¹ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

⁵² For more details on the operating segments into which the Group is organised, please refer to Note no. 12.

Please refer to Note no. 16 – Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets) for the analyses carried out by Management and the results of the impairment tests carried out with reference to non-financial assets.

16. RIGHT-OF-USE ASSETS

Right-of-use assets deriving from leases (rental, hire or use of third-party assets) at December 31, 2022 amounted to 5,481 thousand euros, a decrease of 918 thousand euros compared to December 31, 2021.

The changes occurred during the current year and during the previous year are shown below.

(thousand of euro)

Right-of-use assets	Buildings	Plant and machinery	Cars	Total
December 31, 2020	4,351	358	706	5,415
New leases entered into during the year	2,370	195	336	2,901
Early termination of leases	0	0	(22)	(22)
Reclassifications	0	0	0	0
Acquisitions following business combinations	0	180	16	196
Depreciation	(1,766)	(183)	(346)	(2,295)
Impairment losses	0	0	0	0
Translation differences	199	1	4	204
December 31, 2021	5,154	551	694	6,399
New leases entered into during the year	913	11	350	1,274
Early termination of leases	(28)	0	(25)	(53)
Reclassifications	0	0	0	0
Acquisitions following business combinations	257	49	3	309
Depreciation	(2,034)	(239)	(349)	(2,622)
Impairment losses	0	0	0	0
Translation differences	170	2	2	174
December 31, 2022	4,432	374	675	5,481
December 31, 2020				
Historical cost	6,942	612	1,218	8,772
Accumulated depreciation	(2,591)	(254)	(512)	(3,357)
Impairment losses	0	0	0	0
Carrying amount	4,351	358	706	5,415
December 31, 2021				
Historical cost	9,489	926	1,375	11,790
Accumulated depreciation	(4,335)	(375)	(681)	(5,391)
Impairment losses	0	0	0	0
Carrying amount	5,154	551	694	6,399
December 31, 2022				
Historical cost	10,678	889	1,569	13,136
Accumulated depreciation	(6,246)	(515)	(894)	(7,655)
Impairment losses	0	0	0	0
Carrying amount	4,432	374	675	5,481

New leases entered into during the year mainly refer to the renewal of the lease of the production plant not owned⁵³ by the US associate Memry Corporation, as well as the renewal of certain leases for the Parent's fleet of cars. Also worthy of note are the renewals of the office leases of the Luxembourg subsidiary SAES Investements S.A. and the Taiwanese branch of the Parent, and the signing of new car leases by the Italian branch of Memry Corporation and the American associate SAES Getters/U.S.A. Inc.

⁵³ Production facility located in Menlo Park (CA).

The item “Acquisitions following business combinations” refers to leases on buildings, machinery and automobiles held by SAES RIAL Vacuum S.r.l. and already in place at May 25, 2022, the date on which the acquisition of the entire quota capital by the Group was finalised and the company was fully consolidated, rather than using the equity method, which was previously used.

Depreciation for the year, amounting to 2,622 thousand euros, is slightly higher than in the previous year (2,295 thousand euros); besides the effect arising from the different consolidation scope (+160 thousand euros, the change attributable to the consolidation of Strumenti Scientifici Cinel S.r.l. and to the full consolidation of SAES RIAL Vacuum S.r.l.), the increase is mainly attributable to the higher depreciation recorded by the American associate Memry Corporation on the right of use of production facilities, for which the leases have been renewed at higher monthly rents than in the past.

Translation differences (net exchange gains of 174 thousand euros) refer to the right of use pertaining to the US companies and are the result of the appreciation of the US dollar at December 31, 2022, compared to the exchange rate of December 31, 2021.

Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)

The procedure and the assumptions of the impairment tests were approved by the Board of Directors on February 14, 2023. On March 14, 2023, the same Board approved the results. The impairment tests are described below.

Intangible assets with a finite useful life, property, plant and equipment and right-of-use assets

Plant and machinery, whether owned or leased, are generally highly specialised and are used almost exclusively in the production of products in the different operating segments in which the Group operates. Properties, owned and leased, are in certain circumstances used by different CGUs (Cash Generating Units) and, therefore, their carrying amount is allocated to the different CGUs on the basis of objective drivers (generally based on the spaces occupied).

Intangible assets with a finite useful life are mainly represented by software licences and intangible assets identified and valued as part of business combinations. These intangible assets may pertain to a single CGU or to groups of CGUs.

When preparing the consolidated financial statements at December 31, 2022, Management verified whether there are indications that the CGUs to which the property, plant and equipment, intangible assets with a finite useful life and right-of-use assets are allocated may have suffered a reduction in value.

The CGUs identified by Management, unchanged compared to the previous year, are shown in the following table, indicating for each of them the legal entity and the operating segment of reference.

		SAES Industrial	SAES High Vacuum	SAES Medical Nitinol	SAES Chemicals	SAES Packaging
Legal entity	SAES Getters S.p.A.	x	x		x	
	SAES Getters/U.S.A., Inc.	x	x			
	Spectra-Mat, Inc.	x				
	SAES Smart Materials, Inc.			x		
	Memry Corporation			x		
	SAES RIAL Vacuum S.r.l.		x			
	Strumenti Scientifici Cinel S.r.l.		x			
	SAES Coated Films S.p.A.					x

x = CGU - Cash Generating Unit

As at December 31, 2022, Management identified no impairment indicators (trigger events) at **individual CGU** level, with the exception of:

- the **Chemicals CGU**, whose assets are present exclusively in the financial statements of SAES Getters S.p.A. (significant drop in estimated sales for the last year of the plan)
- the **High Vacuum CGU**, relating to the activities of SAES RIAL Vacuum S.r.l. (significant reduction in the forecast gross operating profit of the subsidiary, compared to what was assumed at the time of the acquisition of the entire quota capital of the company).

For the two CGUs on which trigger events were identified, the impairment tests were carried out by determining the value in use, calculated with the same methods and assumptions used for the impairment tests carried out at operating segment level (see the next section "Goodwill"). These impairment tests did not reveal any impairment losses on non-current assets allocated to the two CGUs.

By carrying out a sensitivity analysis and increasing the WACC by two percentage points and the costs for the purchase of raw materials and utilities by five percentage points, the potential impairment loss is summarised in the table below.

	Potential impairment losses	
	WACC +2pp	Expenses increase "raw materials" and "utilities" +5pp
SAES Getters S.p.A.'s CGU Chemicals	(1,140)	(917)
SAES RIAL Vacuum S.r.l.'s CGU High Vacuum	(474)	(1,133)

Below are the WACCs that ensure that the recoverable amount of the CGU (coinciding with its value in use) is equal to the carrying amount of the net invested capital.

	Break-even WACC
SAES Getters S.p.A.'s CGU Chemicals	10.9%
SAES RIAL Vacuum S.r.l.'s CGU High Vacuum	12.3%

Goodwill

Goodwill and other intangible assets, if any, identified as a result of business combinations have been allocated to **groups of CGUs**, which coincide with the **operating segments** identified for the Group pursuant to IFRS 8 (for the operating structure in place as at December 31, 2022, please refer to Note no. 12), as the entire operating segment is expected to benefit from the synergies arising from the newly acquired business and their recoverability is monitored by Management at this

level. In particular, the groups of CGUs identified by the SAES Group to which goodwill was allocated are:

1. **SAES Industrial** operating segment;
2. **SAES High Vacuum** operating segment;
3. **SAES Medical Nitinol** operating segment.

Although not expressly required by IFRSs, the SAES Group, when preparing the consolidated financial statements at December 31, 2022, also carried out impairment tests with reference to the **SAES Packaging** operating segment, regardless of the presence of goodwill and intangible assets with an indefinite useful life and the existence of internal or external indicators of potential impairment.

With regard to the **SAES Chemicals**⁵⁴ operating segment, reference is made to the previous paragraph “Intangible assets with a finite useful life, property, plant and equipment and right-of-use assets”.

Finally, given the presence of non-current ancillary and common assets (corporate assets), for which it was not possible to identify a reasonable and consistent criterion for their allocation to the individual CGUs or groups of CGUs, a **second level impairment test** was carried out, taking into consideration the entire SAES Group and including corporate assets in the net invested capital. In carrying out the impairment test, the recoverable amount was determined by including the financial flows related to the new Functional Additives⁵⁵ business and the flows related to the corporate functions, for which expenses cannot be allocated unambiguously or through reliable drivers to individual operating segments (among these, basic research costs, incurred by the Group in order to identify innovative solutions, are of significant importance).

The impairment test consisted of estimating the **recoverable amount** of each CGU or each group of CGUs/operating segment and comparing the latter with the value of the net invested capital associated with the CGU or group of CGUs/operating segment. The recoverable amount was verified by determining the **value in use**, which corresponds to the present value of the future cash flows expected to be generated by each CGU or group of CGUs/operating segment. These cash flows were calculated on the basis of the most recent three-year plans drawn up by top management for the period 2023-2025 (approved by the Board of Directors on 1 February 2023), also taking into account past results, and do not include cash flows relating to future restructuring to which the SAES Group has not yet committed or relating to investments and expenses connected with the improvement or strengthening of the performance of the CGU/groups of CGUs. When preparing these estimates, management made use of numerous assumptions based on the following key variables:

- developments in the macroeconomic variables;
- estimated future sales volumes by business/product category/customer;
- price and profit margin trends;
- cost of materials and of sales by product category;
- production costs, operating expenses and investments plan;

⁵⁴ Limited to the **Functional Acoustic Composites business**, i.e. SAES functional composites for application in consumer electronics. The new **Functional Additives** business, also included within the SAES Chemicals operating segment, which includes the new products based on the functional materials technology platforms developed in SAES laboratories and being validated by prospects, currently not generating cash inflows and not having allocated assets, was considered for the purpose of the impairment test as “Not allocated” and the related cash outflows were included in the second level impairment test.

⁵⁵ The new **Functional Additives** business, currently not generating cash inflows and not having allocated assets, was considered for the purpose of the impairment test as “Not allocated” and the related cash outflows were included in the second level impairment test.

- inflation rates estimated by Management.

The expected growth in sales is based on forecasts provided by management, also taking into account any external evidence, including indications on market trends provided by the main operators in the sectors in which SAES operates and the indications on future orders received from the Group's customers. Profit margins and operating expenses for the various businesses were estimated based on historical data, adjusted according to expected performance and expected market price trends. The values of maintenance investments and working capital were determined according to different factors, such as the forecast levels of future growth and the product development plan. These assumptions were influenced by future expectations and market conditions.

The **discount rate** used to discount the cash flows represents an estimate of the expected rate of return for each CGU/group of CGUs on the market. In order to select an appropriate discount rate to be applied to future flows, with the support of an external consulting firm, the following were taken into account:

- for the purpose of calculating the cost of debt, the yields to maturity of bonds with a credit rating in line with the Group's credit rating at the valuation date (basket of European corporate bonds rated 15-year BBB); a country risk premium based on the credit rating of the countries in which each CGU/group of CGUs generates revenue; a tax rate based on the rate in force in the country in which each CGU/group of CGUs is assumed to borrow debt.
- for the purpose of calculating the cost of equity, the normalised rate of long-term (fifteen-year) German government bonds; the beta of comparable listed companies belonging to the reference operating segment; an equity market risk premium of 6%; a premium for the small size of the SAES Group of 2.1%; a country risk premium based on the creditworthiness of the countries in which each CGU/group of CGUs generates revenue.

The financial structure was instead determined on the basis of the average debt of the comparable listed companies belonging to the reference operating segment.

The weighted average cost of capital (WACC) net of the taxes to be applied to the prospective cash flows was thus estimated specifically for each CGU/group of CGUs, while the overall Group WACC, used in the second level test, was calculated as the average of the WACCs of each group of CGUs/operating segments, weighted by the percentage of the revenue of the CGU on the total revenue realised by the Group.

Operating segments	WACC	Weighting
Industrial	8.1%	33.7%
High Vacuum	12.0%	9.8%
Medical Nitinol	8.7%	45.5%
Packaging	9.0%	3.1%
Functional Acoustic Composites (SAES Chemicals)	10.2%	7.9%
SAES Group	9.0%	100.0%

In the model for discounting future cash flows, a terminal value is taken into account to reflect the residual value that the CGU or group of CGUs/operating segment should generate beyond the explicit three-year period covered by the plans; this value was estimated assuming a specific **growth rate** (g-rate) for each CGU/group of CGUs, calculated as the average of the long-term inflation rates (approximately thirty years) estimated for the countries in which the CGU/group of CGUs operates, weighted on the basis of the percentage weight of sales made by the CGU/group of CGUs in the reference country.

Operating segments	g-rate
Industrial	2.2%
High Vacuum	2.0%
Medical Nitinol	2.2%
Packaging	2.1%
Functional Acoustic Composites (SAES Chemicals)	2.3%
SAES Group	2.2%

Future cash flows were estimated by assuming an average level of **investment** in the period beyond the explicit three-year period coinciding with the direct investment in the last year of the plan, in which no expansion investments were planned.

The specific **tax rate** used for each CGU/group of CGUs was calculated as the average corporate income tax (CIT) rate of the countries in which the CGU/group of CGUs operates, weighted on the basis of the percentage weight of sales made by the CGU in the reference country.

Operating segments	tax rate
Industrial	24.8%
High Vacuum	24.4%
Medical Nitinol	25.0%
Packaging	23.2%
Functional Acoustic Composites (SAES Chemicals)	25.0%
SAES Group	24.8%

On the basis of the checks carried out, no impairment losses emerged for non-current assets recognised in the financial statements.

No potential loss in value emerged even by carrying out a sensitivity analysis with reference to the main assumptions: in particular, increasing the WACC by two percentage points and the costs for the purchase of raw materials and utilities by five percentage points.

Below are the WACCs that ensure that the recoverable amount of each group of CGUs (coinciding with its value in use) is equal to the carrying amount of the net invested capital.

	Break-even WACC
Industrial	36.2%
High Vacuum	22.5%
Medical Nitinol	43.7%
Packaging	15.6%
Functional Acoustic Composites (SAES Chemicals)	(*)

(*) Referred to paragraph " Intangible assets with an indefinite useful life, property, plant and equipment and right-of-use assets".

The estimation of the recoverable amount of the various CGUs/groups of CGUs required judgement and the use of estimates by management. The Group cannot therefore ensure that no impairment losses will arise in the future. Indeed, various factors, also related to changes in the market context and in demand, including as a consequence of the war in Ukraine and current international tensions, may require a revaluation of assets in future years.

17. EQUITY-ACCOUNTED INVESTEEES

At December 31, 2022, the item includes the share of equity attributable to the Group in the joint ventures **Actuator Solutions GmbH** and **Flexterra, Inc**⁵⁶.

With regard to **SAES RIAL Vacuum S.r.l.**, on May 25, 2022 the SAES Group completed the purchase of the entire quota capital of the company (previously 49% owned) and, starting from that date, SAES RIAL Vacuum S.r.l. was fully consolidated, rather than the equity method used previously.

The following table shows the changes of each investment during the current and previous year.

(thousand of euro)

Equity accounted investees	Actuator Solutions GmbH	SAES RIAL Vacuum S.r.l.	Flexterra	Total
December 31, 2020	0	2,152	0	2,152
Acquisitions	0	0	0	0
Capital injections	0	0	0	0
Share of profit (loss)	0	200	0	200
Share of other comprehensive income (expense)	0	10	0	10
Dividends paid	0	0	0	0
Impairment losses	0	0	0	0
Elimination for control acquisition	0	0	0	0
December 31, 2021	0	2,362	0	2,362
Acquisitions	0	0	0	0
Capital injections	600	0	0	600
Share of profit (loss)	(600)	167	0	(433)
Share of other comprehensive income (expense)	0	0	0	0
Dividends paid	0	0	0	0
Impairment losses	0	0	0	0
Elimination for control acquisition	0	(2,529)	0	(2,529)
December 31, 2022	0	0	0	0

The change in the year ended December 31, 2022 (totalling -2,362 thousand euros) is a consequence of:

- 1) two capital increases carried out in the last quarter of 2022 by SAES Nitinol S.r.l. with respect to **Actuator Solutions GmbH**, equal to +300 thousand euros each, with the aim of guaranteeing the operational continuity of the German joint venture and allowing it to carry out ongoing development projects;
- 2) the Group's share (50%) in the loss of **Actuator Solutions GmbH** (600 thousand euros), equal to the amount of the aforementioned capital injections, accounted for with the aim of eliminating the carrying amount of the SAES equity investment;
- 3) the adjustment of the amount of the equity investment to the share attributable to SAES (49%) in the profit of **SAES RIAL Vacuum S.r.l.** in the period 1 January - May 25, 2022 (+167 thousand euros);
- 4) the aforementioned change in consolidation method (from the equity method to full consolidation) following the acquisition of control of **SAES RIAL Vacuum S.r.l.** on May 25, 2022 (-2,529 thousand euros).

In accordance with the provisions of IAS 28, it is specified that:

- SAES's share of the loss incurred in 2022 by **Actuator Solutions GmbH** would have amounted to 338 thousand euros, but the share of the loss recognised coincided with the capital increases carried out in the last quarter of 2022 (-600 thousand euros), with the aim of eliminating the carrying amount of the SAES equity investment without establishing any provision for risks, as there is currently no legal or implicit obligation for further recapitalisation by the Group;

⁵⁶ Flexterra, Inc. (USA), in turn, consolidates its wholly-owned subsidiary Flexterra Taiwan Co., Ltd.

- SAES's share of the loss incurred in 2022 by **Flexterra** (1,420 thousand euros⁵⁷) was not recognised by the Group as SAES's investment in the joint venture had already been fully impaired and there is currently no legal or implicit obligation for further recapitalisation by the Group.

Actuator Solutions GmbH

Actuator Solutions GmbH is headquartered in Gunzenhausen (Germany) and is jointly controlled 50% by SAES Nitinol S.r.l. and SMA Holding. The Alfmeier Präzision Group, of which SMA Holding was a part, was recently sold⁵⁸ to the Gentherm Group, with the exclusion of SMA Holding from the scope of the transaction. The composition of the share capital of Actuator Solution GmbH therefore remains unchanged. The joint venture is focused on the development of actuators that use shape memory alloys to replace the motor.

The following table shows the changes in the amount of the equity investment in Actuator Solutions from the date of incorporation until December 31, 2022.

(thousand of euro)

	Initial capital injections	Subsequent capital increases	Share of loss for the year	Share of other comprehensive expense	Impairment losses	December 31, 2022
Actuator Solutions GmbH	13	9,988	(10,000)	(1)	0	0

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

(thousand of euro)

Actuator Solutions GmbH	December 31, 2022	December 31, 2021
Statement of financial position	50%	50%
Non-current assets	3,017	2,654
Current assets	1,174	1,127
Total assets	4,191	3,781
Non-current liabilities	4,578	4,025
Current liabilities	1,473	1,878
Total liabilities	6,051	5,903
Share capital, reserves and retained earnings	(1,522)	(2,711)
Profit (loss) for the year	(338)	589
Other comprehensive income (expense)	0	0
Total equity	(1,860)	(2,122)

⁵⁷ Total loss and other comprehensive income for 2022.

⁵⁸ The sale transaction was finalised on July 29, 2022.

(thousand of euro)

Actuator Solutions GmbH	2022	2021
Statement of profit or loss	50%	50%
Revenue	2,758	6,183
Cost of sales	(1,838)	(4,559)
Gross profit	920	1,624
Total operating costs	(1,419)	(1,231)
Other income (expenses)	106	88
Operating profit (loss)	(393)	481
Net financial income	48	131
Net exchange gains (losses)	3	(17)
Income taxes	4	(6)
Profit (loss) for the year	(338)	589
Total profit (loss) for the year and other comprehensive income (expense)	(338)	589

Overall⁵⁹, Actuator Solutions GmbH recorded net revenue of 5,515 thousand euros in 2022, compared to 12,365 thousand euros in the 2021 financial year. Revenue fell by 55.4%, but the two years are incomparable because at the beginning of the third quarter of 2021 Actuator Solutions sold two production lines of actuators for the automotive seat comfort business to Alfmeier Präzision⁶⁰, renouncing direct sales, but receiving in exchange a commission on them equal to the margin that would have been realised had the production activity continued; the last line was sold during the fourth quarter of 2022. These transactions therefore reduced the revenue in absolute terms for the current year, making 2022 not comparable with the previous year.

The drop in sales led to a decrease in gross profit (from 3,247 thousand euros in 2021 to 1,840 thousand euros in 2022) and an operating loss (787 thousand euros in 2022, compared to an operating profit of 962 thousand euros in 2021) with slightly higher operating expenses (from 2,461 thousand euros to 2,838 thousand euros), also penalised by non-recurring severance costs (77 thousand euros).

2022 closed with a loss of 677 thousand euros, an improvement on the operating loss (787 thousand euros) for 2022, thanks to the non-recurring income of 300 thousand euros generated by the SAES Group's partial waiver of interest accrued on loans granted to Actuator Solutions GmbH (this waiver was in addition to the waiver of 500 thousand euros granted by SAES Nitinol S.r.l. in the previous year).

In order to ensure the operational continuity of Actuator Solutions GmbH and enable it to continue with its ongoing development projects, in the fourth quarter SAES carried out two capital increases in favour of the joint venture for 300 thousand euros each. Similar capital increases were also subscribed by the equal partner SMA Holding.

The SAES Group's share (50%) of the loss incurred in 2022 by the joint venture would have amounted to 338 thousand euros, but, despite the joint venture's deficit of 1.9 million euros⁶¹, the share of the loss recognised coincided with the above-mentioned capital increases (i.e. -600 thousand euros), with the aim of eliminating the carrying amount of the equity investment, without establishing any provision for risks, as there is currently no legal or implicit obligation for further recapitalisation by SAES.

⁵⁹ Amounts at 100%.

⁶⁰ Gentherm Group starting from July 29, 2022.

⁶¹ 50% pro rata amount.

As the carrying amount of the investment in Actuator Solutions GmbH at December 31, 2022 had been fully impaired and since there were no recapitalisation obligations, it was not necessary to carry out any impairment testing.

Please refer to Note no. 21 for information on any changes and on the recoverability of the amount due to the Group from the joint venture.

The following table provides the number of employees of the joint venture Actuator Solutions GmbH at December 31, 2022 by category, based on the percentage of ownership held by the Group (equal to 50%).

Actuator Solutions GmbH	December 31, 2022	December 31, 2021
	50%	50%
Managers	1	1
Employees and middle management	13	13
Workers	1	3
Total (*)	15	17

(*) The figure excludes personnel employed with contracts other than employment contracts, equal to 1 unit at December 31, 2022 and at December 31, 2021 (according to the percentage of ownership held by the Group).

The number of employees is down slightly compared to the end of 2021, mainly due to the German joint venture's focus on product development activities and the outsourcing of the production activities in the automotive sector.

SAES RIAL Vacuum S.r.l.

As of May 25, 2022, SAES RIAL Vacuum S.r.l. is a wholly-owned subsidiary of the SAES Group and is fully consolidated, instead of the equity method used previously.

The following are the share pertaining to the SAES Group in the assets and liabilities of SAES RIAL Vacuum S.r.l. at May 25, 2022 and in the revenue and costs of the same company for the period January 1 - May 25, 2022.

(thousand of euro)

SAES RIAL Vacuum S.r.l.	May 25, 2022	December 31, 2021
Statement of financial position	49%	49%
Non-current assets	449	316
Current assets	1,987	1,693
Total assets	2,436	2,009
Non-current liabilities	232	178
Current liabilities	1,068	862
Total liabilities	1,300	1,040
Quota capital, reserves and retained earnings	969	759
Profit for the year	167	200
Other comprehensive income (expense)	0	10
Total equity	1,136	969

(*) Actuarial differences on the post-employment benefits (TFR), in accordance with IAS 19.

(thousand of euro)

SAES RIAL Vacuum S.r.l.	January 1 - May 25, 2022	2021
Statement of profit or loss	49%	49%
Revenue	1,429	3,411
Cost of sales	(1,066)	(2,837)
Gross profit	363	574
Total operating costs	(130)	(335)
Other income (expenses)	8	51
Operating profit	241	290
Net financial expenses	(5)	(15)
Net exchange losses	(4)	(3)
Income taxes	(65)	(72)
Profit for the year	167	200
Actuarial gains (losses) on defined benefit plans, net of taxes	0	10
Total profit for the year and other comprehensive income (expense)	167	210

The share pertaining to the SAES Group (equal to 49%) in the profit for the period January 1 - May 25, 2022 of the joint venture was equal to 167 thousand euros.

On February 28, 2022, prior to the completion of the purchase of the entire quota capital by the SAES Group, SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loan granted by SAES Getters S.p.A. (principal equal to 49 thousand euros). For further details, please see Note no. 21.

The following table provides the number of employees of the joint venture SAES RIAL Vacuum S.r.l. at May 25, 2022 split by category, based on the percentage of ownership held by the SAES Group (49%).

SAES RIAL Vacuum S.r.l.	May 25, 2022	December 31, 2021
	49%	49%
Managers	0	0
Employees and middle management	9	8
Workers	5	5
Total (*)	14	13

(*) The figure excludes personnel employed with contracts other than employment contracts, equal to 1 unit as of May 25, 2022 and as of December 31, 2021 (according to the percentage of ownership held by the Group).

The number of employees is essentially in line with the end of 2021.

Flexterra

Flexterra grew out of a technology partnership initiated in previous years between SAES and the US company Polyera in the field of flexible thin-film transistors for next-generation displays. Specifically, Flexterra, Inc., based in Skokie (near Chicago, Illinois, USA), was formed in late 2016 as a development start-up by SAES and previous Polyera partners and financiers, with the objective of designing, manufacturing and marketing materials and components for flexible displays. Flexterra, Inc. owns 100% of Flexterra Taiwan Co., Ltd.

During the third quarter of 2021, SAES saw its stake in Flexterra, Inc. increase from 46.73% to 46.84%, following the repurchase by the company of the shares previously owned by two small shareholders at a symbolic value of 2 dollars (1 dollars for each small shareholder).

The Group's equity investment is accounted for using the equity method since, irrespective of the ownership percentage in the share capital, the transaction 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 carrying amount of the equity investment at December 31, 2022 represents the initial total contribution (8,146 thousand euros, corresponding to 8,500 thousand dollars) of SAES in the share capital of Flexterra, Inc., increased by the share capital increases made in the latter part of 2018 (for a total of 6,201 thousand euros, corresponding to 7,100 thousand dollars), adjusted for the SAES Group's share in the profit and in other comprehensive income related to previous years from 2017 to end of 2020⁶². The latter includes the expenses related to the issue of equity instruments, as well as the translation reserve arising from the translation into 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 amount of the equity investment it is also necessary to add the impairment losses (4,300 thousand euros in 2018; 555 thousand euros in 2019; 591 thousand euros in 2020, with the consequent full impairment of the equity investment).

Finally, the carrying amount of the investment was also adjusted for the unrealised portion of the capital gain achieved by SAES in 2019 with the sale to the Flexterra, Inc. joint venture of patents owned by the Group (-1,059 thousand euros), as well as for the reversal of the corresponding portion of amortisation on the capital gain eliminated at consolidated level (+304 thousand euros, of which +228 thousand euros relative to previous years and +76 thousand euros relative to 2022).

(thousand of euro)

	Initial capital injections	Subsequent capital increases	Share of net profit (loss) for the period	Share pertaining to the other components of the comprehensive income statement	Impairment losses	December 31, 2022
Flexterra	8,146	6,201	(7,873)	(1,028)	(5,446)	0

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

⁶² Starting from January 1, 2021, SAES's share in the overall loss of the joint venture was not recognised by the Group as a liability, as the investment had been fully impaired and there were no legal or implicit recapitalisation obligations by the Group.

(thousand of euro)

Flexterra	December 31, 2022	December 31, 2021
Statement of financial position	46.84%	46.84%
Non-current assets	5,068	5,425
Current assets	420	808
Total assets	5,488	6,233
Non-current liabilities	0	7
Current liabilities	3,158	2,476
Total liabilities	3,158	2,483
Share capital, reserves and retained earnings	3,577	5,154
Reserve for stock option plans	173	173
Profit (loss) for the period	(1,926)	(1,917)
Other comprehensive profit (loss) for the period (*)	506	340
Total equity	2,330	3,750

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

(thousand of euro)

Flexterra	2022	2021
Statement of profit or loss	46.84%	46.84% (**)
Revenue	0	3
Cost of sales	(38)	3
Gross profit	(38)	6
Total operating costs	(1,416)	(1,828)
Other income (expenses)	4	10
Operating result	(1,450)	(1,812)
Net financial expense	(207)	(125)
Net exchange gains (losses)	(286)	33
Income taxes	17	(13)
Loss for the period	(1,926)	(1,917)
Exchange differences from translation of financial statements in foreign currencies	506	340
Total profit loss for the period and other components of comprehensive income (expense)	(1,420)	(1,577)

(**) Investment equal to 46.73% in the first nine months of 2021, increased to 46.84% in the fourth quarter of 2021.

Overall⁶³, Flexterra ended 2022 with a consolidated loss of 4,111 thousand euros, in line with a loss of 4,099 thousand euros in the previous year; the initiative to reduce operating expenses, launched at the end of 2021 with the aim of reducing financial requirements without compromising development projects, made it possible to close the current year with a significantly lower consolidated operating loss (mainly, lower costs for employees and for materials used in research and development activities, as well as lower consultancy costs), but the improvement in the operating loss was largely offset by higher financial interest accrued on the convertible loans granted to the joint venture by the SAES Group⁶⁴ and foreign exchange losses of the subsidiary Flexterra Taiwan Co., Ltd.

The SAES Group's share (46.84%) of the joint venture's loss for 2022 amounted to 1,926 thousand euros (1,917 thousand euros in 2021), to which must be added the other comprehensive income of 506 thousand euros, consisting of the translation differences generated by the translation into

⁶³ Amounts at 100%.

⁶⁴ A second convertible loan, for a total of 2 million dollars, was granted during the second half of 2021, in addition to the first loan of 3 million dollars, granted in July 2020.

euros of the foreign currency financial statements of Flexterra, Inc. and Flexterra Taiwan Co., Ltd. (340 thousand euros in 2021).

As previously mentioned, SAES's share in the total loss realised by Flexterra in 2022 (1,420 thousand euros) was not recognised, as SAES's shareholding in the joint venture had already been fully impaired.

As the carrying amount of the investment in Flexterra at December 31, 2022 had been fully impaired, it was not necessary to carry out any impairment testing.

Please refer to Note no. 21 for information on any changes and on the recoverability of the financial asset for the convertible loans granted by the SAES Group to the joint venture.

The following table provides the number of employees of the joint venture Flexterra at December 31, 2022, by category, based on the percentage of ownership held by the Group (46.84%).

Flexterra	December 31, 2022	December 31, 2021
	46.84%	46.84%
Managers	2	3
Employees and middle management	3	3
Workers	0	0
Total	5	6

The number of employees is essentially in line with the end of 2021.

18. INVESTMENTS IN OTHER COMPANIES

The following table shows the investments in other companies held as at December 31, 2022, other than subsidiaries, associates or jointly controlled companies. These investments not held for trading purposes are measured at fair value, with changes in the latter recognised in other comprehensive income in the statement of comprehensive income, with no future reversal to profit or loss.

<i>Company</i>	<i>Currency</i>	<i>Share capital</i>	<i>% of Ownership</i>	
			<i>Direct</i>	<i>Indirect</i>
EUREKA! Fund I - Technology Transfer Milan (Italy)	EUR	12,908,835*	4.79**	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	51,237***	0.82****	-

* This amount represents the total capital payments by investors at December 31, 2022, against a total commitment by the latter of 62,675,500 euro.

** Compared to December 31, 2021, the equity investment of SAES was diluted from 4.81% to 4.79% following the completion of the sixth and last closing by the EUREKA! Fund, on the basis of which new investors were formally admitted, with a total theoretical contribution to the investment by the latter of approximately 253 million euros.

*** Compared to December 31, 2021, the share capital of Cambridge Mechatronics Limited increased from GBP 49,514 to GBP 51,237, while the SAES equity investment was diluted from 0.86% to 0.82%, as a result of two new issues of ordinary preference shares in March 2022 and August 2022, respectively, and as a result of the issue of new ordinary shares in connection with the exercise of certain options on shares held by employees.

**** Equity investment held directly by SAES Getters S.p.A. following the merger into the Parent of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

Note that in 2022, SAES Getters S.p.A. made **capital injections into the venture capital fund EUREKA! Fund I – Technology Transfer** for a total amount of 195 thousand euros and received **repayments** of approximately 5 thousand euros following the finalisation of the sixth and last closing by the same fund. At December 31, 2022, against a total commitment of 3 million euros,

SAES Getters S.p.A. made capital injections into the EUREKA! fund totalling 618 thousand euros while the residual commitment is equal to 2,382 thousand euros.⁶⁵

The item “Investments in other companies” at December 31, 2022 amounted to a total of 1,549 thousand euros and the following table summarises the change in each equity investment during 2022.

(thousand of euro)

Investments in other companies	Eureka! Fund	Cambridge Mechatronics Limited	Total
December 31, 2020	191	1,083	1,274
Capital injections	305	0	305
Fair value measurement	(95)	0	(95)
Other changes	(103)	0	(103)
December 31, 2021	298	1,083	1,381
Capital injections	195	0	195
Fair value measurement	(22)	0	(22)
Other changes	(5)	0	(5)
December 31, 2022	466	1,083	1,549

The **venture capital fund EUREKA! Fund I – Technology Transfer** is a 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 year:

- on March 7, 2022, a payment of 49 thousand euros was made, including both the portion of management fees and commissions, and the portion of an investment made by the fund in NOVAC S.r.l., an innovative start-up operating in the sector of electrical energy storage and release systems, through the development of a new type of super capacitor, capable of providing high power and very short charging times;
- on June 16, 2022, a payment of 99 thousand euros was made to continue the investment in the company Phononic Vibes S.r.l., already in the portfolio, and a further five Proof of Concepts (POC) in collaboration with the Consiglio Nazionale delle Ricerche (National Research Council), the Turin Polytechnic and the Italian Institute of Technology;
- on August 28, 2022, a payment of 47 thousand euros was made, including both the portion of commissions and management fees, and the portion to complete the investment made by the fund in NOVAC S.r.l.

On January 31, 2022, the fund ended its fundraising activity with a total collection of 62,675,500 euro. On February 16, 2022, following the sixth and final Closing, the Parent obtained a reimbursement related to both the costs and the investments of the fund, amounting to 5 thousand euros (line “Other changes”), therefore SAES’ investment was diluted from 4.81% to 4.79%.

⁶⁵ Amount net of the repayments recognised by the fund following the capital injections made by new investors at closings subsequent to the first one.

The fair value measurement of the investment in the EUREKA! fund was negative and amounted to -22 thousand euros (representing SAES's share of management fees and other expenses for 2022, net of fair value remeasurements of investments in start-up companies held by the fund), recorded in other comprehensive income.

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 miniaturised 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.

In 2022, the SAES Group's investment in Cambridge Mechatronics Limited was diluted from 0.86% to 0.82% as a result of:

- two new issues of ordinary preference shares, in March 2022 and August 2022, respectively;
- the issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

As at December 31, 2022, the SAES Group considers that the carrying amount, equal to the cost, represents an adequate estimate of the fair value.

19. SECURITIES

The item "Securities" at December 31, 2022 totalled 145,484 thousand euros, against 166,542 thousand euros at December 31, 2021.

(thousand of euro)

Securities	December 31, 2022	December 31, 2021	Difference
Securities - classified under non current assets	0	71,887	(71,887)
Securities - classified under current assets	145,484	94,655	50,829
Total	145,484	166,542	(21,058)

The following table provides the details of the securities subscribed and their fair value at December 31, 2022 compared to December 31, 2021.

Description	Details	Underwriting company	Initial investment	Value as at December 31, 2022 (thousand of euro)	Value as at December 31, 2021 (thousand 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: - December 31, 2022, 37.1 million euros - December 31, 2021, 53.4 million euros	34,133	53,329
Dynamic Multi-Asset (DMAS)	diversified multi-asset portfolio of OICVM, OICR, structured products and financial derivative instruments, where appropriate	SAES Investments S.A.	-27 million euros as of December 31, 2022 - 18 million euros as of December 31, 2021	25,169	18,558
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 euros	28,315	30,242
Polizza Cardif Lux Vie Multiramo - Branch I	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.	25 million euros as at December 31, 2021 discontinued at the beginning of 2022	0	503 (*)
- Branch III	dynamic multi-line mandate, with the aim of preserving the value of the invested capital		60 million euros	57,867	63,910
Total				145,484	166,542

(*) 25 thousand of euro of nominal value, in addition to the interest accrued for the year 2021 equal to 478 thousand euros, for a total of 503 thousand euros collected on January 25, 2022.

The decrease in the total value of the portfolio compared to December 31, 2021 (-21,058 thousand euros) is mainly attributable to the reduction in the fair value of the securities, due to international tensions in the financial markets due in part to the conflict in Ukraine, as well as the divestment of part of the bonds held by SAES Investments S.A., which were only partially replaced by Dynamic Multi-Asset management (DMAS).

In particular during the first half of 2022, the asset allocation of the portfolio was remodelled, with the divestment of part of the principal from **the bonds managed by JP Morgan**, in favour of the **Dynamic Multi-Asset (DMAS)** management, with the aim of increasing the component of "non-bond" financial assets, 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.

During the fourth quarter of 2022, the residual **High Yield bonds** held by SAES Investments S.A. were disposed of and the equivalent value (equal to approximately 7.2 million euros) was invested in three-month time deposits (cash equivalent). For further details on short-term time deposits, please refer to Note no. 29.

Finally, we note the collection of the residual portion⁶⁶ of **Branch I of the Cardif Lux Vie Multiramo policy**, which had been divested at the end of December 2021 as part of the early repayment transaction by the Parent of all the loans still in place and the taking out with JP Morgan of a new Lombard loan of a lower nominal value than that repaid, with the aim of reshaping the Group's financial structure and reducing pressure on its financial position and performance.

⁶⁶ 25 thousand euros the nominal value, disposed of at the beginning of January 2022.

All securities in the portfolio can be immediately sold and liquidated in the short term. The "Buy & Hold" bond portfolio and the Dynamic Multi-Asset management (both managed through JP Morgan), which were the collateral for the above-mentioned Lombard loan signed with JP Morgan at the end of December 2021, and which at the end of last year were classified under non-current assets in line with the aforesaid loan, were reclassified as of December 31, 2022 to current assets because the loan in question will mature by the end of 2023 (maturity date December 28, 2023).

The Group's other financial assets (Credit Link Certificates and Cardif Lux Vie Policy – Branch III, managed through Mediobanca), on the other hand, were already classified as current assets as at December 31, 2021.

Details of the maturities of the bond portfolio and Credit Link Certificates (nominal value and fair value) at December 31, 2022 and December 31, 2021, respectively, are shown below.

(thousand of euro)

Maturity date	Nominal Value - December 31, 2022			Fair value - December 31, 2022		
	Bond portfolio "Buy & Hold"	Credit Linked Certificates (CLC)	Total	Bond portfolio "Buy & Hold"	Credit Linked Certificates (CLC)	Total
2023	4,500	7,500	12,000	4,496	7,362	11,858
2024	5,450	15,000	20,450	5,325	14,503	19,828
2025	13,800	0	13,800	13,109	0	13,109
2026	11,400	7,500	18,900	10,604	6,450	17,054
2027	650	0	650	599	0	599
Total	35,800	30,000	65,800	34,133	28,315	62,448

(thousand of euro)

Maturity date	Nominal Value - December 31, 2021			Fair value - December 31, 2021		
	Bond portfolio "Buy & Hold"	Credit Linked Certificates (CLC)	Total	Bond portfolio "Buy & Hold"	Credit Linked Certificates (CLC)	Total
2022	7,900	0	7,900	8,040	0	8,040
2023	9,825	7,500	17,325	10,064	7,805	17,869
2024	6,650	15,000	21,650	6,882	15,353	22,235
2025	15,850	0	15,850	16,450	0	16,450
2026	11,350	7,500	18,850	11,893	7,084	18,977
Total	51,575	30,000	81,575	53,329	30,242	83,571

With regard to the fair value measurement of the securities portfolio at December 31, 2022, 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); 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 "Buy & Hold" bond portfolio, the Dynamic Multi-Asset management and the Credit Linked Certificates was Level 1, whereas for the Cardif Policy it was Level 2.

The performance of the Group's securities portfolio was positive at approximately +1.12% during the first two months of 2023.

20. DEFERRED TAX ASSETS AND LIABILITIES

At December 31, 2022, the net deferred tax liabilities were 2,357 thousand euros, compared to 1,666 thousand euros at December 31, 2021.

The related details are provided below.

(thousand of euro)

Deferred taxes	December 31, 2022	December 31, 2021	Difference	of which:
				Acquisitions following business combinations
Deferred tax assets	9,029	9,243	(214)	5
Deferred tax liabilities (*)	(11,386)	(10,909)	(477)	(1,408)
Total net deferred tax liabilities	(2,357)	(1,666)	(691)	(1,403)

(*) Comparative amounts have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of 2021 figures".

Deferred tax assets and liabilities have been recognised in the consolidated financial statements in consideration of the offsetting for legal entities, when appropriate.

The following tables provide a breakdown by nature of the temporary differences on which deferred tax assets and liabilities are calculated, compared with the figures at December 31, 2021, as well as the aforementioned offsetting.

(thousand of euro)

Deferred tax assets	December 31, 2022		December 31, 2021	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Intragroup profit eliminations	18,844	5,183	22,010	5,541
Differences on depreciation/amortisation and impairment losses	3,143	824	3,297	812
Post-employment benefits	276	77	440	116
Impairment losses on trade receivables and financial assets	296	72	474	115
Allowance for inventory write-down	6,686	1,573	5,851	1,373
Accrual of provisions for risks and charges	183	45	416	100
Costs allocated on an accruals basis and deductible in cash	15,573	3,679	13,796	3,308
Deferred taxes on recoverable losses	1,673	401	1,673	401
Exchange differences and other	4,817	1,716	808	742
Total		13,570		12,508
Offsetting		(4,541)		3,265
Deferred tax assets		9,029		9,243

The increase in deferred tax assets compared to the end of the previous year (+1,062 thousand euros) is mainly related to the recognition of deferred tax assets at the US subsidiaries following the recent tax changes (Section 174 of the US Internal Revenue Code), which provide for the capitalisation of development costs for tax purposes, as well as higher deductible payments in cash, rather than on an accrual basis.

At December 31, 2022, the Group had tax loss carry-forwards equal to 126,230 thousand euros relating mainly to the Parent, to SAES Innovative Packaging S.r.l. and to SAES Coated Films S.p.A. (at December 31, 2021, the tax loss carry-forwards totalled 167,284 thousand euros and the decrease is mainly due to the fact that the tax losses of SAES Getters International Luxembourg S.A. no longer exist following the transfer of the registered office of the Luxembourg subsidiary to Italy and its merger into SAES Getters S.p.A.).

The tax loss carry-forwards that were taken into account in determining deferred tax assets amounted to 1,673 thousand euros (amount unchanged from December 31, 2021) and were exclusively attributable to SAES Coated Films S.p.A. The deferred tax assets on said tax losses (401 thousand euros) were recognised on the basis of the probability that they will be recovered in future years, in light of the forecasts included in the subsidiary's three-year 2023-2025 plan, approved by its Board of Directors on January 25, 2023.

(thousand of euro)

Deferred tax liabilities	December 31, 2022		December 31, 2021	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Undistributed profits of subsidiaries	(76,294)	(4,244)	(75,279)	(3,488)
Fair value gains on property, plant and equipment and intangible assets and differences in amortisation/depreciation	(53,224)	(11,443)	(39,324)	(9,373)
Fair value gains on securities	0	0	(4,634)	(1,156)
Post-employment benefits	(855)	(205)	(574)	(138)
Leases	(83)	(20)	(60)	(14)
Other	(67)	(15)	(23)	(5)
Total		(15,927)		(14,174)
Offsetting		4,541		3,265
Deferred tax liabilities		(11,386)		(10,909)

The increase in deferred tax liabilities compared to December 31, 2021 (+1,753 thousand euros) is mainly attributable to the higher temporary differences between tax depreciation and accounting depreciation of the U.S. companies, deferred tax liabilities recorded on the capital gains identified when allocating the purchase price of Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l.⁶⁷, as well as higher taxes due on the distribution of earnings and reserves of subsidiaries, partially offset by the release of deferred tax liabilities recorded last year on the fair value measurement⁶⁸ of securities of SAES Investments S.A.

21. FINANCIAL ASSETS WITH RELATED PARTIES

The item “Financial assets with related parties” (nil at December 31, 2022 and equal to 50 thousand euros at December 31, 2021) referred at the end of last year to the interest-bearing loan granted by SAES in favour of the joint venture **SAES RIAL Vacuum S.r.l.**, fully repaid on February 28, 2022, prior to the purchase of the entire quota capital of the company by the Group.

The financial asset, totalling 9,621 thousand euros⁶⁹, arising from the loans granted to the joint venture **Actuator Solutions GmbH**, and the financial asset, equal to 5,437 thousand euros⁷⁰, related to the two convertible loans, respectively for 3 million dollars (granted in July 2020) and 2 million dollars (disbursed in two tranches of equal amounts in August 2021 and November 2021), granted to the joint venture **Flexterra, Inc.** were both fully impaired as they were deemed difficult to recover.

The details are shown in the tables below.

Actuator Solutions GmbH

⁶⁷ Purchase Price Allocation finalised in 2022.

⁶⁸ In particular, revaluation recognised for IFRS purposes, but not for the purposes of the statutory financial statements prepared in accordance with Luxembourg accounting principles.

⁶⁹ Consisting of 8,000 thousand euros in principal and 1,621 thousand euros in interest.

⁷⁰ Consisting of 4,688 thousand euros in principal and 749 thousand euros in interest.

Description	Currency	Principal (thousand of euro)	Timing of principal reimbursement	Interest rate	Amount as at December 31, 2022 (*) (thousand of euro)	Amount as at December 31, 2021 (**) (thousand of euro)
Loan signed in July 2016: - first tranche granted in July 2016 - second tranche granted in September 2016	EUR	2,000	flexible, with maturity date April 2019 extended to April 2024	2% annual fixed rate	3,523	3,600
	EUR	1,000				
Loan signed in November 2016: - first tranche granted in November 2016; - second tranche granted in January 2017; - third tranche granted in February 2017; - fourth tranche granted in March 2017; - fifth tranche granted in April 2017; - sixth tranche granted in February 2018.	EUR	1,000	flexible, with maturity date April 2019 extended to April 2024	2% annual fixed rate	6,098	6,161
	EUR	1,000				
	EUR	1,000				
	EUR	1,000				
	EUR	500				
	EUR	500				
Total		8,000			9,621	9,761
Loss allowance					(9,621)	(9,761)
Total net of impairment losses					0	0

(*) Including the interest portion. On December 31, 2022 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 2022 financial year was postponed to December 31, 2023. On March 2022, SAES Nitinol S.r.l. waived for a total amount of 300 thousand euros, to a portion of the interest already accrued on the loans granted to the joint venture Actuator Solutions GmbH. The above waiver is added to the previous 500 thousand euros granted in June 2021.

(**) Compared to December 31, 2021, the reduction in bad debt provision (-221 thousand euros) is attributable to:

- utilization of the loss allowance following the partial waiver by SAES Nitinol S.r.l. interest accrued on loans granted to Actuator Solutions GmbH (-300 thousand euros);
- increase in the allowance against interest accrued in 2022 and impairment losses because deemed difficult to recover (+160 thousand euros).

At the beginning of March 2022, SAES Nitinol S.r.l. partially waived, for a total amount of 300 thousand euros, a portion of the interest already accrued on the loans granted to the joint venture Actuator Solutions GmbH. The above waiver, which is in addition to the previous waiver of 500 thousand euros granted in June 2021, had no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) had already been fully impaired, as it was deemed difficult to recover.

Lastly, at December 31, 2022, the financial asset, amounting to 160 thousand euros, corresponding to the interest accrued during the current year was impaired because it was deemed difficult to recover, also in light of the financial support (two capital increases amounting to 300 thousand euros made by SAES during the fourth quarter of 2022) that was necessary to ensure the joint venture's operational continuity and to carry on the development projects underway.

SAES RIAL Vacuum S.r.l.

Description	Currency	Principal (thousand of euro)	Timing of principal reimbursement	Interest rate	Amount as at December 31, 2022 (*) (thousand of euro)	Amount as at December 31, 2021 (**) (thousand of euro)
Loan disbursed in January 2016	EUR	49	flexible	3-month Euribor plus a 2.50% spread	0	50

(*) On February 28, 2022 SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loan granted by SAES Getters S.p.A.

(**) Including the interest portion (1 thousand euros as of December 31, 2021 classified under current assets).

The amount due was collected in full by SAES Getters S.p.A. on February 28, 2022.

Flexterra, Inc.

Description	Currency	Principal (thousands of dollar)	Timing of principal reimbursement (***)	Interest rate	Amount as at December 31, 2022 (*) (thousand of euro)	Amount as at December 31, 2021 (*) (thousand of euro)
Convertible note granted in July 2020	USD	3,000	expiring date December 2023 or earlier, upon the occurrence of certain	8% annual fixed rate	3,373	2,963
Convertible note granted in August 2021: - first tranche disbursed in August 2021; - second tranche disbursed in November 2021.	USD	1,000	expiring date December 2023 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	1,042	909
	USD	1,000			1,022	891
Total		5,000			5,437	4,763
Loss allowance					(5,437)	(4,763)
Total net of impairment losses					0	0

(*) Interest included.

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

(***) The maturity date of both convertible loans was extended from November 2022 to December 2023 by resolution of the Board of Directors of December 7, 2022.

As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).

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

At December 31, 2022, the financial asset corresponding to the interest accrued during the current year (equal to 379 thousand euros) was impaired because, despite the new business opportunities for the advanced materials developed by Flexterra, uncertainty remains as to the timing of commercial achievement of the new initiatives.

Lastly, on December 7, 2022, the Board of Directors of SAES approved the disbursement to the joint venture of an additional convertible loan for a total of 1 million dollars, with the same characteristics as the two already granted previously (July 2020 and August 2021). The loan, maturing on December 31, 2023 and on which interest of 8% will accrue, is divided into four tranches of equal amount, the first of which is paid at the beginning of 2023 upon signing of the updated agreement; the second, to be paid by the end of April 2023, is subject to the positive assessment by SAES of an updated business plan of the joint venture; the subsequent two tranches will be paid respectively by the end of July and by the end of October 2023, upon achievement of specific commercial objectives. The amount of the first tranche (equal to 250 thousand dollars, corresponding to 234 thousand euros), constitutes an irrevocable commitment for the SAES Group in relation to the agreements signed and was accounted for as an onerous contract as at December 31, 2022 given the uncertainty about the commercial success of the new initiatives that involve the materials developed by the joint venture. Therefore, a current provision for risks has been recognised in the consolidated financial statements of SAES (for further details, please refer to Note no. 34), with a balancing entry under financial expense.

22. OTHER NON-CURRENT ASSETS

The item "Other non-current assets" amounted to 376 thousand euros at December 31, 2022, compared to 381 thousand euros at December 31, 2021, and includes the deposits paid by the various Group companies, as part of their operations.

23. OTHER FINANCIAL ASSETS WITH THIRD PARTIES

The item “Other financial assets with third parties” (nil at December 31, 2022 and equal to 1,424 thousand euros at December 31, 2021) refers to the convertible loan, including interest, granted by SAES Getters S.p.A. to Rapitag GmbH, which was fully impaired at December 31, 2022 as it was deemed difficult to recover as a result of the German company’s failure to achieve the commercial objectives set and the uncertainty on the future development of the business.

Description	Currency	Principal (thousand of euro)	Timing of principal reimbursement (***)	Interest rate	Amount as at December 31, 2022 (*) (thousand of euro)	Amount as at December 31, 2021 (*) (thousand of euro)
Convertible loan disbursed in July 2021	EUR	first tranche - paid in July 2021: 800 thousand euros	December 31, 2025 or earlier, upon the occurrence of certain significant events (**)	6% annual fixed rate	1,819	1,424
		subsequent monthly tranches, corresponding to the costs incurred for the development of the prototypes: 740 thousand euros in total				
Amendment of convertible loan disbursed in July 2021		additional tranche - paid in July 2022: 150 thousand euros				
Total		1,690			1,819	1,424
Loss allowance					(1,819)	0
Total net of impairment losse					0	1,424

(*) Interest included.

(**) Relevant events include: the control administration of Rapitag, the liquidation, the change of control of more than 50% and the waiver by one of the Founders.

(***) In mid-financial year 2022 the maturity date was extended by one year from December 31, 2024 to December 31, 2025.

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 also ensuring anti-theft functionality, with the aim of supporting digital transformation in the retail sector.

The loan was initially granted by SAES in two tranches, the first of which, in the amount of 800 thousand euros, transferred at the signing of the agreement in July 2022, to finance the company’s operations; the second (totalling 740 thousand euros), disbursed in five subsequent drawdowns in the amount of 148 thousand euros each⁷¹, corresponding to the progress of the prototyping activity carried out through the joint venture Actuator Solutions GmbH.

An amendment to the loan was then signed at the end of July 2022 and provided for the payment of two additional loan tranches up to a total maximum amount of 300 thousand euros, of which the first (amounting to 150 thousand euros) was paid on July 27, 2022; the second (amounting to 150 thousand euros) was not paid, due to failure to reach the commercial milestone stipulated in the agreement.

The financing agreement provides that Rapitag will use exclusively SMA shape memory alloy wires supplied by SAES for the production of the tags.

Expiring on December 31, 2025⁷², the loan accrues 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.

⁷¹ At December 31, 2021, only the first four drawdowns had been disbursed by SAES, while the cash-out of the last call was made in early January 2022.

⁷² Extension of the maturity date by one year, from December 31, 2024 to December 31, 2025, agreed between the parties in July 2022.

SAES has the right to convert its financial asset into new Rapitag shares (conversion shares) at any time up to July 1, 2024⁷³ or upon the occurrence of a qualified share capital increase of at least 500 thousand euros, 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.

24. INVENTORIES

Inventories amounted to 44,436 thousand euros at December 31, 2022, an increase of 9,044 thousand euros compared to December 31, 2021.

The following table provides a breakdown of inventories at December 31, 2022, compared with December 31, 2021.

(thousand of euro)

Inventories	Raw, ancillary and consumable materials	Work in progress and semi-finished products	Finished products and goods	Total
Gross amount	17,454	18,359	13,405	49,218
Allowance for inventory write-down	(1,748)	(1,606)	(1,428)	(4,782)
Net Inventories at December 31, 2022	15,706	16,753	11,977	44,436
Gross amount	13,160	17,100	9,501	39,761
Allowance for inventory write-down	(1,765)	(1,534)	(1,070)	(4,369)
Net Inventories at December 31, 2021	11,395	15,566	8,431	35,392
Difference	4,311	1,187	3,546	9,044
Acquisitions following business combinations	252	1,170	341	1,763

Excluding the exchange rate effect (increase of +1,408 thousand euros) and the change due to acquisitions as a result of business combinations⁷⁴ (increase of +1,763 thousand euros), inventories increased by 5,873 thousand euros; in addition to the growing volumes of raw materials and semi-finished products inventories in the Lainate plant for the new B!POD project, and the higher inventories of Chemicals finished goods in the Avezzano production unit to cover future sales, there have been increases in raw materials and finished goods inventories in the packaging business following the drop in demand in the last part of the year, against a recovery in orders in the first months of 2023. Lastly, in the Medical Nitinol business, the increase in inventories of raw materials was offset by a decrease in semi-finished products, due to some delays in the supply chain relating above all to the production of tubes.

Inventory is stated net of any allowance for inventory write-down, which, in 2022, recorded the changes shown in the table below.

⁷³ Extension of the conversion period by one year (from June 30, 2023 to July 1, 2024) agreed between the parties in July 2022.

⁷⁴ Full consolidation of SAES RIAL Vacuum S.r.l. starting from the end of May 2022, following the purchase of the entire quota capital by the SAES Group.

(thousand of euro)

Allowance for inventory write-down	
December 31, 2021	4,369
Accrual	1,172
Release to profit or loss	(575)
Utilisation	(354)
Translation differences	170
December 31, 2022	4,782

The accrual (+1,172 thousand euros) was mainly related to the write-down of the raw materials, semi-finished products and finished goods characterised as slow-moving or no longer used in the production process, in particular by the Parent and the US affiliates Memry Corporation, Spectra-Mat, Inc. and SAES Smart Materials, Inc.

The release to profit or loss (-575 thousand euros) is a consequence of the recall into production of inventory codes that were written down in the previous year and in 2022 are mainly concentrated in the medical segment of Nitinol.

The utilisation (-354 thousand euros) is related to the scrapping of items that had already been written down in previous reporting periods mainly by the US affiliates SAES Smart Materials, Inc and Spectra-Mat, Inc.

The translation differences (+170 thousand euros) are due to the US affiliates and are a consequence of the appreciation of the US dollar at December 31, 2022 compared to December 31, 2021.

25. TRADE RECEIVABLES

Trade receivables, shown net of the loss allowance, totalled 34,539 thousand euros at December 31, 2022, up by 4,925 thousand euros compared with December 31, 2021.

The breakdown of the item at December 31, 2022 and December 31, 2021 is provided in the following table.

(thousand of euro)

Trade receivables	December 31, 2022	December 31, 2021	Difference	<i>of which:</i>
				Acquisitions following business combinations
Trade receivables - Gross amount	35,055	30,019	5,016	1,387
Trade receivables - Loss allowance	(516)	(405)	(111)	0
Net book value	34,539	29,614	4,905	1,387

Excluding the exchange gains (+962 thousand euros) and the change due to acquisitions as a result of business combinations⁷⁵ (+1,387 thousand euros), the increase (+2,576 thousand euros) is mainly the result of higher sales in the Nitinol medical business in the latter part of the current year compared to the corresponding period of the previous year, only partially offset by a slowdown in demand in the Chemicals Division.

⁷⁵ Full consolidation of SAES RIAL Vacuum S.r.l. starting from the end of May 2022, following the purchase of the entire quota capital by the SAES Group.

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

The loss allowance recorded the following changes during the period.

(thousand of euro)

Loss allowance	December 31, 2022	December 31, 2021
Opening balance	405	345
Accrual	139	72
Release to profit or loss	0	(3)
Utilisation	(30)	(12)
Translation differences	2	3
Closing balance	516	405

The release to profit or loss (+139 thousand euros) was mainly related to the impairment loss on specific credit positions of the Parent and of Spectra-Mat, Inc., estimated by management to be unrecoverable.

This item also includes the generic impairment loss recognised at December 31, 2022 (+3 thousand euros), in accordance with the Expected Credit Loss model set forth in IFRS 9 and based on the calculation of the average expected uncollectability using historical and geographical indicators. At December 31, 2021, the same calculation had led to an allocation to the loss allowance of +25 thousand euros. The allowance for the current year (+3 thousand euros) is not material and is mainly attributable to the slight increase in the past due by more than ninety days (for further details on the past due, see the table below).

The utilisation (-30 thousand euros) is a consequence of the elimination of trade receivables already impaired by the US affiliate Spectra-Mat, Inc.

The Group's activities in Russia, Ukraine and Belarus are marginal and, therefore, as at December 31, 2022 there were no impairment losses on the credit exposure as a result of the conflict in Ukraine.

The following table provides a breakdown of trade receivables, between those not yet due and those past due at December 31, 2022, compared with the previous year end.

(thousand of euro)

Ageing	Total	Not yet due	Due not impaired					Due impaired
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
December 31, 2022	35,035	23,577	6,422	2,514	598	1,265	143	516
December 31, 2021	30,019	21,689	5,952	1,393	457	87	36	405

Receivables past due more than thirty days and not impaired, since they are considered recoverable, represent an insignificant percentage if compared to the total trade receivables, and are constantly monitored. The greater incidence of these receivables in relation to total trade receivables (from 6.6% at December 31, 2021 to 12.9% at December 31, 2022) is mainly attributable to the Parent and the US subsidiary Memry Corporation and is a physiological consequence of the increase in sales, particularly in the medical and high vacuum businesses. The main positions past due by more than thirty days were collected in the early months of 2023.

The table below illustrates the calculation of the average number of days needed by the Group to collect trade receivables after sale (Days of Sales Outstanding, DSO), at December 31, 2022 and December 31, 2021, respectively.

	December 31, 2022 (***)	December 31, 2021 (**)	Difference
Days of Sales Outstanding - DSO (*)	50	56	(6)

(*) DSO is an average collection time indicator for trade receivables and it is calculated as follows:

Trade receivables / Annualised net revenue * 365.

(**) Strumenti Scientifici Cinel S.r.l.'s sales are referred to full fiscal year 2021.

(***) SAES RIAL Vacuum S.r.l.'s sales are referred to full fiscal year 2022.

The slight improvement in the DSO at December 31, 2022 compared to December 31, 2021 is a consequence of the different sales mix in the last part of the current year compared to the corresponding period of 2021, with higher revenue from customers with better collection conditions.

Regarding credit risk management on trade receivables, in order to understand how the Group monitors and manages credit quality, please refer to Note no. 43.

26. SUNDRY AND OTHER CURRENT ASSETS

The item includes current assets other than trade receivables due from third parties, along with prepaid expenses and accrued income, and showed a balance of 4,174 thousand euros at December 31, 2022, compared to 3,455 thousand euros at December 31, 2021.

A breakdown of this item is provided below.

(thousand of euro)

Sundry and other current assets	December 31, 2022	December 31, 2021	Difference	<i>of which:</i>
				Acquisitions following business combinations
VAT	1,167	833	334	134
Social security	33	2	31	7
Personnel	10	11	(1)	0
Public grants	0	84	(84)	0
Other	41	23	18	0
Total sundry current assets	1,251	953	298	141
Prepaid expenses	2,923	2,502	421	0
Total other current assets	2,923	2,502	421	0
Total sundry and other current assets	4,174	3,455	719	141

(thousand of euro)

Other receivables and other current assets	December 31, 2022	December 31, 2021	Difference	<i>of which:</i>
				Acquisitions following business combinations
VAT receivables	1,167	833	334	134
Social security	33	2	31	7
Personnel	10	11	(1)	0
Receivables for public grants	0	84	(84)	0
Other	41	23	18	0
Total other receivables	1,251	953	298	141
Prepaid expenses	2,923	2,502	421	0
Total other current assets	2,923	2,502	421	0
Total other receivables and other current assets	4,174	3,455	719	141

In addition to the full consolidation of SAES RIAL Vacuum S.r.l., the increase in “VAT” is due to the asset generated during the current year, especially at SAES Coated Films S.p.A., for the excess of taxable liability transactions over taxable asset transactions and not yet offset.

The item “Public grants”, which was zero at December 31, 2022, at the end of last year was instead mainly composed of amounts due to the Parent for grants for ongoing research projects. Income from public grants on research activities recognised in the 2022 statement of profit or loss amounted to a total of 67 thousand euros (7 thousand euros in the previous year).

The item “Prepaid expenses”, equal to 2,923 thousand euros, compared to 2,502 thousand euros at December 31, 2021, includes cost items that were paid in advance by the end of 2022, but pertain to the following year. The increase compared to December 31, 2021 is mainly related to higher prepayments on patent management costs, consultancy fees and IT expenses, mainly incurred by the Parent, as a result of different timing in receiving invoices.

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

27. CURRENT TAX ASSETS

The item “Current tax assets” shows a balance of 3,964 thousand euros at December 31, 2022, compared with a balance of 2,608 thousand euros at December 31, 2021.

The item includes the assets for tax advances paid and other tax assets (e.g. assets for withholding taxes or tax assets for R&D investments or for other public grants) of the Group companies with local authorities. The increase compared to December 31, 2021 (+1,356 thousand euros) is mainly related to the higher tax advances paid by the US affiliates compared to the total tax due for 2022. Also noteworthy are the tax credit for the purchase of electricity and natural gas (a new support measure provided for Italian companies to counter the high energy price), as well as the higher tax credits of SAES Getters S.p.A. for recoverable withholdings applied on royalties and intragroup dividends and for investments in research and development.

28. DERIVATIVE FINANCIAL INSTRUMENTS

At December 31, 2022, the item “Derivative financial instruments” recorded a balance of 259 thousand euros compared to a balance of 9 thousand euros at December 31, 2021.

This item includes the fair value of financial derivatives subscribed by the Group to hedge the risk of exposure to the variability of expected cash flows originating from commercial transactions denominated in currencies other than the euro. Not having prepared the documentation required by IFRS 9 for the accounting of hedge instruments according to the hedge accounting method, financial derivatives are measured at fair value and the relative gains or losses deriving from such measurement are directly charged to profit or loss.

In order to protect the Group’s profit for 2022 from exchange rate fluctuations, on November 29, 2021, **forward sale contracts were taken out on the US dollar** for a notional amount of 9 million dollars, with an average forward exchange rate of 1.1369 to the euro, to hedge approximately 80% of the Parent’s estimated net dollar flows for that year. All these contracts, which had a positive fair value of 9 thousand euros at December 31, 2021, had expired as at December 31, 2022.

The **forward sale contracts on the dollar** to hedge the cash flows in foreign currency expected for 2023 were entered into on November 29, 2022, for a notional value of 12 million dollars and with an average forward exchange rate equal to 1.0537 against the euro. They hedge approximately 80%

of the net flows in dollars estimated for the Italian companies of the Group for 2023 and their fair value at December 31, 2022 is positive in the amount of 259 thousand euros.

The following table provides a breakdown of the forward contracts entered into and their fair value at December 31, 2022 and December 31, 2021.

Currency	December 31, 2022		December 31, 2021	
	Notional (currency)	Fair value (thousand of euro)	Notional (currency)	Fair value (thousand of euro)
thousand of USD	12,000	259	9,000	9
	Total	259	Total	9

The fair value measurement was carried out by an independent third party, using the Black-Scholes-Merton model and using as technical bases for economic-financial evaluation:

- the risk-free interest rate curve for the euro and the dollar, respectively;
- the spot exchange rate on the measurement date;
- the volatility curve implicit in the option's market price (used to quantify the uncertainty about the future behaviour of the underlying).

The Group enters into derivative financial instruments with various counterparties, mainly with leading financial institutions. As at December 31, 2022, the derivative instruments held by the Group belong to Level 2 of the fair value hierarchy and during the current year there were no transfers from one level to another.

29. CASH AND CASH EQUIVALENTS

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

The following table provides a breakdown of the balances at December 31, 2022 and December 31, 2021.

Cash and cash equivalents	December 31, 2022	December 31, 2021	Difference	<i>of which:</i>
				Acquisitions following business combinations
Bank accounts	34,718	29,536	5,182	463
Short-term bank deposits	7,444	0	7,444	0
Loss allowance	(33)	(27)	(6)	0
Petty cash	10	9	1	0
Total	42,139	29,518	12,621	463

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 "Short-term bank deposits" mainly refers to the time deposits with maturity dates at three months of the Luxembourg affiliate SAES Investments S.A., which replaced the investment in High Yield bonds sold in mid-October 2022 (for further details, please refer to Note no. 19).

The item “Loss allowance” coincides with the impairment loss calculated under IFRS 9. In particular, the expected credit 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, 2021, the impairment loss amounted to -27 thousand euros and the slight increase in the expected credit losses at December 31, 2022 (+6 thousand euros) was mainly a result of the higher amount of cash held by the Group, whilst the riskiness associated with the banks with which SAES operates was down slightly.

For a detailed analysis of the changes occurred in cash and cash equivalents during the year please refer to the comments on the Statement of Cash Flows (Note no. 42).

At December 31, 2022, the Group has unused credit lines equal to 53.5 million euros against 49.7 million euros at December 31, 2021. The increase is mainly due to the lower use of “hot money” type financing, only partially offset by higher use of revolving cash credit lines (for more details, please refer to Note no. 40).

Financial indebtedness

The Total Financial Indebtedness statement, drawn up in compliance with the instructions contained in paragraphs 175 et seq. of the ESMA Guidelines of March 4, 2021 is shown below.

(thousand of euro)			
	December 31, 2022	June 30, 2022	December 31, 2021
A. Cash	42,139	35,135	29,518
B. Cash equivalents	0	0	0
C. Other current financial assets	145,743	85,761	94,665
D. Liquidity (A + B + C)	187,882	120,896	124,183
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(65,332)	(77,891)	(63,955)
F. Current portion of non-current financial debt (*)	(54,639)	(2,332)	(2,518)
G. Current financial indebtedness (E + F)	(119,971)	(80,223)	(66,473)
H. Net current financial position (G + D)	67,911	40,673	57,710
I. Non-current financial debt (excluding current portion and debt instruments) (**)	(3,620)	(56,297)	(56,269)
J. Debt instruments	0	0	0
K. Trade payables and other non-current liabilities	0	0	0
L. Non-current financial indebtedness (I + J + K)	(3,620)	(56,297)	(56,269)
M. Total financial position (indebtedness) (H + L)	64,291	(15,624)	1,441

(*) Of which 2,545 thousand euros relating to current lease liabilities.

(**) Of which 3,039 thousand euros relating to non-current lease liabilities.

30. EQUITY

The equity attributable to the owners of the parent was equal to 264,053 thousand euros at December 31, 2022, up by 10,533 thousand euros compared to December 31, 2021, mainly due to the profit for the year (+12,350 thousand euros) and the exchange gains deriving from the translation of financial statements in foreign currencies (+6,039 thousand euros), partially offset by the dividends distributed by SAES Getters S.p.A. (-8,530 thousand euros).

The following also should be noted:

- actuarial gains on defined benefit plans, net of the relative tax effect, recognised as equity in other comprehensive income, equal to +696 thousand euros;
- the fair value loss (22 thousand euros) on equity investments in other companies (in particular, the investment in the EUREKA! venture capital fund, for details please refer to Note no. 18).

Share Capital

At December 31, 2022, the share capital, fully subscribed and paid-up, amounted to 12,220 thousand euros and was made up of 22,049,969 shares divided into 14,671,350 ordinary shares and 7,378,619 savings shares. For the rights due to the various categories of shares, please refer to the By-laws, available at the website www.saesgetters.com/investor-relations/corporate-governance/company-laws.

The composition of share capital was unchanged compared to December 31, 2021.

The implicit carrying amount per share was 0.554196 euro at December 31, 2022, unchanged from December 31, 2021.

Please refer to the Report on corporate governance and ownership structure available at www.saesgetters.com/investor-relations/corporate-governance/corporate-governance-report for all the information required by Article 123-*bis* of the Consolidated Finance Act (TUF).

As indicated in the Report on corporate governance and ownership structure, each share is entitled to a proportional part of the profit that it is decided to distribute, 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 notional carrying amount; if in one year a dividend of less than 25% of the notional carrying amount 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 have 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 notional carrying amount 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.

All the Parent's securities are listed on the segment of the Mercato Telematico Azionario of Borsa Italiana known as "Euronext 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 premium reserve

The item amounts to 25,724 thousand euros at December 31, 2022, unchanged compared to December 31, 2021, and refers to the sums paid by the shareholders upon subscription of new shares of the Parent exceeding their nominal value.

Treasury shares

The item amounted to -93,382 thousand euros at December 31, 2022, unchanged compared to December 31, 2021 and refers to the ordinary shares purchased by SAES Getters S.p.A. as part of the voluntary partial public tender offer finalised in mid-2019. In particular, on May 31, 2019 the Parent acquired 3,900,000 ordinary shares at a price of 23 euro per share, with an outlay equal to 89.7 million euros.

The table below shows the breakdown of the share capital, indicating the number of Ordinary outstanding shares and the treasury shares at December 31, 2022 (both unchanged since December 31, 2021).

	December 31, 2022
Outstanding ordinary shares	10,771,350
Treasury shares	3,900,000
Total ordinary shares	14,671,350
Outstanding savings shares	7,378,619
Total savings shares	7,378,619
Total shares	22,049,969

The treasury shares held at December 31, 2022, as a percentage both of the issue category and of the total number of shares that constitutes the share capital, are indicated below pursuant to Article 2357 of the Italian Civil Code (both percentages are unchanged compared to December 31, 2021).

	December 31, 2022
N. of ordinary treasury shares	3,900,000
% on total ordinary shares	26.6%
% on share capital	17.7%

Note that the outlay to purchase the shares was 89.7 million euros, plus ancillary charges for 3.7 million euros.

Legal reserve

This item refers to the Parent's legal reserve, equal to 2,444 thousand euros at December 31, 2022 and unchanged compared to December 31, 2021, since the reserve had reached its legal limit.

Other items of equity

Translation reserve

This item includes the exchange differences arising from the translation of financial statements in foreign currencies. The translation reserve had a positive balance of 18,343 thousand euros at December 31, 2022, against a positive balance of 12,304 thousand euros at December 31, 2021.

The increase, equal to +6,039 thousand euros, is due exclusively to the overall effect on the consolidated equity of the translation into euro of the financial statements in foreign currency of the fully consolidated foreign subsidiaries. The positive change in 2022 is mainly attributable to the US subsidiaries and is a consequence of the appreciation of the dollar compared to December 31, 2021.

Other reserves and retained earnings

This item includes:

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

The change in the item “Other reserves and retained earnings” includes the distribution to the shareholders of the 2021 dividends, approved by the Parent’s Shareholders’ (-8,530 thousand euros), the carry forward of the 2021 consolidated profit (+12,797 thousand euros), and the actuarial gains on the defined-benefit plans of the subsidiaries, net of the relevant tax effect (+696 thousand euros) and the fair value loss on equity investments in other companies (-22 thousand euros).

For the complete list of reserves subject to taxation in the event of distribution, please refer to the Separate Financial Statements of SAES Getters S.p.A.

31. FINANCIAL LIABILITIES

At December 31, 2022, financial liabilities amounted to 52,213 thousand euros, a decrease of -95 thousand euros compared to December 31, 2021.

The following table shows the changes in financial liabilities in 2022.

(thousand of euro)

Financial liabilities	
December 31, 2021	52,308
New loans	0
Acquisition following business combinations	0
Accrued interest	116
Repayment of the principal amount	(114)
Interest payments	(116)
Translation differences on foreign currency loans	19
December 31, 2022	52,213

The item “Repayment of the principal amount” corresponds to the repayments made by Memry Corporation and Strumenti Scientifici Cinel S.r.l., as per the original repayment plan.

The exchange rate effect was negligible (positive for 19 thousand euros): only 0.4% of the Group’s financial liabilities comprises loans in US dollars held by the American subsidiary Memry Corporation (the equivalent amount in euro of said liabilities increased as a result of the appreciation of the dollar at December 31, 2022 compared to December 31, 2021).

The following table shows the breakdown of the item by due date.

It should be noted that liabilities with a due date of less than one year are included in current liabilities under “Current portion of non-current financial liabilities”.

(thousand of euro)

Financial liabilities	December 31, 2022	December 31, 2021	Difference
Less than 1 year	52,094	109	51,985
Current portion of financial liabilities	52,094	109	51,985
Between 1 and 2 years	95	52,087	(51,992)
Between 2 and 3 years	24	89	(65)
Between 3 and 4 years	0	23	(23)
Between 4 and 5 years	0	0	0
Over 5 years	0	0	0
Non current financial liabilities	119	52,199	(52,080)
Total	52,213	52,308	(95)

The maturity profile of the financial liability at December 31, 2022 changed compared to the end of the previous year because the Lombard loan taken out with JP Morgan at the end of 2021 (two-year duration) will mature by the end of 2023.

The following table shows the details of loans held by the Group companies.

Description	Currency	Principal	Timing of principal repayment	Timing of covenants calculation	Interest rate	Effective interest rate	Amount as at December 31, 2022 (thousand euros)	Amount as at December 31, 2021 (thousand euros)
Menry Corporation <i>Soft financing granted by the State of CT</i>	USD	1 st tranche = 2 millions dollars 2 nd tranche = 0.8 millions dollars	monthly with last deadline March 1, 2025	n.a.	2.00%	2.00%	212	285
Strumenti Scientifici Cinel S.r.l. <i>Intesa Sanpaolo</i>	EUR	75 (thousand euros)	monthly with last deadline July 2, 2022	n.a.	1-month Euribor plus a spread of 1.35%	0.81%	0	22
SAES Investments S.A. <i>J.P. Morgan Bank Luxembourg S.A.</i>	EUR	52 (millions euros)	single solution with contractual expiry (December 28, 2023)	n.a.	0.21%	0.21%	52,001	52,001

Covenants

None of the loans outstanding at December 31, 2022 are subject to compliance with financial covenants.

32. LEASE LIABILITIES

At December 31, 2022, the item “Lease liabilities” totalled 5,584 thousand euros, against 6,479 thousand euros at December 31, 2021. The breakdown of these liabilities between the current portion and the non-current portion is shown in the following table.

(thousand of euro)

	December 31, 2022	December 31, 2021	Difference	<i>of which:</i> Acquisitions following business combinations
Lease liabilities - current	2,545	2,409	136	73
Lease liabilities - non-current	3,039	4,070	(1,031)	236
Total lease liabilities	5,584	6,479	(895)	309

The following table shows the changes in lease liabilities in 2022.

(thousand of euro)

Financial liabilities	
December 31, 2021	52,308
New loans	0
Acquisitions following business combinations	0
Accrued interest	116
Repayment of the principal amount	(114)
Interest payments	(116)
Translation differences on foreign currency loans	19
December 31, 2022	52,213

The change compared to the end of last year is mainly attributable to the payment of fees and interest during the current year (-2,805 thousand euros), partially offset by the renewal of existing contracts and the signing of new contracts, net of early extinguishments (+1,229 thousand euros).

The item "Acquisitions following business combinations" refers to the financial liabilities of SAES RIAL Vacuum S.r.l. related to the lease agreements on buildings, machinery and cars already signed at May 25 2022, the date on which the acquisition of the entire quota capital by SAES Getters S.p.A. was finalised.

With regard to the new contracts entered into in 2022, note the renewal of the lease of Memry Corporation's production plant located in Menlo Park (CA) and the renewal of lease contracts of the Parent's company car fleet. The item also includes the renewal of the office leases of the Luxembourg subsidiary SAES Investments S.A. and the Taiwanese branch of the Parent, as well as the signing of new car rental agreements by the Italian branch of Memry Corporation and the American associate SAES Getters/U.S.A. Inc. For details on other leases signed in 2022, please refer to Note no. 16.

The following table shows the breakdown of lease liabilities by contractual maturity

(thousand of euro)

Financial liabilities	December 31, 2022	December 31, 2021	Difference
Less than 1 year	52,094	109	51,985
Current portion of financial liabilities	52,094	109	51,985
Between 1 and 2 years	95	52,087	(51,992)
Between 2 and 3 years	24	89	(65)
Between 3 and 4 years	0	23	(23)
Between 4 and 5 years	0	0	0
Over 5 years	0	0	0
Non current financial liabilities	119	52,199	(52,080)
Total	52,213	52,308	(95)

In order to aid understanding of the future cash-out related to lease agreements in place at December 31, 2022, the table below provides information on the non-discounted future cash flows.

(thousand of euro)

Cash flows for leases (not discounted)	December 31, 2022	December 31, 2021	Difference
Less than 1 year	2,789	2,595	194
Cash flows for leases (not discounted) - current	2,789	2,595	194
Between 1 and 2 years	1,531	1,742	(211)
Between 2 and 3 years	918	1,297	(379)
Between 3 and 4 years	674	733	(59)
Between 4 and 5 years	286	576	(290)
Over 5 years	12	238	(226)
Cash flows for leases (not discounted) - non-current	3,421	4,586	(1,165)
Total	6,210	7,181	(971)

Below is the list of lease agreements that provide for a renewal option that was not considered for accounting purposes because the renewal was not considered to be reasonably certain:

- 1) lease contract for the Parent's Milan offices (duration of seven years, with effect from July 1, 2020, renewable for a further six years);
- 2) lease contract for the Strumenti Scientifici Cinel S.r.l. plant, Vigonza - PD (duration of six years, with effect from July 1, 2021, renewable for another six years);
- 3) lease contract for the SAES RIAL Vacuum S.r.l. plant, Parma - PR (duration of six years, with effect from April 1, 2022, renewable for a further six years).

The potential future payments not reflected in the lease liability were equal to a total of 2,697 thousand euros (discounted amount).

(thousand of euro)	December 31, 2022	
	Potential cash flows for leases (not discounted)	Potential cash flows for leases (discounted)
Extension option not included in lease liabilities	3,144	2,697

The average weighted incremental borrowing rate (IBR) applied to the financial liabilities recognised in 2022 was equal to 1.60%.

33. POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS (classified under non-current liabilities)

This item includes the liabilities to employees for **defined benefit plans** existing at the Group companies in relation to the contractual and legal obligations in force in the various countries, as well as the liability relating to the **incentive plan based on phantom shares (cash-settled share-based payment plan)** and intended for Executive Directors and some key employees of the Parent.

The breakdown of this item and its changes during the year are shown in the following table.

(thousand of euro)

Post-employment and other employee benefits	Post-employment benefits	Other employee benefits	Phantom shares	Total
December 31, 2021	6,037	2,988	1,530	10,555
Accrual (release) to profit or loss	167	1,146	2,000	3,313
Indemnities paid	(278)	(200)	(2,074)	(2,552)
Acquisitions following business combinations	237	0	0	237
Other changes	(809)	(105)	0	(914)
Translation differences	0	78	0	78
December 31, 2022	5,354	3,907	1,456	10,717

Defined benefit plans (post-employment and other long-term employee benefits)

With regard to defined benefit plans, the changes during 2022 are provided below.

(thousand of euro)

	December 31, 2021	Financial expense	Current service cost	Benefits paid	Actuarial (gains) losses on obligations	Release to profit or loss	Acquisitions following business combinations	Translation differences	December 31, 2022
Present value of defined benefit obligations	9,025	47	1,483	(478)	(914)	(217)	237	78	9,261
Fair value of plan assets	0	0	0	0	0	0	0	0	0
Costs not yet recognised deriving from past obligations	0	0	0	0	0	0	0	0	0
Value recognized for obligations for defined benefit plans	9,025	47	1,483	(478)	(914)	(217)	237	78	9,261

“Actuarial (gains) losses on obligations” refers to the differences on the obligations relating to defined-benefit plans resulting from the actuarial calculation, which are immediately recognised in equity under retained earnings.

The item “Acquisitions following business combinations” refers to post-employment benefits (TFR) which were included among the consolidated non-current liabilities following the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

The amounts recognised in the statement of profit or loss are broken down as follows.

(thousand of euro)			<i>of which:</i>
	2022	2021	Acquisitions following business combinations
Financial expense	47	20	2
Current service cost	1,483	1,326	89
Release to profit or loss	(217)	(220)	0
Expected return on plan assets	0	0	0
Recognised past service costs	0	0	0
Total net costs in profit or loss	1,313	1,126	91

The slight increase in the item “Current service cost” is mainly due to fluctuations in the year, as well as to the change in the consolidation scope⁷⁶.

In the current year, the item “Release to profit or loss” includes the reversal of the long-term monetary incentive plan of two employees of SAES Getters/U.S.A., Inc. (following resignation) and SAES Coated Films S.p.A. (due to failure to meet targets), respectively, as well as the non-compete agreement of an employee of the subsidiary SAES Coated Films S.p.A., who was transferred to the Parent's workforce. At December 31, 2021, this item mainly referred to the long-term monetary

⁷⁶ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

incentive plan of an employee of the Parent, whose employment with the Group was terminated prior to the expiry of the plan.

The obligations under defined-benefit plans are measured annually at the end of each year, by independent actuarial consultants according to the projected unit credit method, separately applied to each plan.

With regard to the Italian companies of the Group, the item **post-employment benefits (TFR)** includes the expected 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 Group companies with more than 50 employees, the liability for past TFR 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.

Main economic and financial assumptions – defined benefit plans ITALY

The main **economic and financial assumptions** used for the actuarial calculations of defined-benefit plans of the Italian companies at December 31, 2022 and December 31, 2021 respectively are provided below.

	Italy	
	December 31, 2022	December 31, 2021
Average duration of the collective being assessed	> 10 years	> 10 years
Discount rate	3.70%	0.80%
Increase in the cost of living	2.50%	1.50%
Expected annual salary increase (*)	3.00%	3.00%
Annual rate of increase in post-employment benefits	3.38%	2.63%

(*) Hypothesis not considered for the actuarial valuation of the post-employment benefits of the Parent, a company with more than 50 employees.

As regards the choice of the discount rate, the reference index was the Eurozone *Iboxx Corporate AA* observed at the end of the year, with a duration consistent with that of the collective benefit under valuation.

With regard to the **demographic assumptions**, RG48 mortality tables and INPS disability/invalidity tables were used.

As regards the likelihood of employees leaving their jobs for reasons other than death, turnover probabilities were used that were consistent with previous valuations, which adopt a time horizon deemed to be representative by the company under valuation. More specifically, an average turnover rate of 3.50% was used (2% in the previous year).

With regard to **advances on post-employment benefits**, an average annual rate of 3% and an average amount equal to 70% of the accumulated benefits of the companies subject to actuarial valuation was assumed (assumptions unchanged from those used as at December 31, 2021).

Main economic and financial assumptions – defined benefit plans USA

The main **economic and financial assumptions** used for the actuarial calculations of defined-benefit plans of the US companies at December 31, 2022 and December 31, 2021 respectively are provided below.

	USA	
	December 31, 2022	December 31, 2021
Discount rate	4.50%	1.60%
Expected annual salary increase	3.00%	3.00%

With regard to the choice of discount rate, the *iBoxx \$ Domestic Corporates AA 1-10Y* index recorded at the end of the year, with a duration consistent with that of the collective benefit under valuation, was chosen as the reference index.

With reference to **demographic assumptions**, regarding the probability of leaving employment due to causes other than death, a turnover probability of 2% was used (assumption unchanged from the previous year).

Main economic and financial assumptions – Long-Term Incentive Plan (LTIP)

The item “Other long-term employee benefits” includes the provision for **Long-Term Incentive Plans (LTIP)**, subscribed by Executive Directors and by some employees of the Group, identified as particularly important for the achievement of the consolidated medium to long-term 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 pre-tax profit at the expiry date of the plan.

Such plans fall into the category of defined-benefit obligations and they are discounted. Below are the **discount rates** used to discount the plans subscribed by key employees of the Parent Strumenti Scientifici Cinel S.r.l. and the Italian branch of Memry Corporation, which reflect the rates of return on Italian government bonds, taking into account the different duration of the plans.

Expiry year of the plan	Discount rate
	Italy
2024	1.23%

The Parent's long-term monetary incentive plans maturing at the end of 2023 (referring to both Executive Directors and some key employees) were not discounted, as the yields of Italian government bonds with one-year maturity (i.e., with maturity aligned with that of the plan subject to valuation) were negative.

The following table shows a breakdown of the actuarial differences relating to 2022.

(thousand of euro)	Post-employment benefits	Other defined benefit plans	Long-term monetary incentive plans (LTIP)	Total
<i>Actuarial differences from:</i>				
Change in assumptions	(1,318)	(171)	0	(1,489)
Variation related to past experience	509	66	0	575
Actuarial gains (losses)	(809)	(105)	0	(914)

With regard to defined-benefit plans⁷⁷ (Italy and USA), the following table shows the effect on the obligation of an increase or decrease of half a percentage point of the discount rate, as calculated by the independent actuary.

(thousand of euro)	Discount rate	
	+0.5%	-0.5%
Effect on the obligation for defined benefit plans (excluding LTIPs)	(283)	252

Instead, the table below shows the effect on the liability for three-year cash incentive plans (both of employees and the Executive Directors) of an increase or a decrease of half a percentage point of the discount rate.

(thousand of euro)	Discount rate	
	+0.5%	-0.5%
Effect on the obligation for long-term monetary incentive plans (LTIPs)	(3)	3

Cash-settled share-based payment plan (phantom shares)

At the end of 2018, the Shareholders 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 value⁷⁸. 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). In the case of key management only, the incentive is proportional to the overall length of service at the date of the event involving payment.

The maximum number of phantom shares that may be assigned is 1,760,562⁷⁹. The plan aims to remunerate the beneficiaries in relation to the increased capitalisation of the company, for retention purposes and a greater alignment between performance and the Company's and shareholders' interests.

The table below shows the summary of the assignments of phantom shares made by the Board of Directors of SAES Getters S.p.A., at the proposal of the Remuneration and Appointments

⁷⁷ The long-term monetary incentive plans (LTIP) are not included in this calculation; for these, we refer to the following table.

⁷⁸ The assignment value is the weighted average of official share prices recorded on trading days in the thirty-six months before the assignment date.

⁷⁹ Of which 880,282 phantom shares reserved for Executive Directors.

Committee, from the date of adoption of the plan to December 31, 2022, as well as the number of phantom shares that are still assigned as at December 31, 2022 because they have not been sold or withdrawn.

	Assignment date	no. phantom shares assigned	assignment value (euro)
First assignment	October 17, 2018	1,467,136 (*)	16.451
Second assignment	February 13, 2020	195,618	21.140
Total phantom shares assigned to Board of Directors		1,662,754	
Phantom shares withdrawn	October 17, 2018	(195,618) (**)	16.451
Phantom shares sold	October 17, 2018	(195,618) (***)	16.451
Total phantom shares assigned as at December 31, 2022		1,271,518	

(*) Of which no. 880,282 phantom shares assigned to the Executive Directors.

(**) Phantom shares waiver by a strategic employee of Parent who left the workforce in the first half of 2021.

(***) Phantom shares provide to Heirs of a strategic employee of Parent in the first half of 2022.

The liability relating to the phantom shares plan (1,456 thousand euros at December 31, 2022, against 1,530 thousand euros at December 31, 2021) was assessed by an independent actuary with the Risk Neutral approach as set forth in IFRS 2. In particular, the economic and financial assumptions used at December 31, 2022 to estimate the fair value of the phantom shares are summarised below:

- risk vesting period for each beneficiary, with maximum term equal to the assumed pension date;
- probabilities of death and permanent invalidity calculated using the IPS55 tables and the INPS 2010 model, respectively;
- 2% annual flat probability of occurrence was considered for all the other events assigning the right to receive the incentive;
- 15% annual flat probability of occurrence was considered for the events entailing forfeiture of the right to receive the incentive (this possibility was not contemplated for the Executive Directors);
- the risk-free rate curve was obtained from the Euroswap rates at the valuation date, by applying the Bootstrap technique;
- 3% expected dividend rate for the entire term of the plan;
- the annual volatility of the share's yield was estimated at 4.20% on the basis of the historical volatility.

34. PROVISIONS FOR RISKS AND CHARGES

The "Provisions for risks and charges" was equal to 447 thousand euros at December 31, 2022, against 416 thousand euros at December 31, 2021.

The following table shows the breakdown and the changes in these provisions compared to December 31, 2021.

(thousand of euro)

Provision for risks and charges	December 31, 2021	Increase	Utilisation	Release to profit or loss	Acquisitions following business combinations	Translation differences	December 31, 2022
Customer returns	245	0	(188)	0	0	17	74
Other provision	171	235	(43)	0	0	10	373
Total	416	235	(231)	0	0	27	447

The "Customer returns" is recognised at the time of sale of the goods, to cover probable costs for returns from customers. The related provision is determined on the basis of historical data and

through the weighting of the probabilities associated with possible returns. At December 31, 2022, this provision was recorded exclusively by the manufacturing subsidiaries in the USA.

The increase in the item “**Other provisions**” mainly refers to the recognition as an onerous contract of the Group's irrevocable commitment to pay the first tranche of an additional convertible loan, for a total amount of 1 million of dollars, in favour of the joint venture Flexterra, Inc. Given the uncertainty over the timing of the establishment of Flexterra's new business initiatives and the fact that the first tranche (amounting to 250 thousand of dollars, corresponding to 234 thousand euros at December 31, 2022) is due simply to the signing of the updated financing agreement and not to the achievement of specific business objectives, the latter was accounted for as at December 31, 2022 through the recognition of a current risk provision, with a balancing entry under financial expense.

This item also includes the implicit obligations of Spectra-Mat, Inc. calculated on the basis of agreements made with local authorities regarding the costs to be incurred for pollution level monitoring activities at the site where the company operates (117 thousand euros at December 31, 2022, compared to 150 thousand euros at December 31, 2021).

Lastly, it also includes a provision (10 thousand euros) made at the end of last year for a labour law dispute with an employee of the Avezzano (AQ) office of SAES Getters S.p.A. who appealed against a disciplinary measure.

A breakdown of provisions by current and non-current portion is provided below.

(thousand of euro)

Provisions for risks and charges	Current provisions	Non-current provisions	December 31, 2022	Current provisions	Non-current provisions	December 31, 2021
Customer returns	60	14	74	232	13	245
Other provisions	244	129	373	10	161	171
Total	304	143	447	242	174	416

35. OTHER FINANCIAL LIABILITIES

At December 31, 2022, “Other financial liabilities” amounted to 492 thousand euros compared to 20 thousand euros at December 31, 2021.

(thousand of euro)

	December 31, 2022	December 31, 2021	Difference
Other financial liabilities - current	30	20	10
Other financial liabilities - non-current	462	0	462
Other financial liabilities	492	20	472

Other financial liabilities - current refer exclusively to bank commissions accrued and not yet paid, while non-current ones are represented by the present value of the financial liability for the consideration still to be paid for the acquisition of the residual 51% of the quota capital of SAES RIAL Vacuum S.r.l. This amount was withheld as a guarantee and will be paid in three annual instalments of the same amount, starting three years from the closing date (i.e. starting from May 25, 2025).

The following table shows the changes in other financial liabilities in 2022.

(thousand of euro)	December 31, 2021	Increase	Payments	Acquisitions following business combinations	Translation differences	December 31, 2022
Bank commissions	20	441	(431)	0	0	30
Other financial liabilities - current	20	441	(431)	0	0	30
Deferred payment SAES RIAL Vacuum S.r.l.	0	6	0	456	0	462
Other financial liabilities - non-current	0	6	0	456	0	462

36. TRADE PAYABLES

Trade payables amounted to 17,005 thousand euros at December 31, 2022, an increase of 3,725 thousand euros at December 31, 2021.

(thousand of euro)	December 31, 2022	December 31, 2021	Difference	<i>of which:</i> Acquisitions following business combinations
Trade payables				
Trade payables	17,005	13,280	3,725	1,019
Total	17,005	13,280	3,725	1,019

The positive effect of exchange rates compared to December 31, 2021 generated an increase in the item equal to +172 thousand euros, while the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. led to an increase in trade payables of 1,019 thousand euros.

The residual increase is mainly attributable to higher payables for the Parent's new B!POD project (payables for both materials and marketing costs), as well as for professional consultancy for strategic projects.

Trade payables do not bear interest and are due within twelve months.

The following table provides a breakdown of trade payables between those not yet due and those past due at December 31, 2022 compared with December 31, 2021.

(thousand of euro)	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2022	17,005	16,286	373	160	17	87	82
December 31, 2021	13,280	12,375	763	36	84	0	22

The amount of overdue trade payables is immaterial with respect to the total of the item.

The overall weight of payables over thirty days past due on total trade payables is up very slightly compared to December 31, 2021 (from 1.1% as at December 31, 2021 to 2% as at December 31, 2022) and is mainly attributable to the Parent's higher payables for professional consultancy, the payment of which was finalised in early 2023. Lastly, we note the reduction in the percentage weight of the payables overdue by less than 30 days, against an increase in that of overdue payables.

37. SUNDRY LIABILITIES

The item "Sundry liabilities" includes amounts that are not strictly classified as trade payables and amounted to 12,989 thousand euros at December 31, 2022, compared to 12,864 thousand euros at December 31, 2021.

The table below shows the details of the sundry liabilities compared with the end of the previous year.

(thousand of euro)

Sundry liabilities	December 31, 2022	December 31, 2021	Difference	<i>of which:</i>
				Acquisitions following business combinations
Employees (holidays, wages, etc.)	6,258	6,348	(90)	292
Social security bodies	2,330	2,102	228	41
Withholdings and tax (excluding income taxes)	1,764	1,573	191	0
Other	2,637	2,631	6	49
Total	12,989	12,654	335	382

The item “**Employees**” is mainly made up of the provisions for holidays accrued but not taken, December salaries not yet paid at the end of the year, and severance pay related to the liquidation of the Korean subsidiary. The balance as at December 31, 2022 is substantially in line with that at the end of the previous year; the increase resulting from the full consolidation of SAES RIAL Vacuum S.r.l. and the increase for the liquidation costs of SAES Getters Korea Corporation were offset by the fact that at the end of the current year there were no post-employment benefits not yet paid to personnel who had already left before the end of the year, or liabilities for three-year monetary incentive plans that had matured (541 thousand euros at December 31, 2021, paid in early 2022).

The item “**Social security bodies**” mainly includes the amounts owed by the Group’s Italian companies to the INPS (Italy’s social-security agency) for contributions to be paid on wages as well as amounts due to the treasury fund operated by the INPS and to the pension funds under the reformed post-employment benefits legislation. The increase is mainly attributable to higher amounts due for contributions of the US affiliate Memry Corporation, as a result of the increase in the workforce.

The item “**Withholdings and tax**” primarily consists of the amounts owed by the Italian companies to the Revenue Agency for withholding taxes on the pay of employees and contractors and local taxes due by the US affiliates other than income taxes. The slight increase is mainly related to withholding taxes on salaries and is attributable to all Italian companies of the Group.

The item “**Other**” mainly includes liabilities of the Parent for both fixed and variable Directors’ remuneration (1,618 thousand euros), and advances received by SAES Getters S.p.A. for government grants for research (155 thousand euros).

There are no accrued liabilities due after more than five years.

38. CURRENT TAX LIABILITIES

At December 31, 2022, current tax liabilities amounted to 424 thousand euros and include tax obligations accrued during the year, net of advances already paid, relating to the Group's foreign subsidiaries and the IRES liability of the newly acquired SAES RIAL Vacuum S.r.l., as well as the IRAP liability of the Italian companies, if any. With regard to IRES (corporate income tax), the other Italian companies⁸⁰ engaged in national tax consolidation with the Parent 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 year, there are no liabilities to the tax authorities for

⁸⁰ SAES Getters S.p.A., SAES Nitinol S.r.l., SAES Innovative Packaging S.r.l., SAES Coated Films S.p.A. and Strumenti Scientifici Cinel S.r.l. (the latter company included in the scope of the national tax consolidation starting from January 1, 2022).

IRES recognised in the consolidated financial statements at December 31, 2022 (similar to at December 31, 2021).

Finally, the item also includes the residual liability (amounting to 16 thousand euros at December 31, 2022) for the 3% substitute tax related to the realignment of the tax base of some assets of the Parent carried out at the end of 2020, in application of Decree Law 104/2020.

The slight decrease compared to current tax liabilities at December 31, 2021 (down 366 thousand euros) is mainly attributable to the US subsidiary Memry Corporation, as a result of the payment of higher advances⁸¹.

39. EMPLOYEE BENEFITS (classified under current liabilities)

At December 31, 2022, the item “Employee benefits” amounted to 6,217 thousand euros, compared to 5,092 thousand euros at December 31, 2021, and includes the **provisions for Group employee bonuses** for 2022 (mainly relating to the Parent and the US subsidiaries⁸²).

(thousand of euro)

Employee benefits	December 31, 2022	December 31, 2021	Difference
Bonuses	6,217	5,092	1,125
Total	6,217	5,092	1,125

The increase is mainly related to the higher allocations for bonuses recorded mainly by the US production subsidiaries following the improvement in both individual and Group operating performance compared to the previous year.

40. BANK LOANS AND BORROWINGS

At December 31, 2022, “Bank loans and borrowings” amounted to 65,302 thousand euros compared to 63,935 thousand euros at December 31, 2021.

Details and changes during the year are provided below.

(thousand of euro)	December 31, 2021	Increase	Decrease	Other accruals	Translation differences	Acquisitions following business combinations	Reclassifications	December 31, 2022
“Hot money” financing	42,025	212,500	(219,170)	270	0	0	0	35,625
Import financing	1,644	0	(525)	16	0	0	0	1,135
Financing for advance invoices	0	0	(260)	1	0	402	0	143
Revolving credit lines (RCF)	20,008	356,000	(348,469)	491	0	0	0	28,030
Bank overdrafts	258	111	0	0	0	0	0	369
Bank loans and borrowings	63,935	568,611	(568,424)	778	0	402	0	65,302

Bank loans and borrowings consisted of short-term liabilities of the Parent and of the subsidiary SAES Coated Films S.p.A. in the form of **“hot money” financing** (35,625 thousand euros at December 31, 2022, compared to 42,025 thousand euros at December 31, 2021), the average interest rate of which, spread included, was around 0.9%.

The item also includes the following uses of **revolving credit lines**:

- for an amount of 21,023 thousand euros, use of the revolving credit line taken out with Unicredit S.p.A. in March 2020, with an average interest rate, spread included, of around 1.36% (used at December 31, 2021 in the amount of 10,004 thousand euros);

⁸¹ The tax advances are calculated by the US subsidiaries by applying the forecast method.

⁸² 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.

- for an amount of 7,007 thousand euros, use of the revolving credit line taken out with Intesa Sanpaolo S.p.A. in April 2020, with an average interest rate, spread included, of around 1.22% (used at December 31, 2021 in the amount of 10,004 thousand euros).

Lastly, the item includes both the liabilities of SAES RIAL Vacuum S.r.l. (143 thousand euros at December 31, 2022⁸³) related to **short-term financing for advance invoices**, and those of SAES Coated Films S.p.A. (1,135 thousand euros at December 31, 2022 compared to 1,644 thousand euros at December 31, 2021) related to **short-term import financing**, signed with primary financial institutions to increase the financial resources available to facilitate its procurement activities, as well as **current bank overdrafts** pertaining to the Parent, SAES Coated Films S.p.A. and Strumenti Scientifici Cinel S.r.l. (369 thousand euros at December 31, 2022, compared to 258 thousand euros at December 31, 2021).

Covenants

As already stated earlier, the Parent 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 euros 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, at December 31, 2022 this covenant had been met for both credit lines.

		Covenant	RCF Unicredit (*)	RCF Intesa (**)
			Amount as at December 31, 2022	Amount as at December 31, 2022
Net financial position	thousand of euro	> 0	69,616	69,875

(*) Net financial position calculated by excluding derivative financial instruments and leases liabilities.

(**) Net financial position calculated by excluding leases liabilities.

41. OTHER CURRENT LIABILITIES

The item “Other current liabilities” amounts to 4,414 thousand euros at December 31, 2022, compared with a balance of 2,783 thousand euros at December 31, 2021.

This item is broken down as follows.

(thousand of euro)				<i>of which:</i>
	December 31, 2022	December 31, 2021	Difference	Acquisitions following business combinations
Other liabilities	176	162	14	0
Customer contracts	4,238	2,621	1,617	13
Total other current liabilities	4,414	2,783	1,631	13

⁸³ SAES RIAL Vacuum S.r.l. was included in the scope with the full consolidation method starting from May 25, 2022, the date on which SAES Getters S.p.A. acquired its entire quota capital.

The **cash flows generated by operating activities** were 37,173 thousand euros, a sharp increase compared to 19,479 thousand euros in the previous year; the increase in **self-financing**, in line with that recorded in the consolidated gross operating profit, was only partially offset by the higher **payments for tax**, related in particular to the higher taxable income of the US subsidiaries, as well as by the **higher payments for employee benefits**, mainly in relation to the payment to the heirs of a strategic employee of the Parent.

With regard to **the net working capital**, the following is noted:

- 1) the increase in **trade receivables**, as a result of higher sales in the Medical Nitinol Division in the last part of the current year compared to the corresponding period of the previous year, only partially offset by the slowdown in demand in the Chemicals Division.
- 2) the **increase in inventories** concentrated both in the Parent (new B!POD project in Lainate and higher inventories of finished Chemicals products in the Avezzano production unit, to meet future sales, also in light of the decline recorded in the last period of the year, mainly caused by prolonged lockdowns in some areas of China), and in SAES Coated Films S.p.A. (higher inventories of raw materials and finished goods, in anticipation of a recovery in demand). In the Medical Nitinol business, the increase in inventories of raw materials is offset by a decrease in semi-finished products, due to some delays in the supply chain relating especially to the production of tubes;
- 3) the increase in trade receivables and inventories is partially offset by the increase in **trade payables**, mainly attributable to increased purchases for the Parent's new B!POD project (payables for both materials and marketing costs), as well as for consultancy for strategic projects.

Investing activities used cash flows amounting to 12,694 thousand euros (cash flows of 6,406 thousand euros generated in 2021).

In 2022, cash outflows for **investments in property, plant and equipment** amounted to 15,293 thousand euros (-16,418 thousand euros in 2021); on the other hand, **investments in intangible assets** were up (-602 thousand euros, compared to -192 thousand euros at December 31, 2021). Investments in property, plant and equipment in the year include the completion of the new Nitinol tube processing plant in Bethel, as well as those in the expansion of the production capacity of a number of existing lines, again in the medical business. Please also note 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 and refers to the purchase of equipment for High Vacuum and SMA Industrial productions and for those related to the new B!POD project, as well as the purchase of the emulsification pilot plant, other specific instrumentation for R&D laboratories and investments for the renovation and modernisation of the corporate labs in Lainate. Investments for the year in intangible assets consist mainly of capitalised costs of the Parent related to the development phase of the new website for the B!POD project and to updates or new developments of software programs by the subsidiary Memry Corporation and the most recently acquired companies (Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l.). Please refer to Notes no. 13 and no. 14 for further details.

With regard to **disposals of property, plant and equipment and intangible assets**, the proceeds from the disposal were of an immaterial amount in both years (+31 thousand euros in 2022, compared to +7 thousand euros in 2021).

Again in regard to investing activities, the proceeds from disinvestment of **securities** by the Luxembourg related company SAES Investments S.A. (for further information on changes on securities please see Note no. 19), which, net of purchases for the year, were equal to 6,698 thousand⁸⁴ of euro (net proceeds of +39,876 thousand euros at December 31, 2021), as well as

⁸⁴ Disinvestments of securities in the portfolio amounted to 21,344 thousand euros, net of acquisitions amounting to 14,646 thousand euros.

coupons collected, net of management fees paid on the securities portfolio, of 1,506 thousand euros (+1,856 thousand euros at December 31, 2021).

During the year, the following should also be noted:

- the cash outflows, totalling -600 thousand euros, for two **share capital increases** carried out at the end of 2022 **in favour of the joint venture Actuator Solutions GmbH**;
- **investments** totalling -190 thousand euros **in the EUREKA! venture capital fund**;
- the cash outflow, net of cash and cash equivalents acquired, equal to -4,287 thousand euros⁸⁵, **for the purchase of the entire quota capital of SAES RIAL Vacuum S.r.l.** (for further details on the acquisition, see Note no. 3), preceded by the **repayment of the loan** granted in the past to the same company (+50 thousand euros, including both the principal and interest);
- the cash outflow, equal to -298 thousand euros, for the first of the two tranches of the **additional convertible loan** disbursed in July 2022 **to Rapitag GmbH** (the second tranche was not paid, due to failure to achieve the business objectives envisaged by the amendment of the financing agreement);
- **interest and other financial income received**, equal to 291 thousand euros.

T Cash flows of 11,920 thousand euros were used in **financing activities**, compared to 30,304 thousand euros in the previous year.

Financial management for 2022 was characterised by:

- the **payment of dividends** (8,530 thousand euros, compared with 7,440 thousand euros at December 31, 2021);
- the taking out, net of repayments, of both short-term and long-term **loans** and the payment of the related interest (-154 thousand euros, compared to -19,767 thousand euros at December 31, 2021);
- **interest and other financial expense paid** for 431 thousand euros (616 thousand euros at December 31, 2021);
- the payment of financial liabilities for **lease contracts** and related interest (2,805 thousand euros, compared to 2,481 thousand euros at December,31 2021).

The **exchange rate effect** was negative in the amount of -42 thousand euros, mainly due to the effect of the devaluation of the renminbi on cash and cash equivalents held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd.

The following is a reconciliation of the cash and cash equivalents shown in the statement of financial position and in the statement of cash flows.

(thousands of euro)

	December 31, 2022	December 31, 2021
Cash and cash equivalents	42,139	29,518
Cash and cash equivalents - from Statement of Financial Position	42,139	29,518
Impairment losses on other financial assets (pursuant to IFRS 9)	33	26
Bank overdrafts (included in "Bank debts")	(369)	(258)
Cash and cash equivalents - from Statement of Cash Flows	41,803	29,286

The following table provides the reconciliation between the balances of the liabilities arising from financial transactions at December 31, 2021 and December 31, 2022, with the changes arising from monetary and from non-monetary flows.

⁸⁵ Cash and cash equivalents transferred at the closing date of 4,750 thousand euros, net of the cash and cash equivalents acquired of 463 thousand euros.

(thousand of euro)	December 31, 2021	Cash flows	Non-cash flows							December 31, 2022
			Acquisitions following business combinations	Translation differences	Change in fair value	Accrued interest	Signing (termination) of lease contracts	Other movements	Reclassifications	
Financial debts	52,199	0	0	14	0	0	0	0	(52,094)	119
Leases liabilities	4,070	0	236	87	0	0	1,202	0	(2,556)	3,039
Other financial liabilities	0	0	456	0	0	0	0	6	0	462
Non-current liabilities, deriving from financial activities	56,269	0	692	101	0	0	1,202	6	(54,650)	3,620
Derivative financial instruments measured at fair value	0	0	0	0	0	0	0	0	0	0
Current portion of non-current financial liabilities	109	(230)	0	5	0	116	0	0	52,094	52,094
Other financial liabilities	20	(431)	0	0	0	0	0	441	0	30
Leases liabilities	2,409	(2,805)	73	86	0	199	27	0	2,556	2,545
Bank loans and borrowings, net of bank overdrafts	63,677	76	402	0	0	778	0	0	0	64,933
Current liabilities, deriving from financial activities	66,215	(3,390)	475	91	0	1,093	27	441	54,650	119,602

The "Other changes" column includes the effect on the statement of profit or loss, related to the passage of time, on the present value of the financial liabilities for the consideration still to be paid for the acquisition of the residual 51% of the quota capital of SAES RIAL Vacuum S.r.l. (for further details, see Note no. 35), as well as bank fees accrued and not yet paid.

42. FINANCIAL RISK MANAGEMENT

The main financial liabilities of the Group include bank loans, both short and long term, and lease liabilities, as well as trade payables.

The main objective of the financial liabilities is to fund the Group's operations and to support its future growth (both organic and for external acquisitions).

The Group also has cash, cash equivalents and time deposits immediately convertible into liquidity, as well as trade receivables originating directly from operations, and securities in the portfolio that can be immediately sold and liquidated in the short term.

The derivative instruments used by the Group are mostly forward contracts on foreign currencies. Their purpose is to manage the currency risk arising from the Group's sales.

The Group does not trade in financial instruments and does not directly manage the securities in its portfolio, but relies on the support of specialised professionals.

The Board of Directors periodically re-examines and defines the risk management policies, as summarised below.

Interest rate risk

If the Group's financial debt, both short- and long-term, is structured on a variable interest rate basis, they are subject to the risk of interest rate fluctuations.

With regards to long-term financial debt, 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 expenditure that is sustainable by the SAES Group's financial structure.

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.

In order to mitigate the risk of fluctuations in interest rates, also with the aim of improving the result of financial management, as at December 31, 2022 the Group has no variable rate loans in place and at the same time there are no Interest Rate Swaps in place. For more information on the Group's bank loans, please refer to Note no. 31.

In addition, the Group constantly monitors the trend in interest rates in the event of the signing of new loans, in order to choose the most convenient and most appropriate forms for the financial structure of SAES.

With regard to securities, the Group's securities portfolio has a conservative investment profile and is mainly made up of buy & hold assets, which, if actually maintained to maturity, make it possible to face the risk of negative returns related to market turbulence.

Interest rate sensitivity

With regard to current and non-current financial assets (cash and cash equivalents, bank deposits, financial assets with related parties and financial assets with third parties), the table below provides details of the sensitivity of the Group's pre-tax profit and equity, assuming that all other variables are stable when interest rates change

		(percentage points)	(thousand of euro)	(thousand of euro)
		Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	euro	+/- 1	+/-110	+/- 83
	other currencies	+/- 1	+/- 317	+/- 238
2021	euro	+/- 1	+/-114	+/- 86
	other currencies	+/- 1	+/- 224	+/- 168

With regard to financial liabilities (both short-term and long-term debt), the table below provides details of the sensitivity of the Group's pre-tax profit and equity, assuming that all other variables are stable when interest rates change.

		(percentage points)	(thousand of euro)	(thousand of euro)
		Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	Euribor	+/- 1	-/+ 1,287	-/+ 973
	Libor	+/- 1	-/+ 3	-/+ 2
2021	Euribor	+/- 1	-/+ 1,480	-/+ 1,124
	Libor	+/- 1	-/+ 3	-/+ 2

There are no Interest Rate Swaps in place at December 31, 2022 and, therefore, no sensitivity analysis is provided regarding them.

Currency risk

The Group is exposed to currency risk on foreign commercial transactions. Such exposure is mainly generated by sales in currencies other than the reference currency; during 2022, 73.4% of the sales was denominated in foreign currency, while only 55.1% of the Group's operating costs was denominated in a currency other than the euro.

In order to manage the financial impact resulting from fluctuations in exchange rates versus the euro, primarily of the US dollar, the Group has in place hedging contracts, the values of which are periodically determined by the Board of Directors at the beginning of the year (or at the end of the previous year) according to the net currency cash flows expected to be generated by the Italian companies of the Group. The maturities of any hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.⁸⁶

Moreover, the Group can occasionally hedge specific transactions in a currency other than the reference currency, to mitigate the effect on profit or loss of the exchange rate volatility, with reference to financial assets/liabilities, also intragroup ones, denominated in a currency different from the one used in the financial statements, including those relating to the cash pooling (executed by foreign related companies, but denominated in euro).

⁸⁶ The other Group companies are not included in this valuation as they have operating revenue and costs mainly in the same functional currency of the financial statements and, therefore, are characterised by natural hedging.

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 amounts received in foreign currency from non-recurring company transactions or for funding needed to purchase in other currencies besides the euro.

On November 29, 2022, the Group entered into forward sales contracts on the US dollar for a notional value of 12 million of dollars, with an average forward exchange rate of 1.0537 against the euro, hedging approximately 80% of the net flows in USD estimated for the Italian companies of the Group for 2023. These contracts are all still in place at December 31, 2022.

On the other hand, the contracts entered into to hedge the sales in dollars for 2022 by the Italian companies were all expired as at December 31, 2022. Please refer to Note no. 28 for further details.

Exchange rate sensitivity

Currency risk – Sensitivity analysis – Trade receivables/payables, including intragroup positions

For the current trade receivables and payables outstanding at the end of each year, including intragroup positions, the following table provides detailed information on the sensitivity of the Group's pre-tax profit and equity as the US dollar and Japanese yen exchange rates vary, maintaining all other variables fixed. This analysis includes both the trade receivables/payables to the Parent in euro of the foreign related companies, and the intragroup trade receivables/payables in foreign currencies of SAES Getters S.p.A., the translation of which may result in exchange rate differences

US dollar	(percentage points)	(thousand of euro)	(thousand of euro)
	Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	+ 5%	(139)	(106)
	- 5%	199	151
2021	+ 5%	(78)	(59)
	- 5%	81	61

Japanese Yen	(percentage points)	(thousand of euro)	(thousand of euro)
	Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	+ 5%	(20)	(16)
	- 5%	23	17
2021	+ 5%	(27)	(21)
	- 5%	30	23

Currency risk – Sensitivity analysis – Liquidity and financial assets/liabilities, including intragroup (excluding trade receivables and payables)

For net cash and cash equivalents and financial assets/liabilities (excluding trade receivables/payables), including intragroup and for cash pooling, outstanding at the end of each year, the following table provides information on the sensitivity of the Group's pre-tax profit and equity to changes in the US dollar exchange rate, all other variables remaining the same. This analysis includes both cash and cash equivalents and the parent's financial assets/liabilities with foreign companies, the translation of which may result in exchange rate differences.

US dollar	(percentage points)	(thousand of euro)	(thousand of euro)
	Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	+ 5%	(45)	(34)
	- 5%	51	39
2021	+ 5%	(18)	(13)
	- 5%	19	14

For forward sales contracts on the dollar still outstanding at the end of the year, the following table provides details of the sensitivity of the pre-tax profit and of the equity in the hypothesis of stability of all the other variables, as the exchange rate changes.

US dollar	(percentage points)	(thousand of euro)	(thousand of euro)
	Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	+ 0,5%	229	174
	- 0,5%	288	219
2021	+ 0,5%	(17)	(13)
	- 0,5%	34	26

With regard to the net financial position (NFP), a 5% depreciation of the US dollar would have worsened the net financial position at December 31, 2022 by around 486 thousand euros⁸⁷, while a 5% appreciation would have improved the net financial position by around 537 thousand euros.

	(percentage points)	(thousand of euro)
	Increase / Decrease USD	NFP Effect
December 31, 2022	+5%	(486)
	- 5%	537
December 31, 2021	+5%	(149)
	- 5%	165

Commodity 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 its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling the commodity price volatility.

During 2022, as a result of the conflict in Ukraine, there was a temporary increase in the prices of some raw materials (for example, nickel, palladium and argon); these increases, where possible, were passed on to the prices agreed with customers.

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

⁸⁷ The negative effect of the depreciation of the US dollar on the cash denominated in dollars was only partially offset by the positive effect on the debt denominated in that currency since the latter was clearly lower in absolute value than the cash and cash equivalents (cash in dollar equal to 12,642 thousand euros and debt equal to 2,436 thousand euros at December 31, 2022).

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 amounts receivable is constantly monitored so as to minimise the risk of potential losses, particularly given the current difficult macroeconomic and geopolitical situation.

The credit risk associated with other financial assets, including cash and cash equivalents and securities held, 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 amount of resources invested, periodically reporting on these monitoring activities to the Board of Directors.

Liquidity risk

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

In order to minimise 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;
- optimises the liquidity management through a centralised 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 cash flows from operating activities.

For more information on the Group's financial liabilities at December 31, 2022 and on the contractual maturity dates of these liabilities, please refer to Note no. 31 (table of contractual maturity of liabilities), while for contractual flows by maturity relating to trade payables and lease liabilities, please refer to Note no. 36 (trade payables ageing) and Note no. 32 (cash flows for undiscounted leases).

At December 31, 2022, 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 on the latter please refer to Note no. 29.

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 2022.

43. CONTINGENT ASSETS/LIABILITIES AND COMMITMENTS

The table below shows the guarantees that the Group has granted to third parties.

(thousand of euro)

Guarantees given by the Group	December 31, 2022	December 31, 2021	Difference
Guarantees	11,889	10,335	1,554

The increase compared to December 31, 2021 is mainly attributable to the signing by the subsidiary Strumenti Scientifici Cinel S.r.l. of new sureties in favour of suppliers, as well as the increase in value of the Parent's policy in favour of the Customs Agency of L'Aquila.

The following table shows information on contractual commitments for short-term and low-value lease payments, as well as ancillary charges as at December 31, 2022.

(thousand of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
December 31, 2022	518	636	0	1,154
December 31, 2021	502	717	21	1,240

In addition to that indicated in the initial table, the Group's financial assets (fair value of 145,484 thousand euros at December 31, 2022) represent a guarantee the new Lombard loan subscribed at the end of 2021 by SAES Investments S.A. with JP Morgan (for an amount of 52 million euros and maturing on December 28, 2023; for additional details, please refer to Notes no. 19 and no. 31).

On June 23, 2020, the Group finalised 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 alternative mutual investment fund, qualified as a EuVECA fund, pursuant to EU Regulation 345/2013. The maximum commitment of SAES is 3 million euros, to be paid out in instalments, according to the investment opportunities that the Fund will identify over time. SAES' residual commitment at December 31, 2022 was equal to 2.4 million euros, against capital contributions already finalised equal to 0.6 million euros⁸⁸ (for further details, see Note no. 18).

On December 7, 2022, against the emergence of new and interesting business opportunities, the Board of Directors of SAES approved the disbursement to the joint venture Flexterra, Inc. of an additional convertible loan for a total amount of 1 million of dollars, with the same characteristics as the two previously granted (July 2020 and August 2021). The loan is divided into four tranches of equal amount, the first of which is expected at the beginning of 2023 upon signing of the updated agreement; the second, to be paid by the end of April 2023, is subject to the positive assessment by SAES of an updated business plan of the joint venture; the subsequent two tranches will be paid respectively by the end of July and by the end of October 2023, upon achievement of specific commercial objectives.

In relation to the agreements signed, the first tranche (equal to 250 thousand dollars, corresponding to 234 thousand euros), constitutes an irrevocable commitment for the SAES Group at December 31, 2022 and was accounted for as an onerous contract because, despite the aforementioned new business opportunities for Flexterra, there remains uncertainty as to the timing of the commercial success of the new initiatives. Therefore, a current provision for risks has been recognised in the consolidated financial statements at December 31, 2022, with a balancing entry under financial expense (see Notes no. 7 and no. 34).

Finally, SAES is in possession of a lien on the intellectual property (IP) of Flexterra, as a guarantee for the loans granted by the Group to the joint venture, for the details of which please refer to Note no. 21.

44. RELATED PARTY TRANSACTIONS

⁸⁸ Amounts net of the repayments recognised by the fund following the capital injections made by the new investors at closings after the first one.

Related Parties at December 31, 2022 included the following:

- **S.G.G. Holding S.p.A.**, relative majority shareholder that, at December 31, 2022 held 34.44%⁸⁹ of the ordinary shares of SAES Getters S.p.A. On April 27, 2022, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. for a total of 2.4 million euros.

Finally, SAES Getters S.p.A. does not hold any shares of the parent S.G.G. Holding S.p.A., not even through a trust company or a third party.

- **Actuator Solutions GmbH**, a joint venture 50% jointly controlled by SAES Nitinol S.r.l. and SMA Holding, aimed at the development, assembly and marketing of actuator devices based on SMA technology.

With regard to Actuator Solutions GmbH, in 2022 the SAES Group had a commercial relationship (in particular, the sale of raw materials and purchase of semi-finished products in the context of the new B!POD project) and performed various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract.

There is a sales agreement in place between the Parent 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 (nil in 2022).

In order to ensure the operational continuity of Actuator Solutions GmbH and enable it to continue with its ongoing development projects, in the fourth quarter of 2022 SAES Nitinol S.r.l. carried out two capital increases in favour of the joint venture for 300 thousand euros each (similar capital increases were also subscribed by the equal partner SMA Holding).

Additionally, 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. 21. At December 31, 2022, the financial debt of Actuator Solutions GmbH towards SAES Nitinol S.r.l. was equal to a total of 9.6 million euros, including 1.6 million euros in interest accrued and not yet paid.

At the beginning of March 2022, SAES Nitinol S.r.l. waived (total amount of the waiver equal to 300 thousand euros, which is added to the waiver of 500 thousand euros completed in June 2021) a part of the interest receivable accrued in the period 2017-2018. This waiver had no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) was already fully impaired at December 31, 2021.

Moreover, in parallel with last year, at December 31, 2022 the financial asset corresponding to the interest accrued in the current year was impaired (160 thousand euros) as it was judged difficult to recover by SAES management.

Lastly, on July 2, 2021, SAES Getters S.p.A. subscribed a convertible loan worth 1.5 million euros in favour of the German company Rapitag GmbH with maturity on December 31, 2024 (convertible loan fully impaired as at December 31, 2022, due to failure to achieve set business targets and uncertainty about future business development); according to the signed loan agreement, part of the resources provided by SAES are used by Rapitag to finance the prototyping activity, carried out through the joint venture Actuator Solutions GmbH as exclusive contractor.

- **Flexterra, Inc.**, a joint venture of SAES Getters S.p.A.⁹⁰ 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, and 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.

⁸⁹ 5,018,486 ordinary shares held by S.G.G. Holding had accrued the voting rights and, therefore, S.G.G. Holding held 51.15% of the total voting rights (percentage calculated also including the voting rights of the treasury shares held by SAES Getters S.p.A.).

⁹⁰ Equity investment held directly by SAES Getters S.p.A. following the merger by incorporation into the Parent of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

Moreover, the SAES Group subscribed two convertible loans in favour of the joint venture Flexterra, Inc., respectively of the amount of 3 million dollars (granted on July 16, 2020) and of 2 million dollars (the first tranche of 1 million dollars paid on August 18, 2021 and the second tranche, of the same amount, paid in the second half of November 2021), 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. 21). As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP). At December 31, 2022, the financial liability of Flexterra, Inc. with SAES Getters International Luxembourg S.A. amounted to a total of 5.4 million euros, including 0.7 million euros in interest accrued and not yet paid.

The financial asset related to the convertible loan (both principal and interest) was already fully impaired at December 31, 2021 and an additional impairment was made on the financial asset in 2022, corresponding to the interest accrued in the year (379 thousand euros), since SAES management believes it unlikely to be recovered.

Finally, on December 7, 2022, in view of the emergence of new and interesting business opportunities for the advanced materials developed by Flexterra, the Board of Directors of SAES resolved to grant the joint venture an additional convertible loan with a total value of 1 million dollars. The loan is divided into four tranches of equal amount, the first of which is to be paid at the beginning of 2023 upon the signing of the updated agreement; the second, to be paid by the end of April 2023, is contingent on SAES's positive evaluation of an updated business plan for the joint venture; the next two tranches will be payable by the end of July and by the end of October 2023, respectively, upon the achievement of specific business objectives. The amount of the first tranche (equal to 250 thousand dollars, corresponding to 234 thousand euros), constitutes an irrevocable commitment for the SAES Group in relation to the agreements signed and was accounted for as an onerous contract as at December 31, 2022 because, despite the aforementioned new business opportunities for Flexterra, there remains uncertainty as to the timing of the commercial success of the new initiatives. Therefore, a current provision for risks has been recognised in the consolidated financial statements of SAES, with a balancing entry under financial expense.

- **Key Managers**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

Also considered key managers with are the Group Human Resources Manager and the Group Research Lab Manager.⁹¹

Their close relatives are also considered related parties. In this respect, Ginevra della Porta and Lorenzo della Porta, children of Massimo della Porta, were employed by SAES Getters S.p.A. and SAES Coated Films S.p.A., while Livia della Porta and Giulio della Porta, children of the non-executive Director Luigi Lorenzo della Porta, were employed by the Parent in June 2022 and early December 2022, respectively.

With regard to **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil S.r.l., aimed at the design and construction of vacuum chambers for accelerators, synchrotrons and for industry, SAES Getters S.p.A. completed the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022. Starting from that date the company is wholly owned by the SAES Group and fully consolidated, rather than with the equity method used previously and, therefore, has ceased to be a related party for the purposes of the consolidated financial statements.

In the period from January 1 to May 25, 2022, the SAES Group has had 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 has performed various services for this, mainly sales, marketing activities and administrative support, which were charged back under a service agreement. Furthermore, between SAES Getters S.p.A. and SAES RIAL Vacuum S.r.l. there was an onerous

⁹¹ The Group Legal/Compliance & Internal Audit Manager terminated his employment with SAES Getters S.p.A. on May 31, 2021.

contract in place for the granting of a non-exclusive user license for the use of the SAES brand and name, without territorial limitations.

The loan of 49 thousand euros⁹², granted by SAES Getters S.p.A. and intended to provide financial support to the business activities of SAES RIAL Vacuum S.r.l., was fully repaid in February 2022, before the completion of the purchase of the entire quota capital (for further details, please refer to Note No. 21).

The following tables show the total amounts of related party transactions at December 31, 2022 compared with those at December 31, 2021.

	December 31, 2022													
	Revenue	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Financial income (expenses)	Impairment losses on financial receivables	Property, plant and equipment	Trade receivables	Trade payable	Financial assets with related parties	Provision for bad debts of financial assets with related parties	Provision for risks and charges
SAES RIAL Vacuum S.r.l. (****)	100	(118)	0	4 (*)	4 (*)	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Actuator Solutions GmbH	16	(387)	40 (**)	0	42 (*)	0	166	(169)	1	41	(71)	9,621 (***)	(9,621)	0
Flexterra, Inc.	0	0	21 (*)	0	55 (*)	0	145	(379)	0	30	0	5,437 (****)	(5,437)	(234)
Total	116	(505)	77	4	101	0	305	(539)	1	132	(71)	15,058	(15,058)	(234)

(*) Costs recovery
 (***) Financial receivables fully impaired (both principal and interest)
 (****) Financial receivables related to convertible notes fully impaired (both principal and interest)
 (*****) On May 25, 2022, the remaining 51% of the share capital of SAES RIAL Vacuum S.r.l. was acquired by the SAES Group and the company was consolidated using the global integration method.

	December 31, 2021													
	Revenue	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Financial income (expenses)	Impairment losses on financial receivables	Property, plant and equipment	Trade receivables	Trade payable	Financial assets with related parties	Provision for bad debts of financial assets with related parties	Provision for risks and charges
SAES RIAL Vacuum S.r.l.	724	(329)	0	8 (*)	10 (*)	3 (**)	1	0	0	64	(56)	50	0	0
Actuator Solutions GmbH	387	0	40 (**)	0	42 (*)	1	166	(169)	0	41	0	9,760 (****)	(9,760)	0
Flexterra, Inc.	0	0	47 (*)	0	69 (*)	0	250	(1,384)	0	119	0	8,763 (****)	(8,763)	0
Total	1,111	(329)	87	8	121	4	411	(2,144)	0	224	(56)	14,573	(14,523)	(234)

(*) Costs recovery
 (***) Of which 2 thousand of euro as consideration for the granting of the non-exclusive license for the use of the SAES brand.
 (****) Financial receivables fully impaired (both principal and interest)
 (*****) Financial receivables related to convertible notes fully impaired (both principal and interest).

The following table shows the guarantees that the Group gave to third parties (and, therefore, included in the detail reported in Note no. 44) in favour of the joint ventures.

Guarantees given by the Group	December 31, 2022	December 31, 2021	Difference
Guarantees in favour of the joint venture Actuator Solutions GmbH	1,250	1,250	0
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l. (*)	n.a.	0	n.a.
Guarantees in favour of the joint venture Flexterra	0	0	0
Total guarantees in favour of the joint ventures	1,250	1,250	0

(*) On May 25, 2022 the SAES Group completed the purchase of 51% of SAES RIAL Vacuum S.r.l.'s quota capital, starting from that date, it was fully consolidated.

The following table shows the remuneration of key managers as identified above⁹³.

(thousand of euro)	2022	2021
Total remuneration to key management		
Short-term employee benefits	4,375	4,310
Post-employment benefits	838	805
Other long-term benefits	674	533
Termination benefits	0	300
Share-based payments	500	401
Total	6,387	6,349

The item “Short-term employee benefits” mainly consists of fixed and variable remuneration of the key managers. The amount for 2022 was in line with the previous year.

⁹² At December 31, 2021, the amount due to SAES Getters S.p.A. from the joint venture SAES RIAL Vacuum S.r.l. was equal to 50 thousand euros (49 thousand euros in principal and 1 thousand euros in interest).

⁹³ Also included in this amount is the remuneration received by Ginevra della Porta, Lorenzo della Porta, Livia della Porta and Giulio della Porta under the terms of their employment contracts with the SAES Group.

The increase in the item “**Other long-term benefits**” is due to the fact that 2021 included the release to profit or loss of the amount set aside for the long-term monetary incentive plan of a Parent's key manager who left the workforce before the end of the plan.

The item “**Termination benefits**” in 2021 consisted of the costs for the exit of the aforementioned key manager of the Parent (leaving the workforce starting from the end of May 2021).

The item “**Share-based payments**” includes the provision for the phantom shares incentive plan: the higher provision compared to the previous year is a result of both the updating of the financial assumptions for the purpose of estimating the present value of the phantom shares granted at December 31, 2022, and the fact that 2021 included the release to profit or loss of the amount previously set aside for the aforementioned key manager of the Parent who left the workforce at the end of May 2021 (for further details on phantom shares, see Note no. 33).

At December 31, 2022, the amount due to key managers, as defined above, was equal to 4,743 thousand euros, against 3,665 thousand euros at December 31, 2021. The increase is mainly related to the 2022 provision for the three-year monetary incentive plans of Executive Directors, as well as the greater liability for phantom shares.

Pursuant to Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24, it also in 2022 all Related Party transactions were carried out in the ordinary course of business, at economic and financial conditions in line with standard market conditions.

45. PUBLIC GRANTS – DISCLOSURE PURSUANT TO ARTICLE 1, LAW NO. 124/2017

Article 1, paragraph 125, of Law No. 124 of August 4, 2017 introduced the obligation for companies that receive grants from the Public Administrations to publish the amounts of the grants received during the year in the notes to the financial statements and any consolidated financial statements. The following table shows the information regarding the disbursements received from SAES Getters S.p.A. and the other fully consolidated Italian companies of the Group by entities and Italian public entities. The disbursements are identified according to the cash criterion and are reported only if they exceed 10 thousand euros.

(thousand of euro)

Granting body	Reason for the grant	Amount received in 2022
INPS	Grants for employment disadvantaged areas - "Decontribuzione Sud" (articolo 27 del D.L. 104/2020)	735
MISE	Tax credit for research and development	292
CSEA - "Cassa per i servizi energetici e ambientali"	Facilities for enterprises with an electricity-intensive business	85
Ministry of small and medium-size enterprises	"Nuova Sabatini" - Financing for the purchase of new machinery, plant and equipment by small and medium-sized enterprises	19
FONDIMPRESA	Regulation for inter-branch funds for continuing training for the granting of state aid exempt under EC Regulation No 651/2014 and de minimis under EC Regulation No. 1407/2013	10

For the purposes of the aforementioned obligations, in relation to any other grants received that fall within the specified cases, please refer to the National Register of State Aids, which can be publicly consulted.

46. GROUP WORKFORCE

The following table shows the number of employees by category.

Group's employees	December 31, 2022	December 31, 2021	Average 2022	Average 2021
Managers	104	102	105	101
White-collars and junior managers	374	344	368	338
Blue-collars	687	655	692	628
Total (*)	1,165	1,101	1,165	1,067

(*) The figure does not include the employees of the joint ventures for which please refer to the Note no. 17.

The number of employees at December 31, 2022 was equal to 1,165 units (of which 621 abroad) and compares with 1,101 employees at December 31, 2021 (of which 612 abroad): growth (64 units) is mainly recorded in the staff employed at the US subsidiaries Memry Corporation and SAES Smart Materials, Inc. (following the resumption of the business after the pandemic), as well as in relation to the Parent (mainly, increase in the production staff at the Avezzano plant, as well as sales and research staff in Lainate). The acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. resulted in an increase in employees of 28 units.

This figure does not include the staff employed in Group companies with contracts other than employment contracts, equal to 61 units (68 units at December 31, 2021, a decrease of 7 units due to less use of temporary employment at the Parent's Avezzano plant).

The increase in the average number of employees in 2022 (1,165 units) compared to the previous year (1,067 units) is also mainly attributable to the US manufacturing subsidiaries and to the aforementioned increase in the workforce of SAES Getters S.p.A. The change related to the full consolidation of SAES RIAL Vacuum S.r.l. (purchase of the entire quota capital at the end of May 2022) was equal to +29 units.

47. FEES TO THE INDEPENDENT AUDITORS AND TO ENTITIES BELONGING TO ITS NETWORK

Pursuant to Article 149-duodecies "Disclosure of fees" of the Issuers' Regulations, introduced by Consob with resolution 15915 of May 3, 2007, the fees that the independent auditors and the entities belonging to its network have received, separately, for audits and for the provision of other audit services, tax advisory services and other services other than auditing, indicated by type or category, are summarised in the table below.

(thousand of euro)

Services	Subject who provided the service	Recipient	Fee
Audit (***)	Auditor of the Parent	SAES Getters S.p.A.	155
Other audit services	Auditor of the Parent	SAES Getters S.p.A.	18 (*)
Tax advisory services	Auditor of the Parent	SAES Getters S.p.A.	0
Other services	Auditor of the Parent	SAES Getters S.p.A.	0
Audit (***)	Auditor of the Parent	Subsidiaries	218 (**)
Other audit services	Auditor of the Parent	Subsidiaries	0
Tax advisory services	Auditor of the Parent	Subsidiaries	0
Other services	Auditor of the Parent	Subsidiaries	0
Audit (***)	Network of the auditor of the Parent	Subsidiaries	39
Other audit services	Network of the auditor of the Parent	Subsidiaries	0
Tax advisory services	Network of the auditor of the Parent	Subsidiaries	0
Other services	Network of the auditor of the Parent	Subsidiaries	0

(*) Certification of the tax credit recognised on investments in research and development (Law no.160 of 29 December 2019, article 1, paragraphs 198 to 209).

(**) Of which 9 thousand euros relating to the audit of the opening statement of financial position balances of SAES RIAL Vacuum S.r.l., the acquisition of an additional 51% of the quota capital was finalised on May 25, 2022.

(***) Audit fees include ancillary costs related to the technology used to support the professional activity (connectivity, IT infrastructure, databases, proprietary and/or licensed software, etc.) as well as secretarial and communication expenses.

48. EVENTS AFTER THE REPORTING DATE

On January 9 2023, the SAES Group signed a **binding agreement with the US company Resonetics for the sale to the latter of the Nitinol business and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.**

The scope of the sale includes the entire production process of SAES in the aforementioned market, vertically integrated (from the melting of the Nitinol alloy to the production of components) and located entirely in the USA. The Group's activity in the sector of shape memory alloys for industrial applications (*SMA Materials* Business, within the SAES Industrial Division) which is not carried out by the two US investees subject to the sale and which will continue to be managed by SAES, remains excluded from the scope of the sale. To this end, a specific contract will be signed for the supply by Resonetics to SAES of the raw material in Nitinol necessary for the Group to continue its industrial SMA business. The Group's medical business, which uses Nitinol trained wires and Nitinol-based thermostatic actuators (already classified in the *SMA Materials* Business, within the SAES Industrial Division), remains excluded from the scope of the sale.

The agreed sale price is 900 million dollars (*cash/debt free* amount), corresponding to approximately 17 times the adjusted gross operating profit relating to the scope of the sale in the period October 1, 2021 – September 30, 2022. The final price will be subject to possible adjustments, according to a calculation mechanism typical of this type of transaction and linked to the actual working capital and net financial position of the companies subject to sale at the closing date.

The conclusion of the transaction is subject to the receipt of the usual regulatory authorisations for this type of transaction, including authorisation by the Antitrust Authorities concerned. Also in light of this, following an in-depth assessment, as at December 31, 2022 Management considered that the conditions set forth in IFRS 5 had not been met for the medical business subject to disposal to be classified as a "disposal group held for sale".

In order to preserve the proceeds in dollars envisaged by this sale transaction, on February 15, 2023 SAES Getters S.p.A. signed a contingent derivative contract with a notional value of 415 million dollars with a maximum €//\$ forward exchange rate of 1.1037 against the euro. The last possible date of exercise of the derivative is expected to be January 8, 2024 (Long Stop Date). The exact forward exchange rate within the reference contractual range will be determined on the basis of the effective date of any approval by the US Antitrust Authority. If, by the Long Stop Date, the latter expresses a negative opinion on the completion of the sale of the Nitinol business, the derivative

would lapse without producing any effect on the Group's consolidated financial statements. If the transaction is not completed due to another contractual requirement or valuation not attributable to a negative opinion of the US Antitrust Authority, the derivative would remain active, with accounting effect on the Group's consolidated financial statements which at today's date is estimated to be equal to approximately -5.6 million euros.

Although we are seeing a recovery in orders in the packaging business and future forecasts remain positive, given the contraction in sales in the second half of 2022 due to the negative economic situation, **SAES Coated Films S.p.A. launched a thirteen-week ordinary temporary government sponsored lay-off scheme** in mid-January 2023 which involves almost all employees. Orders are constantly monitored with the aim possibly revising the duration of the scheme.

With regard to the **investment completed in the EUREKA! venture capital fund**, on January 16, 2023 a **payment of 139 thousand euros** was made, including both the portion of the costs of the fund and the portion of the continuation of the investment in the companies Caracol S.r.l. and Inta System S.r.l., start-ups that operate in the fields of additive manufacturing and lab-on-chip production, respectively.

At the beginning of February 2023, Memry Corporation **repaid early the loan granted by the State of Connecticut** (debt of 212 thousand euros at December 31, 2022).

On February 1, 2023, following the resignation presented by Director Adriano De Maio as a member of **the Remuneration and Appointments Committee**, the Board of Directors appointed **Alessandra della Porta** as a member of the aforementioned Committee to replace Director De Maio.

On February 27, 2023, the Board of Directors of SAES Getters S.p.A. proposed the **inclusion of the newly acquired SAES RIAL Vacuum S.r.l. in the scope of the national tax consolidation**, together with the other Group companies that are already part of it. The respective Boards of Directors approved this inclusion between the end of February and the beginning of March. Therefore, SAES RIAL Vacuum S.r.l. will be part of the national tax consolidation scheme with retrospective effect starting from January 1, 2023.

On February 22, 2023, SAES Getters S.p.A. obtained the extension to December 31, 2023 of the revolving cash credit facility for 30 million euros, signed with Unicredit S.p.A. on March 6, 2020 and with original maturity on March 6, 2023.

On March 1, 2023, SAES Getters S.p.A., as Sole quotaholder, approved the total waiver of the right to the amounts owed to it at the end of 2022 by SAES Nitinol S.r.l., of 233 thousand euros. At the same time, **the Parent approved a capital injection of 28 thousand euros in favour of SAES Nitinol S.r.l. by way of quotaholder payment to cover losses**, with the aim of replenishing the quota Capital eroded by the losses for 2022. Finally, SAES Getters S.p.A. approved the disbursement of an additional amount, equal to 900 thousand euros, to be allocated within the equity item available reserves of SAES Nitinol S.r.l., in order to provide the subsidiary with the necessary provisions to guarantee its business continuity.

On March 6, 2023, the Independent Director **Luciana Sara Rovelli resigned** due to significant differences in strategic vision. Therefore, as of March 6, 2023, Luciana Rovelli ceased to hold all the offices assigned to her and in particular: Chairperson of **the Remuneration and Appointments Committee**; Member of **the Control, Risk and Sustainability Committee**; Chairperson of the **Supervisory Body**, as well as Member of **the Related Party Transactions Committee**.

On March 7, 2023, the Board of Directors appointed, to replace Luciana Rovelli, the Independent Director Stefano Proverbio, as a member of **the Remuneration and Appointments Committee**,

assigning him the role of Chairperson, and assigned to the Director Stefano Proverbio the office of Chairperson of the **Supervisory Body**, of which he is already a member.

The **appointment of a new Director** will be proposed on the agenda of the next Ordinary Shareholders' Meeting. The mandate of this Director will last for the entire term of office of the current Board of Directors, i.e. until the approval of the financial statements at December 31, 2023.

The **performance of the Group's securities portfolio** was positive at approximately +1.12% during the first two months of 2023.

Lainate (MI), March 14, 2023

on behalf of the Board of Directors
Massimo della Porta
Chairman

CERTIFICATION OF THE SAES GROUP CONSOLIDATED FINANCIAL STATEMENTS

pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned Giulio Canale, as Deputy Chairman, Managing Director and as the Manager in charge of preparing the company's accounting documents of SAES Getters S.p.A., hereby certifies, also in compliance with the provisions of article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the effective application

of the administrative and accounting procedures for the preparation of the consolidated financial statements, in the period January 1 - December 31, 2021.

2. To that end, note the following:

2.1 The Administrative-Accounting Control Model of the SAES Group

- On December 20, 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative-Accounting Control Model, issued on May 14, 2007, the adoption of which seeks to guarantee the alignment of SAES with the provisions introduced by Italian Law no. 262 of December 28, 2005 (hereinafter also the "Law on Savings") implemented in December 2006 with the approval of Italian Legislative Decree no. 303/06, with specific reference to obligations regarding the preparation of company accounting documents, as well as any document or disclosure of a financial nature released to the market;
- The Control Model, with reference to the organisation chart of the SAES Group:
 - defines the roles and the responsibilities of the individuals involved at various levels in the process of preparation and/or control of the financial disclosures of the SAES Group, introducing the figure of the Manager in charge of preparing the company's accounting documents (hereinafter the "Manager in Charge");
 - illustrates the elements comprising the administrative-accounting control system, referred to the general control environment underlying the Internal Control System of the SAES Group, as well as specific components relating to administrative-accounting disclosures;
 - with specific reference to the latter aspect, envisages the integration of the Group Accounting Principles and the IAS Operating Procedures with a system of administrative-accounting control matrices, which describe the control activities implemented in each process;
 - defines procedures and the frequency of the administrative-accounting risk assessment process, to identify the most relevant processes for the purposes of accounting and financial disclosures.

2.2 Implementation of the Administrative-Accounting Control Model in SAES Getters S.p.A. and relative results of the internal certification process

Refer in this regard to paragraphs 2.2, 2.3 and 2.4 of the Certification of the separate financial statements of SAES Getters S.p.A., which are reported here with specific reference to the consolidation process.

2.3 Internal administrative-accounting control system of the subsidiaries of the SAES Group

- Following the administrative-accounting risk assessment conducted on the basis of the data of the 2021 consolidated financial statements - the most important administrative-accounting processes were

selected, based on materiality criteria, for each of the Group companies.

- For the purpose of the certification of the consolidated financial statements, the Manager in Charge requested, for each of the subsidiaries that had important processes, to send a representation letter, drawn up in the format attached to the Administrative-Accounting Control Model of the SAES Group, signed by the General Manager/Financial Controller, that certified the application and adequacy of procedures that guarantee the correctness of the company's accounting and financial data and the consistency of the financial reports with respect to the company's transactions and relative accounting records.

2.4 Results of the certification process by the subsidiaries of the SAES Group

- As at today's date, the Manager in Charge, with the assistance of the Group Reporting and Consolidation Manager, has received all n. 14 representation letters requested, signed by the General Manager/Financial Controller of the subsidiaries with the processes selected as important following the risk assessment.

The result of the process was positive, no irregularities were identified.

3. The following is also confirmed:

3.1. The consolidated financial statements as at December 31, 2022:

- a) have been prepared in compliance with the applicable international accounting standards recognised by the European Community in (EC) regulation no. 1606/2002 of the European Parliament and Council of July 19, 2002 and the Delegated Regulation (EU) no. 2019/815 of December 17, 2018 of the Commission (in short "ESEF Regulation");
- 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 Report on Operations contains a reliable analysis of performance and of the profit/loss of operations, as well as the issuer's situation, and of the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which it is exposed.

Lainate (MI), March 14, 2023

Deputy Chairman and Managing Director and
Manager responsible for the preparation of the corporate financial reports
Giulio Canale

REPORT ON OPERATIONS OF SAES GETTERS S.p.A.

SAES Getters S.p.A. financial highlights

Statement of profit or loss (thousand of euro)	2022	2021 (1)	2021 Pro forma (2)	Difference	Difference %
REVENUE					
- SAES Industrial	41,696	38,582	38,582	3,114	8.1%
- SAES High Vacuum	20,040	16,237	16,237	3,803	23.4%
- SAES Medical Nitinol	0	0	0	0	n.a.
- SAES Chemicals	14,714	14,796	14,796	(82)	-0.6%
- SAES Packaging	0	13	13	(13)	-100.0%
- Not Allocated (3)	32	0	0	32	n.a.
Total	76,482	69,628	69,628	6,854	9.8%
GROSS PROFIT					
- SAES Industrial	19,329	18,344	18,344	985	5.4%
- SAES High Vacuum	11,917	9,075	9,075	2,842	31.3%
- SAES Medical Nitinol	0	(0)	(0)	0	100.0%
- SAES Chemicals	2,820	3,833	3,833	(1,013)	-26.4%
- SAES Packaging	(125)	(119)	(119)	(6)	-5.0%
- Not Allocated (4)	(148)	(337)	(337)	189	56.1%
Total	33,793	30,796	30,796	2,997	9.7%
<i>% of revenue</i>	<i>44.2%</i>	<i>44.2%</i>	<i>44.2%</i>		
EBITDA (gross operating profit)	(4,903)	(1,550)	(1,635)	(3,268)	-199.9%
<i>% of revenue</i>	<i>-6.4%</i>	<i>-2.2%</i>	<i>-2.3%</i>		
OPERATING LOSS	(10,579)	(6,681)	(6,779)	(3,800)	-56.1%
<i>% of revenue</i>	<i>-13.8%</i>	<i>-9.6%</i>	<i>-9.7%</i>		
PRE-TAX PROFIT (LOSS)	4,359	(7,304)	7,023	(2,664)	-37.9%
<i>% of revenue</i>	<i>5.7%</i>	<i>-10.5%</i>	<i>10.1%</i>		
PROFIT (LOSS) FOR THE YEAR	2,936	(8,292)	5,208	(2,272)	-43.6%
<i>% of revenue</i>	<i>3.8%</i>	<i>-11.9%</i>	<i>7.5%</i>		
Statement of financial position figures (thousand of euro)					
	December 31, 2022	December 31, 2021 (1)	2021 Pro forma (2)	Difference	Difference %
Property, plant and equipment	42,101	38,361	38,361	3,740	9.7%
Equity attributable to the owners of the parent	186,410	184,413	191,648	(5,238)	-2.7%
Net financial position	15,140	2,791	19,962	(4,822)	-24.2%
Other information (thousand of euro)					
	2022	2021 (1)	2021 Pro forma (2)	Difference	Difference %
Cash flows from operating activities	(9,201)	(5,403)	(6,282)	(2,920)	-46.5%
Research and development expenses	9,310	8,606	8,606	704	8.2%
Number of employees as at December 31 (5)	462	449	450	12	2.7%
Personnel expense (6)	36,471	32,882	32,916	3,555	10.8%
Aquisition of property, plant and equipment	8,580	7,002	7,002	1,578	22.5%

(1) Some comparative amounts do not coincide with those reported in the 2021 Annual Financial Report as they reflect reclassifications resulting from the change in the organisational structure by Division and some unbundlings deemed necessary for a proper comparison with 2022 figures. These adjustments are detailed in the section "Organisational Structure" of this Report on Operations and in Note No. 1, section "Restatement of balances for 2021" of the Separate Financial Statements at December 31, 2022.

(2) Following the merger into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.), on December 22, 2022, the amounts relating to 2021 were restated to allow for a better comparison of the respective amounts for 2022.

- (3) Revenue deriving from the completion of development activities and from the market launch of highly innovative products, pursuing the objective of using the Company's advanced technologies to establish itself in new sectors.
- (4) This item includes costs that cannot be directly attributed or allocated in a reasonable way to the Divisions, but which refer to the Company as a whole, as well as those costs aimed at the development and market launch of new, highly innovative products.
- (5) At December 31, 2022, this item includes:
- 455 employees (432 at December 31, 2021);
 - The personnel working for the Company with contract types other than employment agreements equal to 7 units (17 units at December 31, 2021).
- (6) At December 31, 2022, the severance costs, included in personnel expense, were 80 thousand euros (626 thousand euros in 2021). Personnel expense for 2022 also includes 1,890 thousand euros relating to costs for the settlement of rights accrued to the heirs of a key employee of the Company.

Alternative performance indicators

In order to allow a better assessment of the performance of the economic and financial management, the following tables show some "Alternative performance indicators". Below these tables, the methodology for calculating these indices is provided, in line with the indications of the European Securities and Markets Authority (ESMA).

Gross profit and gross profit margin

(thousand of euro)

	2022	2021	2021 Pro forma
Revenue	76,482	69,628	69,628
Raw materials and change in raw materials	(19,916)	(16,972)	(16,972)
Direct labour	(8,188)	(7,537)	(7,537)
Manufacturing overheads	(17,725)	(15,892)	(15,892)
Change in work in progress and finished goods	3,139	1,570	1,570
Cost of sales	(42,690)	(38,831)	(38,831)
Gross profit	33,793	30,796	30,796
<i>% Gross profit margin</i>	<i>44.2%</i>	<i>44.2%</i>	<i>44.2%</i>

The **gross profit** is calculated as the difference between sales and the industrial costs directly and indirectly attributable to the products sold.

The **gross profit margin** is calculated as the ratio between the gross profit and the sales.

EBITDA

(thousand of euro)

	2022	2021	2021 Pro forma
Revenue	76,482	69,628	69,628
Profit (loss) for the year	2,936	(8,292)	5,208
Income Taxes	(1,423)	(987)	(1,815)
Exchange gains	1,100	479	730
Exchange (losses)	(1,665)	(694)	(947)
Impairment losses on equity investments, loan assets and other financial assets	(13,687)	(9,084)	(11,207)
Financial income	32,355	11,986	28,430
Financial expenses	(3,164)	(3,311)	(3,205)
Operating loss	(10,579)	(6,681)	(6,779)
Depreciation of property, plant and equipment and amortisation of intangible assets	(4,802)	(4,342)	(4,342)
Depreciation of right-of-use assets	(779)	(789)	(802)
Impairment losses on property, plant and equipment and intangible assets	(95)	(0)	(0)
	(4,903)	(1,550)	(1,635)
<i>% of revenue</i>	<i>-6.4%</i>	<i>-2.2%</i>	<i>-2.3%</i>

EBITDA (gross operating profit) is not deemed an accounting measure under International Financial Reporting Standards (IFRSs); however, we believe that EBITDA is an important parameter for measuring the Company's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the criterion applied to the Company may not be in line with those adopted by other Companies. EBITDA is calculated as "Pre-tax profit (loss) for the year, net of exchange gains (losses), share of the profit (loss) of equity-accounted investees, net financial income (expense), as well as impairment losses on property, plant and equipment and intangible assets and amortisation/depreciation".

Percentage EBITDA is the ratio between EBITDA and sales.

Net Financial Position (NFP)

Below is the statement on Total Financial position, prepared in accordance with the indications contained in paragraphs 175 et seq. of the ESMA Guidelines of March 4, 2021, and the reconciliation with the Net Financial Position figure reported in the Report on Operations.

(thousand of euro)

	December 31, 2022	December 31, 2021	December 31, 2021 Pro forma
A. Cash	5,543	5,091	5,190
B. Cash equivalents	0	0	0
C. Other current financial assets	28,574	30,251	30,251
D. Liquidity (A+B+C)	34,117	35,342	35,442
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(68,746)	(82,453)	(65,346)
F. Current portion of non-current financial debt (*)	(782)	(723)	(736)
G. Current financial indebtedness (E+F)	(69,528)	(83,176)	(66,081)
H. Net current financial indebtedness (G+D)	(35,411)	(47,834)	(30,640)
I. Non-current financial debt (excluding current portion and debt instruments) (**)	(2,034)	(2,107)	(2,131)
J. Debt instruments	0	0	0
K. Trade payables and other non-current liabilities	0	0	0
L. Non-current financial indebtedness (I+J+K)	(2,034)	(2,107)	(2,131)
M. Total financial indebtedness (H+L)	(37,445)	(49,941)	(32,770)

(*) Of which 782 thousand euros related to financial liabilities for current lease liabilities

(**) Of which 1,572 thousand euros related to financial liabilities for non-current lease liabilities

(thousand of euro)

	December 31, 2022	December 31, 2021	December 31, 2021 Pro-forma
Total financial indebtedness - in accordance to ESMA guidance	(37,445)	(49,941)	(32,770)
Current financial assets with related parties	49,378	51,259	51,260
Non-current financial assets with related parties	3,207	49	49
Other non-current financial assets with third parties	0	1,424	1,424
Securities in portfolio - non-current assets	0	0	0
Net financial position - included in Report on operations	15,140	2,791	19,962

Net Working Capital (NWC)

Net Working Capital is shown in the table below.

(thousand of euro)

	December 31, 2022	December 31, 2021	December 31, 2021 Pro forma
Inventories	14,935	10,654	10,654
Trade receivables	11,469	13,292	13,292
Trade payables	(11,774)	(9,474)	(9,474)
Net Working Capital	14,630	14,472	14,472

Exchange rate effect and organic change

The **exchange rate effect** reported in the comments on the various items of the statement of profit or loss is in no way linked to the currency risk and the management of contracts to hedge this risk, 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 revenue and costs incurred by the Company.

In particular, to obtain the **organic change**, the costs and revenue in currencies of the current year, net of the merger effect, are reconverted into euros at the progressive average exchange rate of the year and subsequently compared with those in euros of the previous year. The **exchange rate effect**, on the other hand, is calculated as the difference between the overall change (net of the effects attributable to changes in the consolidation scope) and the organic change.

Information on SAES Getters S.p.A.

A pioneer in the development of getter technology, the Company SAES Getters S.p.A. (hereinafter the “Company”) is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions are required. For over 80 years, the getter solutions of the Company have been supporting technological innovation in the information display and lamp industries, ultra-high vacuum systems and vacuum thermal insulated devices, and in technologies that range from large vacuum power tubes to miniaturised devices such as silicon-based micro-electro-mechanical systems (MEMS).

Starting in 2004, by leveraging its core competencies in special metallurgy and in the materials sciences, the Company has expanded its business into the advanced material markets, in particular the market of shape memory alloys, a family of materials characterised by super elasticity and by the property of assuming 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 different industrial sectors (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, advanced photonics, telecommunications (5G) 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 recyclable and biodegradable solutions.

In conclusion, mention is made of the recent establishment of the new unit dedicated to consumer innovation called B!POD[®], created with the aim of developing and marketing sustainable products and solutions and combating food waste.

The Company is headquartered in Milan.

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

SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A.⁹⁴, with its registered office in Milan, via Santa Maria Fulcorina, 2, which 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. Indeed, as described in more detail in the Report on Corporate Governance and Ownership Structure for 2022, S.G.G. Holding S.p.A., despite having the absolute majority of the voting rights of SAES Getters S.p.A., does not exercise management and coordination activities in respect of the latter in view of the fact that S.G.G. Holding S.p.A., in management, operational and industrial terms, does not play any role in the definition of the

⁹⁴ At December 31, 2022, S.G.G. Holding held 34.44% of the ordinary shares of SAES Getters S.p.A. and has 51.15% of the voting rights (percentage calculated taking into account that 5,018,486 ordinary shares held by S.G.G. Holdings S.p.A. have accrued the increased voting right, as well as the voting rights of the treasury shares held by SAES Getters S.p.A.).

annual budget and long-term strategic plans and investment choices, does not approve certain significant transactions of the Company and its subsidiaries (e.g., acquisitions, disposals, investments), nor does it coordinate business initiatives and actions in the sectors in which the Group operates. S.G.G. Holding S.p.A. does not give instructions nor provide technical, administrative, financial and coordination services to the Company or its subsidiaries. SAES Getters S.p.A. is fully independent from an organisational and decision-making point of view, and has independent negotiating capacity in dealings with customers and suppliers.

The share capital of S.G.G. Holding S.p.A. is in turn owned by a plurality of shareholders, none of whom individually exercise control over the company.

As described in more detail in Note No. 24 to the Separate Financial Statements at December 31, 2022, at the end of the year SAES Getters S.p.A. held 3,900,000 ordinary treasury shares (number unchanged compared to December 31, 2021), equal to 26.6% of the total ordinary shares and 17.7% of the total shares making up the share capital.

On the other hand, SAES Getters S.p.A. does not hold any shares of its parent S.G.G. Holding S.p.A., not even through a trust company or a third party.

Organisational structure

The Company's organisational structure comprises five Divisions: Industrial, High Vacuum, Medical Nitinol, Chemicals and Packaging. The corporate costs, i.e. those expenses that cannot be directly attributed or allocated in a reasonable way to the Divisions, but which refer to the Company 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 organisational structure by Division is illustrated in the following table and reflects the organisational structure of the SAES Group.

SAES Industrial Division	
Getters & Dispensers	Non-evaporable getters and traditional dispensers, based on metal alloys, with a variety of industrial applications (consumer electronics, security and defence, medical diagnostic imaging, vacuum thermal insulation and traditional discharge lamps, etc.), as well as dispensable getters based on functionalised polymers (OLED applications for the consumer electronics, optoelectronics, advanced photonics and telecommunications markets)
Sintered Materials	Dispenser cathodes for electronic tubes and heat dissipation devices for components and solid-state lasers
SMA Materials	Shape memory and super elastic materials and components for the industrial sector (home automation, white goods industry, consumer electronics, non-implantable medical business, automotive and luxury goods)
SAES High Vacuum Division	
High Vacuum Solutions	Getter pumps for vacuum systems with applications in the industrial sector, in research and in particle accelerators
SAES Medical Nitinol Division	
Medical Nitinol	Nitinol raw material and components for the biomedical sector
SAES Chemicals Division	

Functional Chemicals	Functional acoustic composites for consumer electronics applications and new functional materials being validated at prospect
SAES Packaging Division	
Packaging Solutions	Advanced lacquers and plastic films for the sustainable packaging sector

Compared to December 31, 2021, starting from January 1, 2022, the organisational structure by Division has the following changes:

- the SAES Industrial Division corresponds with the previous Metallurgy Division, with the addition of all products based on functionalised polymers that have a getter function (i.e. dispensable getter and dryer, barrier sealant with getter function and filler containing getter types) which moved from the Chemicals Division to the SAES Industrial Division as a result of rationalisation based on their ultimate function, namely the selective absorption of gases in the packaging of devices. This getter function, in fact, links these dispensable products, based on functionalised polymers, to the more traditional SAES getters, based on metal alloys;
- the SAES High Vacuum Division is unchanged and corresponds with the previously named “Vacuum Technology Division”;
- the SAES Medical Nitinol Division is unchanged and was previously named “Medical”;
- the SAES Packaging Division is unchanged and was previously named “Advanced Packaging”;
- the SAES Chemicals Division includes both the “functional acoustic composites” business (functional composites for consumer electronics applications, previously classified in this Division) and the “functional additives” business (new products currently being validated by prospects and based on the technological platforms of SAES functional materials).

Finally, three main lines of revenue have been identified within the SAES Industrial Division:

- Getters & Dispensers (which, in addition to the aforementioned “organic electronics” business consisting of all products with a getter function reclassified from the Chemicals Division, comprises the “security & defence”, “electronic devices”, “healthcare diagnostics”, “lamps” and “thermal insulated devices” businesses);
- Sintered Materials (unchanged, previously named “sintered components for electronic devices & lasers”);
- SMA Materials (unchanged, previously named “SMA industrial”).

The statement of profit or loss and statement of financial position figures for 2021 have been reclassified according to the new operating structure to allow for a consistent comparison with 2022.

SAES Industrial Division

Getters & Dispensers

The Company provides innovative technological solutions used in various industrial sectors, ranging from consumer electronics, to security and defence, medical imaging diagnostics, vacuum thermal insulation and traditional high and low pressure discharge lamps.

To meet the different technical and process requirements of these applications, the SAES product portfolio includes multiple types and formats of non-evaporable getters (including compressed pills, porous getters and thin films for MEMS applications), as well as alkaline metal and mercury dispensers with reduced environmental impact.

Recently, the SAES offer has been enriched with a new generation of dispensable getters based on functionalised polymers, which find their use in OLED displays, optoelectronic applications, advanced photonics and telecommunications (5G).

Sintered Materials

Through its US subsidiary Spectra-Mat, Inc., the Company provides advanced technological solutions for a wide range of markets including avionics, medical, scientific instruments for various industrial applications, telecommunications and security and defence.

The product portfolio includes electron sources based on dispenser cathodes for a wide variety of microwave tubes, X-ray tubes and gas lasers, for the most advanced applications. In addition, SAES provides advanced materials and solutions for the thermal management of high-power solid state lasers, and advanced semiconductor devices for radio-frequency and microwave systems.

SMA Materials

The Company produces semi-finished products, components and devices in shape memory alloy, a special alloy made of nickel-titanium (Nitinol) characterised by super-elasticity (a property that enables the material to withstand even large deformations and then return to its original form) and by the property of assuming predefined forms when heated.

Due to this characteristic, the shape memory alloy is used in the production of a variety of industrial devices (open and close valves, proportional valves, actuators, release systems, mini-actuators and dispensers) that use its distinctive characteristics (noiseless, compact, light, low power consumption, speed, precision of proportional control). SMA devices are used across the board in the industrial field, in areas of application such as domotics, the white goods industry, consumer electronics, medical business, and the automotive and luxury sector.

SAES High Vacuum Division

High Vacuum Solutions

The skills acquired in vacuum technology are the basis for the development of pumps based on non-evaporable getter materials (NEG), with both industrial and scientific applications (in particular in analytical instrumentation, in vacuum systems for research purposes and in particle accelerators). The NEXTorr® family of high-vacuum pumps integrates both getter and ion technology in a single, extremely compact and high-performing device. This line was then joined by the CapaciTorr® HV line, high-vacuum pumps using an innovative alloy with greater gaseous absorption capacity.

The Division's core offering was recently enriched through the acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. in May 2022. Strumenti Scientifici Cinel S.r.l. is a leading company in the supply of scientific instrumentation for accelerators and research, and has made it possible to strengthen the Company's leadership in the research market, expanding the technological and product offering from vacuum chambers to beamlines, synchrotron scientific instrumentation and integrated pump solutions.

SAES RIAL Vacuum S.r.l. is active as a supplier of coating getters for accelerator chambers and vacuum engineering services, for both industrial and research customers.

Recent acquisitions have enabled the Company to develop important skills in the design of systems that integrate vacuum mechanics, pumping units and control electronics. During 2022, the Division began supplying the NEG pump for the RFX Consortium, an important Italian contribution linked to the ITER project. The pump, conceived, engineered and built entirely by SAES, will be supplied together with the power supply and control system and will guarantee a vacuum in the RFX ion source.

SAES Medical Nitinol Division

Medical Nitinol

In addition to the industrial sector, Nitinol is mainly used in a wide range of medical devices, in the cardiovascular field in particular. Its super-elastic properties are ideal for manufacturing devices used in the growing field of non-invasive surgery, such as self-expanding devices (aortic and peripheral stents or heart valves) and catheters to navigate within the cardiovascular system. SAES's production

process is vertically integrated (from the melting of Nitinol alloy to the manufacture of components) and allows full flexibility in the supply of products, together with total quality control. In particular, through its US subsidiaries SAES Smart Materials, Inc. and Memry Corporation, the Company offers a full range of sophisticated Nitinol-based solutions to the end manufacturers of the medical device.

SAES Chemicals Division

Functional Chemicals

The SAES Chemicals Division offers the market the new functional materials developed within the Group's research laboratories, starting from two main technological platforms: special zeolites and microcapsules.

The first prototypes of these materials are being validated by prospective customers, who are evaluating their use as functional additives in various application sectors, from cosmetics to the paint & coatings segment, as well as that of polymers of natural origin.

Increasingly consolidated, on the other hand, is the business of functional acoustic composites for the consumer electronics market, a segment in which new materials are also beginning to be offered, complementing and expanding the Division's product portfolio.

SAES Packaging Division

Packaging Solutions

The functional chemicals technological platform has been used to develop innovative plastic films for food packaging, an area in which the Company operates through the subsidiary SAES Coated Films S.p.A., a well-established player in the advanced packaging sector. SAES competes in the sustainable packaging market with innovative recyclable and compostable solutions, particularly in terms of environmental sustainability and improving the performance of flexible packaging, in an expanding market with excellent opportunities for growth. Recently, the subsidiary SAES Coated Films S.p.A. has intensified its interactions directly with the food industries (end-user), presenting itself as a complete provider of innovative packaging solutions and leveraging the network of relationships built over the years with various players in the flexible packaging supply chain. Thanks to this strategic repositioning, SAES can better convey on the market the added value enabled by its product portfolio, at the same time further increasing awareness of its brand.

Significant events in 2022

2022 was characterised by a **strong increase in revenue** compared to the previous year, mainly due to the increase in volumes and also aided by the performance of the euro-dollar exchange rate, despite the tensions in the international economic scenario. The **Industrial** and **High Vacuum** divisions are growing strongly, the former driven by higher sales of **SMA materials** in the luxury and mobile device segments, the latter thanks to higher sales of vacuum pumps in all segments (particle accelerators, research institutes and industry).

In 2022, revenue totalled 76,482 thousand euros, up by 9.8% compared to 69,628 thousand euros in 2021. Excluding the positive exchange rate effect (+3.4%), revenue grew organically by 6.4% (+4,486 thousand euros).

Both the operating profit and EBITDA worsened compared to 2021. The **operating** loss increased from 6,681 thousand euros to 10,579 thousand euros, while **EBITDA** went from a loss of 1,550 thousand euros to a loss of 4,903 thousand euros. These indicators in 2022 were impacted by non-recurring costs, mainly costs for the settlement of the rights accrued to the heirs of a key employee of the

Company, equal to 1,890 thousand euros and consultancy costs for preliminary assessments relating to the sale of the Medical Nitinol business, equal to 2,078 thousand euros.

The company closed 2022 with a **profit** of 2,936 thousand euros, thanks to **dividends from subsidiaries** of 30,709 thousand euros and **impairment losses on equity investments and other financial assets** of 13,687⁹⁵ thousand euros. The strong increase in dividends compared to 2021 (equal to 10,520 thousand euros) is mainly due to the dividends paid by the subsidiaries Memry Corporation and SAES Smart Materials, Inc. (23,651 thousand euros), directly controlled by SAES Getters S.p.A. following the merger of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.), on December 22, 2022, with effect from January 1, 2022.

The main events that occurred in 2022 are set out below.

On January 31, 2022, the **EUREKA Fund! - Technology Transfer** ended its fundraising activity with total funds raised of 62,675,500 euro. On February 16, 2022, following the sixth and final Closing, the Company obtained a **reimbursement** related to both the costs and the investments of the fund, **amounting to 5 thousand euros** and SAES's investment was diluted from 4.81% to 4.79%.

On March 7, 2022, SAES Getters S.p.A. made a payment of 49 thousand euros, including both the portion of the management fee and other costs, and the portion of an investment made by the fund in the company NOVAC S.r.l.⁹⁶

A further **payment for a total of 99 thousand euros** was made on June 16, 2022 to continue the investment in the company Phononic Vibes S.r.l., already in the portfolio, and of a further five Proof of Concepts (*POC*) in collaboration with the Consiglio Nazionale delle Ricerche (National Research Council), the Turin Polytechnic and the Italian Institute of Technology.

On August 28, 2022, a third **payment of 47 thousand euros** was made, including both the portion of commissions and management fees, and the portion to complete the investment in the start-up NOVAC S.r.l.

On February 15, 2022, the Board of Directors of SAES Getters S.p.A. proposed the **inclusion of the newly acquired Strumenti Scientifici Cinel S.r.l. in the scope of the national tax consolidation**, together with the other SAES Group companies that are already part of it. The respective Boards of Directors approved this inclusion at the beginning of March 2022. Therefore, Strumenti Scientifici Cinel S.r.l. is part of the national tax consolidation with retroactive effect starting from January 1, 2022.

On February 28, 2022, **SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loan granted by the quotaholder SAES Getters S.p.A.** (principal equal to 49 thousand euros).

During the first quarter, the Company decided to donate 100 thousand euros in support of Ukraine (70 thousand euros given to a local volunteer network in connection with the Ukrainian Embassy in Italy and the remaining portion assigned to an Italian refugee assistance organisation).

Since with the approval of the Consolidated Financial Statements at December 31, 2022 the statutory audit engagement assigned to the company Deloitte & Touche S.p.A. for the years 2013-2022 expired, the Ordinary Shareholders' Meeting of April 21, 2022 approved the motivated proposal of the Board

⁹⁵ Of which: 11,256 thousand euros relating to the impairment loss on equity investments following impairment testing; a 233 thousand euro impairment loss on the cash pooling asset with from SAES Nitinol S.r.l. following an impairment test; a 1,819 thousand euro impairment loss on the entire convertible loan (principal and interest) to the German company Rapitag GmbH, following the failure to achieve the pre-established business targets and the uncertainty as to the future development of the business; a 379 thousand euro impairment loss on interest accrued on convertible loans granted by SAES Getters International Luxembourg S.A. (subsequently merged into the Company, following the transfer of the registered office in Italy) to Flexterra, Inc. The asset was impaired because it was deemed difficult to recover, based on the information available.

⁹⁶ NOVAC S.r.l. is an innovative start-up operating in the field of electrical energy storage and release systems, through the development of a new type of super capacitors, capable of providing high power and very short charging times.

Statutory Auditors relating to the **assignment of the statutory audit engagement for the years 2022-2030 to KPMG S.p.A.**

On April 22, 2022, on the occasion of Earth Day, the B!POD **project** (www.bipod.it) was launched, **developed by the SAES Design House**, aimed at using the Company's innovative technologies to improve food conservation and fight waste, reducing CO₂ emissions. Specifically, on this day the **first B!POD device called DRO!D** was presented to the public. It is a system of recyclable plastic containers, which allow different types of food to be stored five times longer through vacuum packing techniques. The device, which offers substantial technological help with the issue of household food waste, features highly innovative design and colours and the use of entirely green plastics and materials. In just 30 seconds, DRO!D is able to reach a vacuum of 50_{mbar}, thus eliminating 950_{mbar}, corresponding to -95% of the oxygen molecules present inside its circular containers.

On May 25, 2022, SAES Getters S.p.A., completed the purchase of an additional 51% of the quota capital of SAES RIAL Vacuum S.r.l., of which it previously held 49%.

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, with joint control of SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%).

The acquisition follows that of Strumenti Scientifici Cinel S.r.l. (July 2021) and aims to strengthen the competitive position of the Company and of the SAES Group in the high vacuum sector, through an expansion and integration of the entirely Italian and avant-garde offer, on a global scale.

The **consideration for the acquisition is equal to 5,250 thousand euros**. A first tranche, equal to 4,750 thousand euros, was paid by the Company on May 25, 2022 with its own funds; the remainder, equal to 500 thousand euros, was withheld as a guarantee and will be paid, again with its own funds, in three successive annual instalments of equal amount (166.7 thousand euros each), starting three years from the closing date.

On May 31, 2022, the Board of Directors of SAES Getters S.p.A. acknowledged that, due to professional commitments, Mara Luisa Sartori communicated her **resignation** with effect from June 1, 2022 **from the office of Alternate Statutory Auditor** of the Company. The vacancy on the Board of Statutory Auditors will be filled in accordance with the law and the Articles of Association, at the next Shareholders' Meeting in April 2023.

On July 7, 2022, SAES Getters S.p.A. launched the **RedZone® project**, an **"on call" acceleration programme**, dedicated to Italian and foreign start-ups operating in the field of advanced materials. The selected start-ups will have access to the Company's laboratories in Lainate, as well as a financial contribution, according to a specific Regulation. For the Company there is also the possibility of becoming a shareholder of the start-ups, acquiring an investment that can reach a maximum of 15% of the capital.

The Company's goal, through RedZone, is to develop and grow innovation in advanced functional materials, supporting start-ups in the role of industrial partner.

The first application was carried out in the second half of 2022, while the start of operational activities in the Lainate open labs is expected in the early months of 2023. In the second quarter of 2023, a second call is expected to be opened for start-ups.

On July 26, 2022, SAES Getters S.p.A. signed an **amendment to the convertible loan granted to the German company Rapitag GmbH** (Munich) midway through 2021. Specifically, the contract amendment provided for the payment of two additional tranches of financing up to a total maximum amount of 300 thousand euros, the first of which (amounting to 150 thousand euros) was paid on July 27, 2022; the second (amounting to 150 thousand euros) will not be paid, due to failure to achieve the commercial milestone stipulated in the agreement. Furthermore, the amendment provided for

the extension by one year of both the maturity date (December 31, 2025) and the conversion period (July 2, 2022 – July 1, 2024), confirming the annual interest rate of 6%.

On September 12, 2022, the Board of Directors resolved to **liquidate the Korean subsidiary SAES Getters Korea Corporation**, whose sales activities in the Korean territory will be assigned to local agents and distributors. The liquidation process, which began in November, is expected to be completed by the first half of 2023.

On November 10, 2022, the Board of Directors approved a **capital injection of 300 thousand euros into the joint venture Actuator Solutions GmbH**. The same capital injection was made by the other shareholder SMA Holding. The Board also ordered the further **deferral to December 31, 2023 of the payment of all interest** accrued from 2016 to today's date on the loans granted by the Group to the same German joint venture.

A **further capital injection of the same amount (300 thousand euros)** was approved by the Board of Directors of SAES on December 19, 2022. A similar share capital increase was also subscribed by the equal shareholder.

On November 29, 2022, in order to protect the SAES Group's profit for 2023 from exchange rate fluctuations, **forward contracts were taken out by the Company, as Parent, on the US dollar** for a notional amount of 12 million dollars, with an average forward exchange rate of 1.0537 to the euro. These contracts extend throughout 2023, hedging approximately 80% of the estimated net US dollar flows for the SAES Group's Italian companies.

On December 7, 2022, against the emergence of new and interesting business opportunities, the Board of Directors of SAES approved the **disbursement to the joint venture Flexterra, Inc.** of an additional **convertible loan for a total of 1 million dollars**, with the same characteristics as the two previously granted (July 2020 and August 2021) totalling 5 million dollars. The loan, maturing on December 31, 2023 and on which interest of 8% will accrue, is divided into four tranches of equal amount, the first of which is expected at the beginning of 2023 upon signing of the updated agreement; the second, to be paid by the end of April 2023, is subject to the positive assessment by SAES of an updated business plan of the joint venture; the subsequent two tranches will be paid respectively by the end of July and by the end of October 2023, upon achievement of specific commercial objectives. The agreement also establishes the alignment of the **maturity date of the previous 5 million dollar convertible loan** with that of the new loan (**December 31, 2023**). As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP). Flexterra will receive from another shareholder a loan similar to that granted by SAES for a total of 400 thousand dollars.

On December 22, 2022, the **merger into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l.** (formerly SAES Getters International Luxembourg S.A.) was carried out through the drafting, signing and filing in the Register of Companies of the deed of merger by the companies participating in the transaction. The merger was approved by the Board of Directors of SAES Getters S.p.A. and by the quotaholders of SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) on October 19, 2022.

The deed of merger became legally effective with the end of the accounting day of December 30, 2022. For accounting and tax purposes, the merger transaction took effect from January 1, 2022.

The transaction is the natural completion of the transfer to Italy of the headquarters of SAES International S.r.l., previously headquartered in Luxembourg. The merger makes it possible to shorten the Company's chain of control, reducing the number of legal entities of the SAES Group and the consequent administrative costs.

As required by the IFRS standards and the indications given in the Assirevi Preliminary Guidelines on IFRS (OPI 2 - revised) and in order to obtain a homogeneous term of comparison with the figures of the first post-merger financial statements, the figures for 2021 shown in this Report have been restated, including also those of the merged company SAES International S.r.l., and shown in the “Pro forma” column. The figures thus restated, which are unaudited, have been used in this Report on Operations as a comparative basis for 2021. Therefore, unless otherwise indicated, the analysis of the changes with respect to the information as at December 31, 2021 is calculated with reference to the “Pro forma” figures.

The following tables detail the calculation of the “Pro forma” figures for 2021:

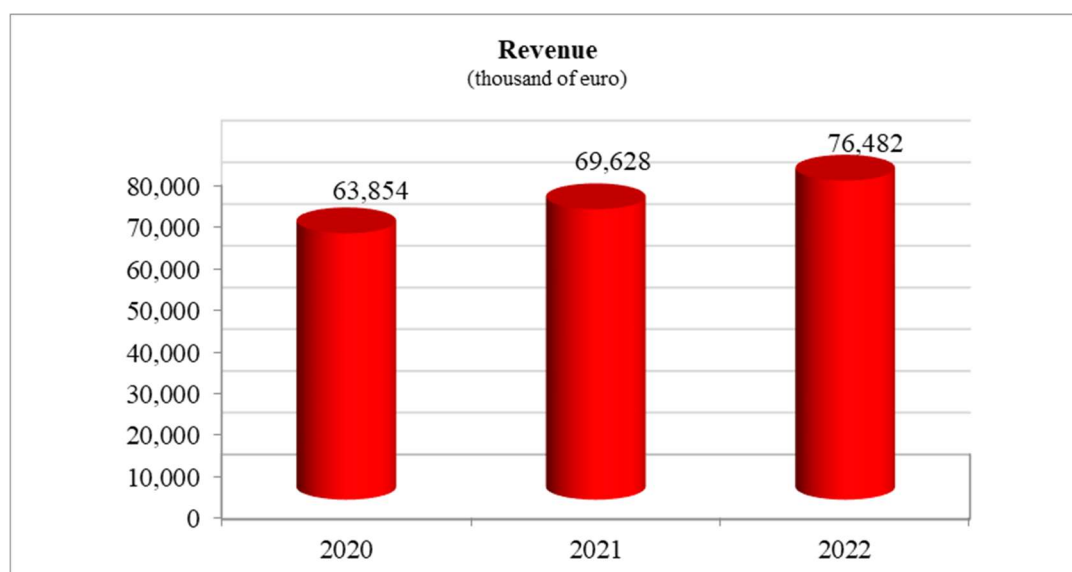
(euro)	SAES Getters S.p.A 2021	SAES International S.r.l. 2021	Elisions/ Adjustments	2021 Pro forma
Third party revenue	59,885,952	0	0	59,885,952
Intragroup revenue	9,741,910	0	0	9,741,910
Total revenue	69,627,862	0	0	69,627,862
Third party cost of sales	(36,014,096)	0	0	(36,014,096)
Intragroup cost of sales	(2,817,275)	0	0	(2,817,275)
Total cost of sales	(38,831,371)	0	0	(38,831,371)
Gross profit	30,796,491	0	0	30,796,491
Research & Development expenses	(8,606,077)	0	0	(8,606,077)
Selling expenses	(7,403,745)	0	0	(7,403,745)
General & Administrative expenses	(22,873,709)	(98,200)	0	(22,971,909)
Impairment losses on trade receivables	(13,178)	0	0	(13,178)
Total operating costs	(38,896,709)	(98,200)	0	(38,994,909)
Intragroup royalties	1,036,151	0	0	1,036,151
Other third party income	593,456	0	0	593,456
Other intragroup income	1,697,079	0	0	1,697,079
Other third party (expenses)	(1,567,331)	0	0	(1,567,331)
Other intragroup (expenses)	(339,848)	0	0	(339,848)
Total other income (expenses), net	1,419,507	0	0	1,419,507
Operating loss	(6,680,711)	(98,200)	0	(6,778,911)
Dividends	10,520,418	16,194,365	0	26,714,783
Third party financial income	1,161,472	1,158,621	(910,417)	1,409,676
Intragroup financial income	304,469	(801,383)	802,953	306,039
Total financial income	1,465,941	357,238	(107,464)	1,715,715
Third party financial expense	(3,038,969)	(1,318)	(578,035)	(3,618,322)
Intragroup financial expense	(271,770)	0	685,499	413,729
Total financial expense	(3,310,739)	(1,318)	107,464	(3,204,593)
Foreign exchange gains	479,049	250,987	0	730,036
Foreign exchange (losses)	(694,088)	(252,615)	0	(946,703)
Impairment losses on equity investments, loan assets and other financial assets	(9,084,000)	(2,123,152)	0	(11,207,152)
Pre-tax profit (loss)	(7,304,131)	14,327,305	0	7,023,174
Income taxes	(987,451)	(827,894)	0	(1,815,345)
Current taxes	(734,184)	(827,923)	0	(1,562,107)
Deferred taxes	(253,267)	29	0	(253,238)
Profit (loss) from continued operations	(8,291,582)	13,499,411	0	5,207,829
Profit (loss) from discontinued operations	0	0	0	0
Profit (loss) for the year	(8,291,582)	13,499,411	0	5,207,829

(euro)	SAES Getters S.p.A. December 31, 2021	SAES International S.r.l. December 31, 2021	Elisions/Adjustments	December 31, 2021 Pro forma
ASSETS				
Non-current assets				
Property, plant and equipment	38,361,204	0	0	38,361,204
Intangible assets	162,913	0	0	162,913
Right-of-use assets	2,682,145	36,638	0	2,718,783
Equity investments and other financial assets	138,543,638	32,769,181	(42,720,755)	128,592,064
Deferred tax assets	2,384,089	0	0	2,384,089
Financial assets with related parties	49,000	0	0	49,000
Other non-current assets	1,483,150	0	0	1,483,150
Total non-current assets	183,666,139	32,805,819	(42,720,755)	173,751,203
Current assets				
Inventories	10,654,009	0	0	10,654,009
Third party trade receivables	9,544,215	0	0	9,544,215
Intragroup trade receivables	3,747,938	0	0	3,747,938
Trade receivables	13,292,153	0	0	13,292,153
Derivative financial instruments	8,842	0	0	8,842
Securities	30,242,273	0	0	30,242,273
Financial assets with related parties	51,259,886	17,107,562	(17,107,562)	51,259,886
Tax consolidation assets	30,221	0	0	30,221
Prepaid expenses, accrued income and other	1,806,819	0	0	1,806,819
Other financial assets with third parties	1,672,330	15,213	0	1,687,543
Cash and cash equivalents	5,090,668	99,746	0	5,190,414
Total current assets	114,057,201	17,222,521	(17,107,562)	114,172,160
Total assets	297,723,340	50,028,340	(59,828,317)	287,923,363
EQUITY AND LIABILITIES				
Share capital	12,220,000	34,791,813	(34,791,813)	12,220,000
Share premium reserve	25,724,211	0	0	25,724,211
Treasury shares	(93,382,276)	0	0	(93,382,276)
Legal reserve	2,444,000	2,784,260	(2,784,260)	2,444,000
Other items of equity	245,698,578	(1,119,641)	(5,144,682)	239,434,255
Profit (loss) for the year	(8,291,582)	13,499,411	0	5,207,829
Total equity	184,412,931	49,955,843	(42,720,755)	191,648,019
Non-current liabilities				
Lease liabilities	2,107,037	23,505	0	2,130,542
Post-employment and other employee benefits	7,015,568	0	0	7,015,568
Deferred tax assets	0	16	0	16
Provisions for risks and charges	10,380	0	0	10,380
Total non-current liabilities	9,132,985	23,521	0	9,156,506
Current liabilities				
Third party trade payables	8,973,652	0	0	8,973,652
Intragroup trade payables	500,219	0	0	500,219
Trade payables	9,473,871	0	0	9,473,871
Financial liabilities with related parties	20,416,968	0	(17,107,562)	3,309,406
Lease liabilities	722,595	13,078	0	735,673
Sundry liabilities	8,907,061	35,898	0	8,942,959
Current tax liabilities	120,025	0	0	120,025
Staff leaving indemnity and other employee benefits	1,961,992	0	0	1,961,992
Current provisions	538,764	0	0	538,764
Bank loans and borrowings	62,031,874	0	0	62,031,874
Other current liabilities	4,274	0	0	4,274
Total current liabilities	104,177,424	48,976	(17,107,562)	87,118,838
Total equity and liabilities	297,723,340	50,028,340	(59,828,317)	287,923,363

At December 31, 2022, the Company's investment in Cambridge Mechatronics Limited was diluted by 0.82%, as a result of:

- two new issues of ordinary preference shares, in March 2022 and August 2022, respectively;
- the issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

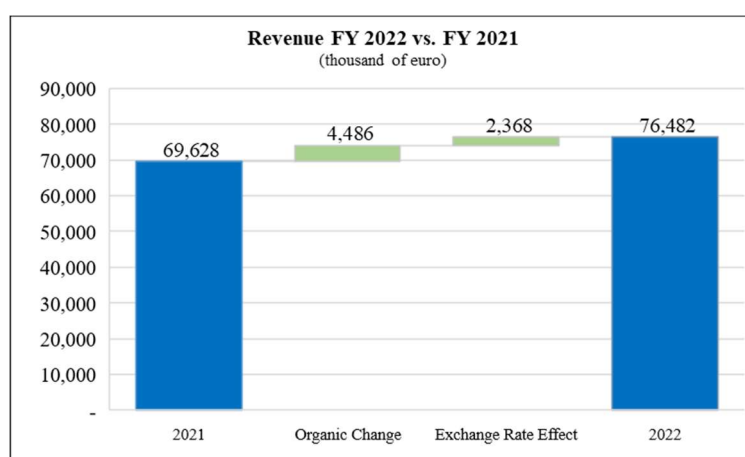
Revenue and results for 2022



In 2022, revenue totalled 76,482 thousand euros, up by 9.8% compared to 69,628 thousand euros in 2021. Removing the **positive exchange rate effect** (+3.4%, equal to 2,368 thousand euros), almost completely due to the appreciation of the US dollar against the euro, **organic growth** was 6.4% (4,486 thousand euros).

This performance was driven by the **Industrial Division** (organic growth +3.5%, equal to 1,340 thousand euros), in particular by the good performance of **SMA materials** sales in the luxury and mobile devices sectors, which more than offset the decrease of the more mature **getter** markets (in particular, lamps and thermal insulation), and by the **High Vacuum Division** (organic growth +19.8%, equal to 3,209 thousand euros), thanks to higher sales of vacuum pumps in all segments (industrial, particle accelerators and research institutes) and the launch of the project with the RFX consortium of Padua, active in the field of experimental nuclear fusion.

The following chart shows the **change in revenue** in 2022, highlighting the **exchange rate effect** and the difference due to the changes in sales prices and sales volumes (**organic growth**).



The following table provides a **breakdown of revenue by business segment** in 2022 and 2021, along with the **percentage change at current and comparable exchange rates**.

(thousand of euro)

Divisions and Businesses	2022	2021	Total Difference	Total Difference %	Exchange Rate Effect %	Organic Change %
Getters & Dispensers	28,621	29,467	(846)	-2.9%	4.2%	-7.1%
Sintered Materials	0	0	0	n.a.	n.a.	n.a.
SMA Materials	13,075	9,115	3,960	43.4%	5.9%	37.5%
SAES Industrial	41,696	38,582	3,114	8.1%	4.6%	3.5%
High Vacuum Solutions	20,040	16,237	3,803	23.4%	3.7%	19.8%
SAES High Vacuum	20,040	16,237	3,803	23.4%	3.7%	19.8%
Medical Nitinol	0	0	0	n.a.	n.a.	n.a.
SAES Medical Nitinol	0	0	0	n.a.	n.a.	n.a.
Chemicals	14,714	14,796	(82)	-0.6%	0.0%	-0.6%
SAES Chemicals	14,714	14,796	(82)	-0.6%	0.0%	-0.6%
Packaging Solutions	0	13	(13)	-100.0%	0.0%	-100.0%
SAES Packaging	0	13	(13)	-100.0%	0.0%	-100.0%
Not Allocated	32	0	32	n.a.	n.a.	n.a.
Revenue	76,482	69,628	6,854	9.8%	3.4%	6.4%

Revenue of the **Industrial Division** totalled 41,696 thousand euros, up by 8.1% compared to 38,582 thousand euros in the previous year. The performance of the euro against the major foreign currencies led to a positive exchange rate effect equal to +4.6%, net of which sales grew organically by 3.5%. The organic growth in revenue was driven by the good performance of **SMA materials** sales in the luxury and mobile device segments, while sales of **getters & dispensers** in the more mature lamp and thermal insulation segments were down.

Revenue of the *Getters & Dispensers Business* amounted to 28,621 thousand euros in 2022, down by 2.9% compared to 29,467 thousand euros in 2021, despite a positive exchange rate impact (+4.2%). The decrease was therefore -7.1%, mainly attributable to the structural downward trend of the more mature markets (lamps and thermal insulation), combined with the weak demand of the Chinese market, especially for getters intended for sensor applications.

Revenue of the *SMA Materials Business* totalled 13,075 thousand euros in 2022, up sharply (+43.4%) compared to 9,115 thousand euros in 2021. Net of the positive exchange rate effect (+5.9%), organic growth was 37.5%, mainly due to the mobile device sector, the luxury segment and, to a lesser extent, the automotive segment.

Revenue of the **High Vacuum Division** amounted to 20,040 thousand euros, up sharply (+23.4%) compared to 16,237 thousand euros in the previous year, also favoured by the positive exchange rate effect (+3.7%).

Organic growth was very high (+19.8%), attributable to higher sales of NEG pumps for industrial applications and, to a lesser extent, in the accelerator and scientific research sectors, to which the relevant revenue was added for the supply of vacuum systems to the RFX Consortium of Padua, active in experimental nuclear fusion.

Revenue of the **Chemicals Division** totalled 14,714 thousand euros, stable compared with 14,796 thousand euros in the previous year. The exchange rate effect was nil, as the sales were denominated exclusively in euros. The 2022 figure was influenced by a slowdown in sales in the last quarter, due to the effects on the supply chain of the consumer electronics segment due to prolonged lockdowns in some geographical areas of China.

Non-allocated revenue amounted to 32 thousand euros in 2022 and refers exclusively to initial sales related to the B!POD project, for which new product launches are expected in 2023.

A breakdown of revenue by geographical segment of customers is provided below.

(thousand of euro)

Geographical segment	2022	%	2021	%	Total Difference	Total Difference %
Italy	1,997	2.6%	2,572	3.7%	(575)	-22.4%
Europe	26,558	34.7%	21,881	31.4%	4,677	21.4%
North America	10,708	14.0%	9,286	13.3%	1,422	15.3%
Japan	5,505	7.2%	6,758	9.7%	(1,253)	-18.5%
China	25,676	33.6%	23,729	34.1%	1,947	8.2%
South Korea	1,209	1.6%	1,642	2.4%	(433)	-26.4%
Taiwan	1,214	1.6%	803	1.2%	411	51.2%
Other Asian countries	3,142	4.1%	2,570	3.7%	572	22.3%
Others	473	0.6%	387	0.6%	86	22.2%
Revenue	76,482	100.0%	69,628	100.0%	6,854	9.8%

With regard to the **geographical distribution of revenue**, 2022 shows a strong increase in sales concentrated above all in the following geographical segments:

- **Europe**, in particular in the High Vacuum division;
- **North America**, driven by getters for *Electronic Devices* applications and by vacuum pumps;
- **China**, especially the sale of high vacuum devices, as well as the sale of SMA wire for telecom applications.

Sales in **Japan** saw a drop in revenue, due to the different geographical distribution of vacuum pump revenue (higher sales in Europe, North America and China, but lower sales in Japan).

The **gross profit** amounted to 33,793 thousand euros in 2022, up (+9.7%) compared to 30,796 thousand euros in 2021, despite the penalising effect of energy expenditure in the Italian plants and the exchange rate effect on the purchase of raw materials on foreign markets (higher raw material costs of 1,412 thousand euros due to exchange rate fluctuation). Gross profit is up sharply in the **High Vacuum** and **Industrial** Divisions, thanks to strong revenue growth while it is down in the **Chemicals Division**, adversely affected by price pressure and higher utility costs.

The **gross profit margin** was stable compared to the previous year and equal to 44.2%. The High Vacuum Division's gross profit margin is up, from 55.9% to 59.5%, while the gross profit margin of the Industrial Division was down slightly, from 47.5% to 46.4%.

The following table shows the **gross profit** and **gross profit margin** in 2022 by Division, compared with the previous year.

(thousand of euro)

Divisions	2022	2021	Total Difference	Total Difference %
SAES Industrial	19,329	18,344	985	5.4%
<i>% of Division revenue</i>	<i>46.4%</i>	<i>47.5%</i>		
SAES High Vacuum	11,917	9,075	2,842	31.3%
<i>% of Division revenue</i>	<i>59.5%</i>	<i>55.9%</i>		
SAES Medical Nitinol	0	(0)	0	100.0%
<i>% of Division revenue</i>	<i>0.0%</i>	<i>0.0%</i>		
SAES Chemicals	2,820	3,833	(1,013)	-26.4%
<i>% of Division revenue</i>	<i>19.2%</i>	<i>25.9%</i>		
SAES Packaging	(125)	(119)	(6)	-5.0%
<i>% of Division revenue</i>	<i>0.0%</i>	<i>-915.4%</i>		
Not Allocated	(148)	(337)	189	56.1%
<i>% of Division revenue</i>	<i>-448.5%</i>	<i>0.0%</i>		
Gross profit	33,793	30,796	2,997	9.7%
<i>% Gross profit margin</i>	<i>44.2%</i>	<i>44.2%</i>		

Gross profit in the **Industrial Division** amounted to 19,329 thousand euros in 2022, up 5.4% compared to 18,344 thousand euros in 2021. This growth was driven by higher revenue and the increase in margins of the **SMA Industrial** segment, but was offset by the drop in margins of the **Getters & Dispensers business**, adversely affected by a drop in sales, a different product mix and the increase of energy costs in the plants.

In the **High Vacuum Division**, gross profit amounted to 11,917 thousand euros in 2022, up sharply (+31.3%) compared to 9,075 thousand euros in 2021; the growth is mainly due to the organic increase in revenue (+19.8%),

The **Chemicals Division** closed 2022 with a gross profit of 2,820 thousand euros (19.2% of revenue), down compared to 3,833 thousand euros in the previous year (25.9% of revenue), penalised by higher costs for utilities, against substantially stable revenue.

The **Packaging Division** closed 2022 with a gross loss of 125 thousand euros, in line with 2021 (119 thousand euros).

The **Not Allocated** gross loss of 148 thousand euros in 2022, refers exclusively to the new B!POD project developed by the SAES Design House, for which the first commercial launch took place at the end of April 2022 and new product launches are planned during 2023. In the previous year, the Not Allocated loss was equal to 337 thousand euros, referring exclusively to the renovation and safety project of some production departments of the Lainate site, which ended at the end of 2021.

The **operating loss** for 2022 was equal to 10,579 thousand euros (-13.8% of revenue), down compared to 6,681 thousand euros (-9.6% of revenue) in the previous year. Excluding both the positive exchange rate effect (equal to +899 thousand euros) and the merger effect⁹⁷ (negative in the amount of 136 thousand euros), the organic change is equal to -4,662 thousand euros. Also excluding non-recurring

⁹⁷ Merger into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) on 22 December 2022, backdated to 1 January 2022 for accounting and tax purposes only.

items relating to both 2022 (costs for the settlement of rights accrued to the heirs of a key employee of the Company, equal to 1,890 thousand euros; consultancy costs for preliminary assessments relating to the sale of the Medical Nitinol business, equal to 2,078 thousand euros) and 2021 (1,100 thousand euros for the cancellation of an advance for a potential equity investment not made in the packaging business), the operating profit would have decreased organically by -1,794 thousand euros. Net of non-recurring costs, the performances of the Industrial, Medical and Packaging Divisions would have been substantially in line with those of 2021. On the other hand, the High Vacuum Division improved. Operating costs increased (personnel expense due to the increase in the average workforce, consultancy and marketing costs linked to the launch of the new B!POD project, as well as, with lower amounts, travel, energy and insurance coverage expenses). Finally, in the current year the item “Other expenses” includes donations to support Ukraine equal to 100 thousand euros.

The following table shows **operating profit** for 2022 **by Division**, compared with the previous year.

(thousand of euro)					<i>of which:</i>
Divisions	2022	2021	Total Difference	Total Difference %	Merger Effect
SAES Industrial	9,464	11,598	(2,134)	-18.4%	0
SAES High Vacuum	7,829	5,480	2,349	42.9%	0
SAES Medical Nitinol	(2,268)	(256)	(2,012)	-785.9%	0
SAES Chemicals	809	2,631	(1,822)	-69.3%	0
SAES Packaging	(1,142)	(2,595)	1,453	56.0%	0
Not Allocated	(25,271)	(23,538)	(1,733)	-7.4%	(136)
Operating profit	(10,579)	(6,681)	(3,898)	-58.3%	(136)
<i>% Gross profit margin</i>	<i>-13.8%</i>	<i>-9.6%</i>			<i>n.a.</i>

The operating profit of the **Industrial Division** amounted to 9,464 thousand euros in 2022, compared to 11,598 thousand euros in 2021: the decrease is exclusively attributable to non-recurring selling expenses following the settlement of the rights accrued to the heirs of a key employee of the Company (1,890 thousand euros).

The operating profit of the **High Vacuum Division** amounted to 7,829 thousand euros, a sharp increase compared to 5,480 thousand euros in the previous year (+42.9%). The strong increase is entirely due to the increase in revenue and gross profit.

The operating loss of the **Medical Nitinol Division** was equal to 2,268 thousand euros, compared to 256 thousand euros in 2021 due to non-recurring consultancy expenses for preliminary assessments for the sale of the business, equal to 2,078 thousand euros, which adversely affected 2022.

The operating profit of the **Chemicals Division** amounted to 809 thousand euros, compared to 2,631 thousand euros in the previous year, due to the reduction in gross profit margins and higher selling expenses (higher personnel expense and consultancy costs for scouting activities).

The operating loss of the **Packaging Division** was 1,142 thousand euros, an improvement compared to 2,595 thousand euros in the previous year, which was impacted by the cancellation of the advance of 1,100 thousand euros for a potential investment which was then postponed.

The **Not Allocated** operating loss, equal to 25,271 thousand euros, against -23,538 thousand euros in 2021, and which in both years includes not only corporate costs, i.e. those expenses that cannot be

directly attributed or allocated in a reasonable way to the business sectors, but that refer to the Company as a whole, but also the costs related to the basic research projects, aimed at diversifying into innovative businesses. The worsening is mainly attributable to the higher consultancy costs, also relating to the B!POD project, costs for insurance coverage and IT projects.

Finally, in the current year the item "Other expenses" includes donations to support Ukraine for a total of 100 thousand euros.

Operating costs were 47,137 thousand euros (61.6% of revenue), compared to 38,897 thousand euros (55.9% of revenue) in the previous year.

Research and development expenses amounted to 9,310 thousand euros, up compared to 8,606 thousand euros in 2021 due to a slight increase in the costs of personnel employed in research at the Company, as well as expenses related to the restructuring of the laboratories of Lainate and higher costs for energy and gas.

Selling expenses⁹⁸ recorded an increase of 4,354 thousand euros. This growth is due to costs for the settlement of the rights accrued to the heirs of a key employee of the Company, higher consulting and marketing costs related to the launch of the B!POD and RedZone projects, travel expenses and commissions on the sales of SMA wire for industrial application.

General and administrative expenses increased by 3,099 thousand euros, due to non-recurring consultancy expenses for preliminary assessments for the sale of the Medical Nitinol business, amounting to 2,078 thousand euros, costs for salary increases and higher variable remuneration linked to good performance, as well as higher costs for insurance coverage and IT projects.

The profit for the year takes into account the **depreciation of property, plant and equipment** and the amortisation of **intangible assets** and **right-of-use assets** for 5,581 thousand euros, compared to 5,130 thousand euros in the previous year; the increase is a result of the refurbishment of the laboratories and some areas for office use, in addition to the entry into operation of the new emulsification pilot plant and the depreciation/amortisation relating to the B!POD project.

EBITDA was equal to -4,903 thousand euros in 2022 (-6.4% of revenue), down compared to -1,550 thousand euros in 2021 (-2.2% of revenue). Net of the positive exchange rate effect (+899 thousand euros), the merger effect⁹⁹ (-127 thousand euros) and the non-recurring costs of both years (in 2022: costs for settlement of the rights accrued to the heirs of a key employee of the Parent Company, equal to 1,890 thousand euros; consultancy costs for preliminary assessments relating to the sale of the Medical Nitinol business, equal to 2,223 thousand euros; the donation to Ukraine, equal to 100 thousand euros; in 2021: 1,100 thousand euros for the cancellation of an advance for a potential equity investment not made in the packaging business), the change in EBITDA would have been negative for -1,157 thousand euros.

The table below shows the **reconciliation of EBITDA and operating profit** in 2022, together with a comparison with last year.

⁹⁸ Inclusive of Impairment losses on trade receivables (-97 thousand euros in 2022, compared to -13 thousand euros in 2021).

⁹⁹ Merger into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) on 22 December 2022, backdated to 1 January 2022 for accounting and tax purposes only.

(thousand of euro)

	2022	2021	Total Difference	Total Difference %	of which: Merger Effect
Operating profit	(10,579)	(6,681)	(3,898)	-58.3%	(136)
Depreciation of property, plant and equipment and amortisation of intangible assets	(4,802)	(4,342)	(460)	-10.6%	0
Depreciation of right-of-use assets	(779)	(789)	10	1.3%	(9)
Impairment losses on property, plant and equipment and intangible assets	(95)	0	(95)	n.a.	0
EBITDA	(4,903)	(1,550)	(3,353)	-216.3%	(127)
% of revenue	-6.4%	-2.2%			n.a.

Net **other income** amounted to 2,765 thousand euros, up compared to 2021 (1,420 thousand euros). The positive change, for 1,345 thousand euros, is mainly attributable to the cost in the previous year (-1,100 thousand euros) related to the cancellation of the advance for a potential non-controlling investment in the packaging business, subsequently suspended due to a change in strategy.

The amount for 2022 includes the cost for donations to support Ukraine, equal to 100 thousand euros (70 thousand euros given to a local volunteer network in connection with the Ukrainian Embassy in Italy and 30 thousand euros assigned to an Italian refugee assistance organisation). In both years, the item "other income" includes the amounts related to the tax credit of the Company on R&D expenses¹⁰⁰ (+413 thousand euros¹⁰¹ pertaining to 2022, compared to +454 thousand euros¹⁰² pertaining to the previous year).

Dividends, net financial income (expense) and net exchange gains (losses) on totalled 28,625 thousand euros in 2022, compared to 8,461 thousand euros in the previous year. The increase in dividends, equal to 20,188 thousand euros compared to the previous year, is mainly due to the merger effect, as following the merger of the wholly-owned subsidiary SAES International S.r.l. into SAES Getters S.p.A., the Company benefited from dividends paid by Memry Corporation and SAES Smart Materials, Inc. for a total of 23,651 thousand euros, as detailed in Note No. 6. In 2022, the Company impaired equity investments and cash pooling assets and other financial assets for a total of 13,687 thousand euros, as described in more detail in Note No. 6, while in 2021 the Company impaired equity investments and made provisions for risks on equity investments for a total of 9,084 thousand euros and recognised expected losses on cash and cash equivalents in application of IFRS 9 equal to 4 thousand euros.

2022 therefore closed with a **pre-tax profit** of 4,359 thousand euros, up compared to a pre-tax loss of 7,304 thousand euros in the previous year. The improvement is a consequence of the higher dividends received from the subsidiaries Memry Corporation and SAES Smart Materials, Inc.

Income taxes for the year amounted to 1,423 thousand euros against 987 thousand euros in 2021.

The company therefore closed 2022 with a **profit for the year** of 2,936 thousand euros against a loss of -8,292 thousand euros in 2021, thanks to higher dividends received.

Financial position – Investments – Other information

Details of the items that make up the net financial position are shown below (for the schedule with 2021 "pro forma" figures, reference is made to the paragraph "Alternative performance indicators – Net Financial Position (NFP)" of this Report.)

¹⁰⁰ Law No. 160 of 27 December 2019, par. 198 to 209 (2020 Budget Law).

¹⁰¹ In addition to the income of 413 thousand of euro, in 2022 an expense of 12 thousand euros was also recognised, as an adjustment to the amount recognised in 2021.

¹⁰² Income equal to 454 thousand euros and expense equal to 29 thousand euros, to balance the amount recognised in 2020.

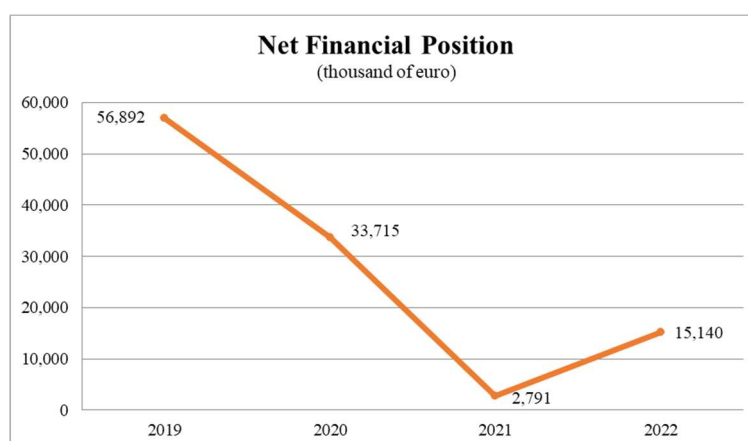
(thousand of euro)

	December 31, 2022	December 31, 2021	Total Difference
Cash	2	2	(0)
Cash equivalents	5,542	5,089	453
Cash and cash equivalents	5,543	5,091	453
Financial assets with related parties*	49,378	51,260	(1,882)
Securities	28,315	30,242	(1,927)
Derivative financial instruments	259	9	250
Other current financial assets	0	0	0
Current financial assets	77,952	81,511	(3,559)
Bank loans and borrowings	(62,658)	(62,032)	(626)
Current portion of non-current liabilities	0	0	0
Derivative financial instruments	0	0	0
Other financial liabilities with related parties*	(6,088)	(20,417)	14,329
Other financial liabilities with third parties	0	(4)	4
Lease liabilities	(782)	(723)	(60)
Current financial liabilities	(69,528)	(83,176)	13,648
Current financial position	13,967	3,426	10,541
Financial assets with related parties	0	49	(49)
Securities	0	0	0
Other financial assets with third parties	0	1,424	(1,424)
Non-current financial assets with related parties	3,207	0	3,207
Non-current financial assets **	0	0	0
Non-current financial assets	3,207	1,473	1,734
Financial liabilities	0	0	0
Other financial liabilities	(462)	0	(462)
Lease liabilities	(1,572)	(2,107)	535
Non-current financial indebtedness **	(2,034)	(2,107)	73
Non-current net financial position (indebtedness)	1,173	(634)	1,807
Net financial position	15,140	2,791	12,348

* It includes current liabilities and assets versus subsidiaries and related companies

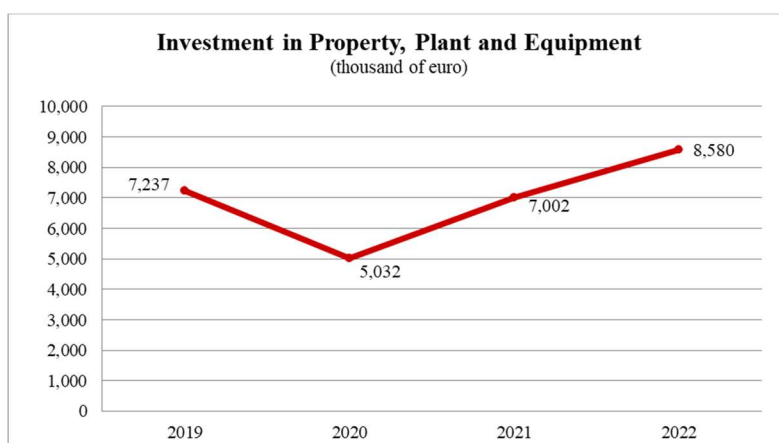
** It includes non current financial assets from subsidiaries and related companies

The Net Financial Position figure does not coincide with the Total Financial indebtedness figure, which was prepared in accordance with the indications contained in paragraphs 175 and following of the ESMA Guidelines of March 4, 2021. For the reconciliation of the two figures, see the paragraph “Alternative performance indicators – Net Financial Position (NFP)” of this Report.



The **net financial position** at December 31, 2022 was 15,140 thousand euros, up sharply compared to 2,791 thousand euros at the previous year end. This increase is mainly due to the higher dividends received from the subsidiaries Memry Corporation and SAES Smart Materials, Inc. (totalling 23,651 thousand euros).

Investments in property, plant and equipment amounted to 8,580 thousand euros, up compared to 2021 (7,002 thousand euros). The main investments refer to the purchase of equipment for High Vacuum and SMA Industrial productions, and for those related to the new B!POD project. Investments were also made for the renovation and modernisation of the corporate labs in Lainate, as well as the purchase of the emulsification pilot plant and other specific instrumentation for the R&D laboratories.



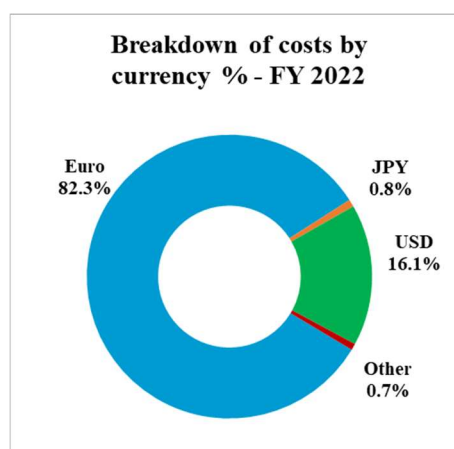
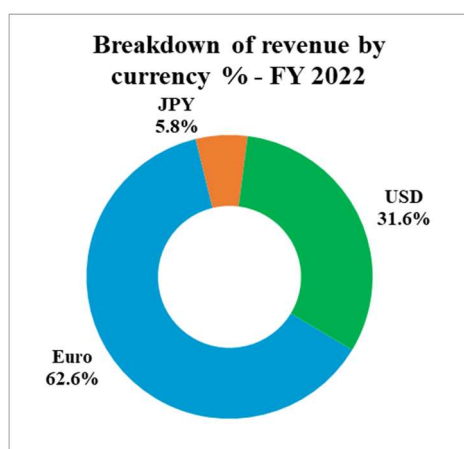
The cash outflows for investments in equity investments amounted to 4,750 thousand euros (**acquisition** on May 25, 2022 of **an additional 51% of the quota capital of SAES RIAL Vacuum S.r.l.**, of which it previously held 49%) while in 2021 they totalled 19,247 thousand euros, as a result of the cash outflow for the acquisition of Strumenti Scientifici Cinel S.r.l.

In 2022, dividends of -8,530 thousand euros were paid (-7,440 thousand euros in 2021).

For further details on the *capex* of the year, please refer to Notes No. 9 and 10.

Revenue and costs by currency

The **breakdown of revenue and costs** (cost of sales and operating costs) **by currency** is provided below:



Financial statements ratios

The following table shows the main **financial statements ratios**.

Ratios		2022	2021	2021 Pro forma
Pre-tax profit (loss)/Revenue	%	5.7	(10.5)	10.1
Profit (loss) from continuing operations/Revenue	%	3.8	(11.9)	7.5
Research & development expenses/Revenue	%	12.2	12.4	12.4
Depreciation of property, plant and equipment/Revenue	%	6.1	6.0	6.0
Cash flow from (used by) operating activities/Revenue	%	(12.0)	(7.8)	(9.0)
Income taxes/Pre-tax profit (loss)	%	32.7	(13.5)	25.8
Revenue/average number of staff	thousand of euro	170.1	162.0	161.6
Accumulated depreciation/Property, plant and equipment	%	73.7	74.8	74.8

Performance of subsidiaries in 2022

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

In the current year, SAES Getters/U.S.A., Inc, recorded consolidated revenue of 37,745 thousand dollars (35,845 thousand euros, at the average exchange rate for 2022), against 35,780 thousand dollars (30,253 thousand euros, at the average exchange rate for 2021) in the previous year. The consolidated profit amounted to 7,065 thousand dollars (6,709 thousand euros), against 6,929 thousand dollars in 2021 (5,859 thousand euros).

Further notes are provided below.

The US parent **SAES Getters/U.S.A., Inc.**, Colorado Springs, CO (USA), which operates primarily in the Industrial Division, particularly in security and defence, closed 2022 with revenue of 26,548 thousand dollars (25,212 thousand euros) compared to 25,650 thousand dollars (21,688 thousand euros) in 2021; this slight increase (+3.5%) is mainly concentrated in the security & defence segment (Industrial Division), thanks to continued government investment in the defence sector, as well as in the High Vacuum Division, thanks to the overcoming of the pandemic crisis and the return to business of universities and research centres.

The company made a profit of 7,065 thousand dollars (or 6,709 thousand euros), up 2% compared to a profit of 6,929 thousand dollars (or 5,859 thousand euros) in 2021, due to increased revenue and gross profit, despite higher general and administrative expenses (in particular, increased personnel expense and insurance policy costs).

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Sintered Materials Business (Industrial Division), achieved revenue of 11,197 thousand dollars (10,634 thousand euros) in 2022, compared to 10,130 thousand dollars (8,565 thousand euros) in the previous year; this growth (+10.5%) is a result of increased sales of electron-emitting cathodes in the various applications of defence, telecommunications, scientific research and healthcare, due to increased market demand and domestic production capacity.

The company closed 2022 with a profit of 1,310 thousand dollars (1,244 thousand euros), up (+16.1%) compared to 1,128 thousand dollars (954 thousand euros) in 2021, mainly as a result of the increase in revenue and the substantial maintenance of industrial profit margins, despite the physiological increase in operating costs (mainly, increase in general and administrative expenses as a result of higher bonus allocations, against the increase in results).

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

The company operates with the objective of managing the exports of all the SAES Group's US companies.

It made a profit of 4,951 thousand dollars (4,702 thousand euros) in 2022, up 52.9% from the previous year (3,238 thousand dollars, or 2,738 thousand euros) due to higher commissions received mainly by the US companies active in the Medical Nitinol business, as a result of the post-Covid resumption of deferrable hospital surgeries and the need to recover deferred surgeries, together with physiological market growth.

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

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

SAES Getters (Nanjing) Co., Ltd. ended 2022 with revenue of 19,370 thousand of RMB (2,736 thousand euros), down from 21,196 thousand of RMB (2,779 thousand euros) in the previous year, which was adversely affected by both the structural decline in the fluorescent lamp market and the "zero-Covid" policy adopted by China, which led to prolonged lockdowns in many areas of China.

The decline in revenue was offset by a more favourable sales mix, and as a result of this, financial year 2022 closed with a profit (2,469 thousand RMB, or 349 thousand euros) broadly in line with 2021 (2,492 thousand RMB, or 327 thousand euros).

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

The corporate purpose of the company is to design, manufacture and sell shape memory alloy instruments and actuators, getters and any other equipment for creating high vacuum, either directly or by means of interests and investments in other companies. In order to pursue its corporate purpose, in July 2011 the company established the joint venture Actuator Solutions GmbH.

SAES Nitinol S.r.l. closed the current year with a loss of 667 thousand euros (impairment loss of 600 thousand euros on the equity investment in Actuator Solutions GmbH to zero following the two capital increases made in the fourth quarter of 2022 in favour of the joint venture to ensure its operational continuity and enable it to pursue its ongoing development projects, as well as advisory and legal costs related to accounting and tax compliance), compared with a profit of 226 thousand euros in the previous year (a positive result as a consequence of the release of the residual risk provision¹⁰³ of 300 thousand euros recorded on the equity investment in Actuator Solutions GmbH following the improvement in the financial situation of the joint venture).

The results for both years includes the impairment loss (160 thousand euros) on the financial asset corresponding to the interest income accrued on the loans granted to Actuator Solutions GmbH, which was fully impaired because it was deemed not recoverable.

Finally, SAES Nitinol S.r.l. waived, at the beginning of March 2022, a further portion of interest accrued on loans granted to the joint venture Actuator Solutions GmbH for a total amount of 300 thousand euros. This waiver, in addition to that of 500 thousand euros finalised in June 2021, had no effect on the results of the company at December 31, 2022, as the financial asset related to the interest-bearing loans (both principal and interest) had already been fully impaired, as it was judged difficult to recover.

¹⁰³ The provision for risks allocated at December 31, 2019, equal to a total of 600 thousand euros, had already been released for half of its amount (300 thousand euros) during the second half of 2020.

SAES INNOVATIVE PACKAGING S.r.l., Lainate, MI (Italy)

The corporate purpose of the company is to directly or indirectly acquire interests or holdings in the field of packaging and to scout for new technologies in the same field.

The company, which is currently non-operational, closed 2022 with a loss of -32 thousand euros (mainly consulting costs related to accounting and tax compliance), in line with the loss of -28 thousand euros in the previous year.

SAES COATED FILMS S.p.A. – Roncello, MB & Lainate¹⁰⁴, 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 characterised by transparency, recyclability or compostability, and therefore with a low environmental impact.

SAES Coated Films S.p.A. established a Branch in Freiburg (Germany) in March 2021, with the aim of improving its presence in strategic markets, in order to boost new business opportunities.

In 2022, SAES Coated Films S.p.A. achieved revenue of 10,641 thousand euros, almost double the 5,864 thousand euros in the previous year, due to the consolidation of the signs of growth already seen at the end of 2021 and the balancing of the commercial strategy, which has resulted in the more innovative proposals for sustainable packaging being complemented by alternative product offerings to established barrier technologies.

The increase in sales made it possible to achieve greater economies of scale and to close 2022 with a loss of -1,163 thousand euros, halved (-50.7%) compared to the loss of -2,359 thousand euros in the previous year.

STRUMENTI SCIENTIFICI CINEL S.r.l. – Vigonza, PD (Italy)

Strumenti Scientifici Cinel S.r.l., based in the province of Padua, is a consolidated international player in the sector of components and scientific instrumentation for synchrotrons and particle accelerators.

The entire quota capital of the company was acquired by the Company on July 7, 2021, with the aim of strengthening SAES’s competitive position in the vacuum sector by expanding its all-Italian, state-of-the-art product offering for particle accelerators and synchrotrons on a global scale.

In 2022, Strumenti Scientifici Cinel S.r.l. achieved revenue of 5,866 thousand euros and profit of 314 thousand euros, both of which were adversely affected by the company’s difficulties in procuring raw materials and other key components for production activities. In the previous year, from the date of acquisition (beginning of July 2021) to December 31, 2021, Strumenti Scientifici Cinel S.r.l. had recorded revenue of 1,895 thousand euros and a loss of -182 thousand euros.

Finally, Strumenti Scientifici Cinel S.r.l. was included in the scope of the national tax consolidation, with retrospective effect from January 1, 2022.

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

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, jointly controlled by SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%).

On May 25, 2022, SAES Getters S.p.A., finalised the acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l., of which it already held 49%, with the aim of consolidating its

¹⁰⁴ Local unit in Lainate, at the headquarters of the Company.

leadership in the advanced scientific research market, making the most of the synergies with the other companies of the SAES Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. that was acquired in July 2021. As of that date, SAES RIAL Vacuum S.r.l. is a wholly owned subsidiary of the Company and, therefore, fully consolidated, rather than using the equity method, which was used previously.

In the period May 25 - December 31, 2022, SAES RIAL Vacuum S.r.l. achieved revenue of 3,974 thousand euros and profit of 136 thousand euros; similarly to Strumenti Scientifici Cinel S.r.l., SAES RIAL Vacuum S.r.l. also encountered some difficulties in the procurement of electronic components, which slowed down production activities.

SAES INVESTMENTS S.A., Luxembourg (Luxembourg)

SAES Investments S.A., with registered office in Luxembourg, has as its object the management of the 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 2022 with a loss of -11,109 thousand euros, compared with a profit of 2,361 thousand euros in 2021; the loss for 2022 is mainly attributable to the reduction in the fair value of the securities in the portfolio, due to international tensions in the financial markets, which manifested especially in the first part of the year, also as a result of the conflict in Ukraine.

SAES GETTERS INTERNATIONAL S.r.l. – Milan, MI (Italy) – formerly SAES GETTERS INTERNATIONAL LUXEMBOURG S.A. – Luxembourg (Luxembourg)

The company, whose main purposes were the management and acquisition of equity investments, optimal liquidity management and the provision of intra-group financing, and whose registered office had been transferred from Luxembourg to Italy at the beginning of July 2022, merged into SAES Getters S.p.A. on December 22, 2022. The merger is the natural completion of the previous transfer of the registered office to Italy and makes it possible to shorten the chain of control of the Company, reducing its number of legal entities and the resulting administrative costs.

Following the merger into the Company, the equity investments in the following companies are now held directly by SAES Getters S.p.A.:

- Memry Corporation (now 100% owned by SAES Getters S.p.A.);
- SAES Smart Materials, Inc. (now 100% owned by SAES Getters S.p.A.);
- SAES Getters Korea Corporation in liquidation (a company formerly 62.52% owned by SAES Getters International S.r.l., with the remaining equity held directly by the Company; now 100% owned by SAES Getters S.p.A.);
- Flexterra, Inc. (joint venture, in which SAES Getters S.p.A. holds a 46.84% interest).

MEMRY CORPORATION – Bethel, CT (USA)

Memry Corporation is a technology leader in next-generation, highly engineered medical devices made of Nitinol shape memory alloy.

The company, which already owned a German branch in Freiburg, set up a second branch in Italy on January 24, 2022, based in Lainate, with the aim of encouraging the commercial expansion of Memry Corporation on the European market.

The company achieved revenue of 119,038 thousand dollars (113,047 thousand euros), up 25.1% from 95,119 thousand dollars (80,426 thousand euros) in 2021, due to the resumption of deferred hospital operations, the need to recover deferred operations and the related restocking actions, together with the physiological growth of the market. The increase in revenue and related economies of scale, as well as the gradual improvement in the production yield of the new tube

department, enabled the company to close 2022 with a profit of 28,207 thousand dollars (26,788 thousand euros), up 58% from 17,848 thousand dollars (15,091 thousand euros) in the previous year, despite the physiological increase in operating expenses (in particular, higher bonus allocations and higher consulting costs related to the establishment of the Italian Branch, as well as higher export fees paid to the subsidiary SAES Getters Export, Corp.).

SAES SMART MATERIALS, INC. – New Hartford, NY (USA)

SAES Smart Materials, Inc. is active in the development, production and sale of semi-finished Nitinol products.

The company achieved revenue of 21,377 thousand dollars (20,301 thousand euros) in 2022, up 15% from 18,585 thousand dollars (15,714 thousand euros) in 2021, due to post-Covid recovery and the gradual elimination of the delays accumulated during the acute phase of the pandemic due to the deferral of elective therapies. Increased revenue and the related economies of scale, only partially offset by higher operating expenses (higher bonus allocations as a result of business recovery and higher commissions on foreign sales paid to the subsidiary SAES Getters Export, Corp, as well as impairment costs and consulting costs related to the building expansion work), enabled the company to close 2022 with a profit of 5,274 thousand dollars (5,008 thousand euros), up 41.8% from 3,718 thousand dollars (3,144 thousand euros) in 2021.

SAES Getters KOREA CORPORATION in liquidation – Seoul (South Korea)

SAES Getters Korea Corporation, which has operated as a distributor in the Korean territory of products made by the other Group companies, was put into liquidation in September 2022 and its business operations will be assigned to local Korean agents and distributors.

In 2022, the company reported revenue of 2,287 million KRW (1,684 thousand euros), up (+9.7%) from 2,085 million KRW (1,540 thousand euros) in the previous year, due to higher sales in the high vacuum systems segment.

The company closed 2022 with a profit of +60 million KRW (+44 thousand euros), compared with a loss of -288 million KRW (-213 thousand euros) in 2021: the increase in sales was offset by a less favourable sales mix, with essentially no effect on the gross result, while the better results were mainly attributable to the income (1,021 million KRW, or 752 thousand euros) recognised by the Korean subsidiary following the waiver of intragroup financial assets by SAES Getters S.p.A, only partially offset by costs related to the liquidation (650 million f KRW, or 479 thousand euros, consisting mainly of personnel severance costs and legal fees).

Performance of the joint ventures in 2022

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

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, initially jointly owned by SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%).

On May 25, 2022, SAES Getters S.p.A., finalised the acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l. (of which it already held 49%), with the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other

companies of the Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. that was acquired in July 2021.

As of that date, SAES RIAL Vacuum S.r.l. is a wholly owned subsidiary of the Company and is fully consolidated, instead of the equity method used previously.

The following table shows the statement of profit or loss of the joint venture from January 1 to May 25, 2022.

(thousand of euro)

SAES RIAL Vacuum S.r.l.	January 1 - May 25, 2022	2021
	100%	100%
Revenue	2,916	6,961
Cost of sales	(2,176)	(5,789)
Gross profit	740	1,172
<i>% on revenue</i>	25.4%	16.8%
Total operating costs	(265)	(683)
Net other income	16	104
Operating profit	491	593
<i>% on revenue</i>	16.8%	8.5%
Net financial expenses	(10)	(30)
Net exchange losses	(6)	(9)
Income taxes	(133)	(146)
Profit for the year	342	408

On February 28, 2022, prior to the completion of the purchase of the entire quota capital by the Company, SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loans granted by the two quotaholders, SAES Getters S.p.A. (principal equal to 49 thousand euros) and Rodofil S.r.l. (principal equal to 51 thousand euros).

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 International S.r.l., acquired by SAES Getters S.p.A. in December 2022, during the third quarter of 2021, saw its interest in Flexterra, Inc. increase from 46.73% to 46.84%, following the company's repurchase, for a symbolic value, of the shares previously owned by two small shareholders.

During 2022, Flexterra continued its **innovation activities** on organic semi-conducting and dielectric materials, focusing mainly on the development of formulations of dielectric materials with high thermal stability for implementation in amorphous silicon-based thin film transistors (TFTs), to be used for the construction of backplanes used for the control of liquid crystal displays (LCD).

The initiative to cut operating costs, launched at the end of 2021 with the aim of reducing financial requirements without compromising development projects, made it possible to close 2022 with a **consolidated operating loss** of -3,096 thousand euros, significantly lower than the operating loss of 2021, equal to -3,875 thousand euros, despite the penalising effect on operating costs of the appreciation of the dollar (mainly, lower costs for employees and for materials used in research and development, as well as lower consultancy costs).

The company closed 2022 with a **loss for the year** of -4,111 thousand euros, in line with the loss of -4,099 thousand euros in the previous year; the aforementioned reduction in operating costs was

largely offset by the higher interest accrued on convertible loans granted to the joint venture by the Company¹⁰⁵ and by the exchange losses of the subsidiary Flexterra Taiwan Co., Ltd.

(thousand of euro)

Flexterra	2022	2021
	100%	100%
Revenue	0	5
Cost of sales	(81)	8
Gross profit (loss)	(81)	13
% on revenue	n.a.	260.0%
Total operating costs	(3,024)	(3,911)
Net other income	9	23
Operating loss	(3,096)	(3,875)
% on revenue	n.a.	n.a.
Net financial expenses	(441)	(267)
Net exchange gains (losses)	(610)	69
Income taxes	36	(26)
Loss for the year	(4,111)	(4,099)

On June 3, 2022, a new investor, external to the Company, took out a convertible loan in favour of the Flexterra, Inc. joint venture for 1 million dollars. The characteristics of this loan are in line with those of the previous convertible notes underwritten by SAES (interest rate equal to 8%).

On December 7, 2022, against the emergence of new and interesting business opportunities for the advanced materials developed by Flexterra, the Board of Directors of SAES resolved to disburse to the joint venture an additional convertible loan for a total of 1 million dollars, with the same characteristics as the two previously granted (July 2020 and August 2021) totalling 5 million dollars. The loan, maturing on December 31, 2023 and on which interest of 8% will accrue, is divided into four tranches of equal value, the first of which paid at the beginning of 2023 upon signing of the updated agreement; the second, to be paid by the end of April 2023, is subject to the positive assessment by SAES of an updated business plan of the joint venture; the subsequent two tranches will be paid respectively by the end of July and by the end of October 2023, upon achievement of specific commercial objectives. The agreement also establishes the alignment of the maturity date of the previous 5 million dollars convertible loan with that of the new loan (December 31, 2023).

Flexterra will receive from a third party a loan similar to that granted by SAES for a total of 400 thousand dollars.

The amount of the first tranche (equal to 250 thousand dollars, corresponding to 234 thousand euros), constitutes an irrevocable commitment for the Company in relation to the agreements signed and was accounted for as an onerous contract as at December 31, 2022 because, despite the aforementioned new business opportunities for Flexterra, there remains uncertainty as to the timing of the commercial success of the new initiatives. Therefore, a current provision for risks has been recognised in the financial statements of the Company, with a balancing entry under financial expense.

For similar reasons relating to business uncertainty, the financial asset related to the interest accrued in 2022 on the convertible loans granted to the joint venture in the two previous years was impaired (impairment loss of 379 thousand euros).

At December 31, 2021, the impairment losses instead referred to the financial asset both related to the interest accrued during the year on the convertible loan granted in mid-2020 (equal to 215 thousand euros), and corresponding to the second convertible loan (in total 1,769 thousand euros, of which 1,734 thousand euros principal and 35 thousand euros interest) disbursed in the second half of 2021.

¹⁰⁵ A second convertible loan, for a total amount of 2 million dollars, was granted during the second half of 2021, in addition to the first loan of 3 million dollars, granted in July 2020.

Research, Development and Innovation

Research and development expenses for 2022 amounted to a total of 9,310 thousand euros (12.2% of revenue), a slight increase in absolute value, but down slightly as a percentage of revenue, with those of 2021 (8,606 thousand euros, equal to 12.4% of revenue).

The first part of 2022 saw the completion of the restructuring of the entire **GROUP RESEARCH LABS** area and the implementation of some important actions, such as the digitalisation of laboratory notebooks for a continuous and functional sharing of the knowledge developed. In this context, the radical development activities carried out by the *Group Research Labs* mainly concerned Applied Research and Experimental Development projects for the **Specialty Zeolites, Beads & Capsules, Packaging Solutions, Getter Dispensable Solutions** and **Innovative Alloys technology platforms**. The results obtained made it possible to consolidate the presence of SAES in the *chemicals sector*, both through the active participation in three different international conferences, and through the organisation of a national workshop on Functional Additives held in October at the site in Lainate, which was sponsored by two important sector organisations, namely the Italian Chemical Society (SCI) and the National Inter-university Consortium for Science and Technology of Materials (INSTM), and attended by around ninety participants, including companies active in the chemicals sector and academic groups of national importance.

As regards specific platforms, the continuous *development of Specialty Zeolites* concerned three research lines focused respectively on zeolites with bactericidal and virucidal properties (ZeoAid®), zeolites with optically active markers properties and zeolites for cosmetics.

With regard to **ZeoAid**, the standardisation of the process of preparation and integration of these zeolites in different product configurations, such as coatings, liquid dispersions and thermoplastic systems that can be processed by 3D printing, was completed. These approaches were also used to prepare samples suitable for carrying out validation tests, both according to ISO 22196: 2011 and US EPA regulations. In 2022, the patent application was also published, in order to obtain protection for SAES for this new class of zeolites.

With regard to **optically active markers**, the development of zeolites able to ensure the tracking of polymeric formulations, both natural and of fossil origin, was completed, exploiting the photoluminescence optical properties of a new zeolite. Numerous polymeric formulations were explored in order to expand the possible application areas and, in the second half of 2022, two new patent applications were submitted to claim the developed systems. One of the two applications was filed jointly with an important manufacturer of compostable formulations, partner of a project in collaboration with SAES.

In the second half of 2022, a test phase on **special zeolites for cosmetics** was also launched, which represents a new application area for this platform of innovative materials of SAES. Zeolites with specific structuring characteristics and with adequate surface properties have been used for the formulation of new cosmetic products currently being evaluated by an important player in the sector.

With regard to the development of lacquers with oxygen barrier properties, a significant optimisation of the oxygen barrier lacquer was obtained to reduce the defect of metal corrosion activation in lacquered and metallised films, expanding the possibilities of application. In this context, the signing of a collaboration project with an important converter for the development of new flexible packaging structures for pasteurisation and sterilisation processes is being finalised.

In parallel, a new project has been launched for the development of a primer capable of guaranteeing adhesion and interface properties suitable for the application of aluminium oxide on a wide range of substrates, extending in particular its applicability to polymeric substrates such as bi-oriented polypropylene, mono-oriented polyethylene and compostable substrates. The project is at an advanced stage of development and will be completed in 2023.

With regard to SAES's commitment to green chemistry approaches and support for the circular economy, the development activities of the Group Research Labs continue as part of the European project "Ecofishent" (www.cordis.europa.eu/project/id/101036428) funded by the European Commission Horizon 2020 programme in the area of "Climate action, Environment, Resource Efficiency and Raw Materials". The main objective of this project is the development of biodegradable and compostable flexible packaging structures through the recycling of bioactive materials deriving from fish processing side-streams.

With regard to **Dispensable Getter Solutions**, in 2022 the development of a dispensable getter with reversible absorption properties for application in photonic and telecommunication devices was carried out. The use of zeolite technology has made it possible to obtain higher absorption performance than in products already on the market, enabling the integration of this technology in the packaging of electronic devices through the functionalisation of metal supports (lid).

The **joint venture Flexterra** continued its innovation activities on organic semi-conducting and dielectric materials, focusing mainly on the development of formulations of dielectric materials with high thermal stability for implementation in amorphous silicon-based thin film transistors (TFTs), to be used for the construction of backplanes used for the control of liquid crystal displays (LCD). Development activities also concerned the scale-up of a new polymer to be used in integrated circuit manufacturing processes (IC packaging) in collaboration with a Korean company. Finally, a new project was recently launched for the manufacture of an 8-bit microprocessor to be used as a demonstrator based on organic thin-film transistors developed by Flexterra.

In the field of **Innovative Alloys**, in 2022 the study of a new getter alloy to be used in NEG pumps in the field of nuclear fusion research was started and an in-depth activity was carried out on ternary alloys to evaluate their use in the development of new porous getters.

With regard to SMA development activities, a consolidation and improvement activity was carried out on the melting process to reduce micro-inclusions in the production of high fatigue performance SMA alloy wires for industrial applications.

Experimentation and fine-tuning of the conversion processes of the Clean Melt material also continued to further improve its fatigue resistance, achieving Super Clean Melt performances (fatigue performance 100X vs std) for the production of SMA alloy wires for industrial applications.

In the field of thermostatic applications, the use of SMA alloy in pure torsion was developed, also patenting a torsional actuator capable of performing thermostatic functions with reduced cost impact.

The activities of the **STRATEGIC INNOVATION OFFICE** focused on several fronts of the innovation plan, which aims to fuel business growth and accelerate the creation of value.

The **Design House**, as part of the B!POD project, has completed the development of the first SAES B-to-C product. The launch was carried out in April 2022 with an event and a sales stand at Eataly Milan and with the presale on a proprietary e-commerce channel. The actual sale, again on the aforementioned channel, began in June 2022. A new commercial launch is planned in London in 2023. Also in relation to the B!POD project, the creation of an innovative flexible compostable vacuum packaging is at an advanced stage of development. Sales are expected to start in summer 2023. Finally, in the last part of the year, the Design House launched a development project for a new B-to-C product.

All the preparatory activities for the launch of RedZone have been completed, the **programme of interaction with** start-ups where SAES will act as both a technological and industrial partner, evaluating the technical opportunity and supporting the start-ups in the technological development

of a product/valid solution, which responds to a clear market need. The laboratory to which the start-ups will have access has been completed and is operational. The website www.redzonebysaes.com is officially online, as is the related LinkedIn channel www.linkedin.com/company/redzonebysaes. The first RedZone call was officially opened at the end of July. The five themes for the first *call for start-ups* were *cosmetics, packaging, bio-materials, sensors and functional additives*. The closing of the call was extended to October 23. Activities in the Lainate open labs are expected to commence by February 2023. A new call for start-ups is expected to be opened in March/April 2023.

With regard to the **search for new strategic and technological directions**, following the launch of the Venture Assessment Tool, the new process for managing the analysis of potential collaboration, partnership or M&A opportunities with start-ups, spin-offs and SMEs, the inbound (pre-selection) and the skim (i.e., the first level of analysis) of several opportunities has been carried out, a couple of which should soon be brought to the first go/no go gate.

Finally, **systematic analysis of social and technological mega-trends and new emerging trends** continues, to select future SAES innovation trajectories, so that they are as consistent as possible with the expected evolution at a global level. In particular, the systematic analysis of the opportunities for the Chemicals Division in the area of cosmetics continues and three other application areas of potential interest have been identified, to be explored.

Lastly, all research and development costs incurred by the Company during the year were charged directly to profit or loss, as they did not meet the requirements for capitalization.

Impact of the conflict in Ukraine

The Company's **direct exposure** in Russia, Ukraine and Belarus is marginal. Financial year 2022 revenue in Russia was immaterial, while there were no sales in Ukraine and Belarus, confirming the irrelevance of these markets.

Furthermore, the Company has no suppliers from these countries and has in any case decided to cautiously suspend all commercial activities towards Russia¹⁰⁶.

In 2022, only some **indirect effects** of the conflict were reported, relating to the energy impact and on the supply chains, which led to an increase in some costs. In particular, **energy costs** in the Italian plants increased and the **prices of some raw materials** used by the Company (for example, nickel and argon) increased temporarily due to shortages on the international markets; these increases were, in part, transferred to the price agreed with the customer.

The aforementioned pressures on the prices of raw materials and energy did not however have a material impact on the profitability at December 31, 2022 since the increase in cost was in any case not significant on the total cost of sales.

The only significant indirect effect for the Company of the Russian-Ukrainian crisis on the current year was the instability on the international financial markets which, in turn, led to the negative performance on the **securities** held by the Company (-1.1 million euro) .

Finally, we inform you that the Company has **donated the amount of 100 thousand euros to support Ukraine**. Specifically, 70 thousand euros were given to a local volunteer network, in connection with the Ukrainian Embassy in Italy, while the remainder was assigned to an Italian refugee assistance organisation.

¹⁰⁶ The Company does not carry out any commercial activities with Belarus.

The unpredictable dynamics of the geopolitical, military and economic development of the Russian-Ukrainian crisis, combined with the complex interdependencies between the world's economies and supply chains, make it impossible for us to provide reliable estimates on the future impact of this crisis and the expected results of ordinary operations continue to be influenced by developments in the global macroeconomic context.

Company's main risks and uncertainties

Based on the requirements of Italian Legislative Decree 32/2007, a brief illustration of the main risks and uncertainties to which the Company is exposed is provided below, together with the main measures set in place to mitigate said risks and uncertainties.

Strategic risks

Industry risk

Some of the businesses in which the Company operates are particularly sensitive to the trends of macroeconomic indicators (GDP trend, level of consumer confidence, availability of cash and of public funding, etc.).

In particular, 2022 was a year of overall growth for the Company, while the persistence of inflation in Europe and the United States (although apparently in a slowdown phase) and fears of an upcoming recession led to a slowdown in consumption and growth in some markets in which the Company operates late in the year. The macroeconomic scenario and analysts' expectations remain uncertain for the short and medium term, also due to the continuation of geopolitical tensions and the conflict in Ukraine. In this regard, the central banks of the countries and geographical areas in which the Company operates play a key role, their decisions in terms of monetary policy potentially influencing the performance of certain reference markets. In general, however, a cautious optimism prevails in the short and medium term with respect to the ability of the international economy to continue on a path of growth (albeit reduced), avoiding the risk of a heavy recession (the so-called "hard landing"). With reference to the Company's business, the economic recovery took place mainly in the High Vacuum Division, driven by new projects in the field of particle accelerators and, in general, by the resumption of scientific investments at international level. Within the Industrial Division, growth mainly favoured the SMA Materials business, also thanks to the sustained demand for mobile and portable devices, as well as applications for the luxury market, while the Getters & Dispensers business was affected by the weak economic performance of the Chinese market (also due to the slowdowns resulting from the closures imposed locally to deal with the pandemic) and by the maturity of some outlet markets for getter solutions, characterised also by greater competitive pressure.

Another factor that may affect the Company is the presence of any embargoes and customs duties deriving from global trade tensions and from poor cooperation between national governments. In particular, also during 2022, sales of SMA wire (SMA Materials business, within the Industrial Division) for consumer electronics applications were slowed down (albeit up on the previous year) by the US-China trade war, the future developments and duration of which are still uncertain.

The Company responds to these risks by continuously monitoring the market and seeking to diversify its product range and target markets, investing in sectors that are less dependent on the economic cycle and political choices, as well as in sectors undergoing sustained technological development, and at the same time re-balancing and rationalising the structure of fixed costs, maintaining the departments (engineering, applied research etc.) required to ensure that production facilities can react quickly when ailing sectors show signs of recovery.

Another external factor that cannot be influenced by the Company is changing legislation in the countries in which it distributes its products or in those where the markets of its customers are located. Standards and the resulting operating practices are particularly relevant in the industrial lamp sector and in relation to the automotive business, whose markets are often affected by environmental requirements.

The Company seeks to mitigate the risks relating to changes in legislation by monitoring, where possible, legislative and macroeconomic trends and the offer of innovative products on reference markets or in markets that are complementary and/or functional to those in which the Company operates, also further down the production chain, by joining national and transnational associations, to anticipate the impact of any changes, maintaining its focus on the development of its products, to be able to innovate the range when needed and to anticipate sector trends. As mentioned above, the aim is also to react quickly by adapting the production structure through engineering functions.

Competition risk

The Company is typically involved in the phases at the start of the value and production chains of the sectors in which it operates (B2B or Business to Business), often as tier 2 or 3, and therefore generally does not sell to the end consumer. This reduces the Company's ability to anticipate or guide the trend of final demand of its products, which depends on the success or commercial skills of its customers. In recent years, aggressive competitors have emerged, for example in Asian markets, also in response to commercial tensions on international markets and changes in production chains as an indirect consequence of the pandemic, which act with strong price cutting policies aimed at the most price-sensitive and mature industries, with consequent risks of a reduction in margins. Furthermore, the competitive pressure for the Company has increased due to the completion of vertical integration transactions and/or partnerships by some direct competitors, as well as the entry into some relevant markets of financially solid private investors, with the possible development of aggressive sales policies.

To respond to these risks, the Company has adopted a number of strategies. In particular, it aims to differentiate itself in the market through the high quality and performance levels of its products as well as the formulation of integrated commercial proposals including sales activities, development at the customer's premises and after-sales assistance. In addition, where possible and in compliance with current legislation, long-term supply agreements and commercial partnerships are stipulated, orders that are significant in terms of amount and volumes are favoured, opportunities for modifying procurement strategies/supervision of local markets are evaluated and possibilities of inorganic growth are carefully examined, also in relation to the external acquisition of distinctive technologies and technical capabilities, as in the case of the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l., completed in May 2022 (the company was previously 49% owned by SAES. Through the acquisition of technologies or the development of new solutions and services, we work to expand and complete our product portfolio. The strong orientation towards product innovation drives the Company to support investments in research and development activities and to offer products that meet the reference standards and the specific requirements of customers, also by repositioning the range of products along different stages of the value chain.

Furthermore, as also mentioned, SAES seeks to diversify its target markets with a view to reducing its dependence on markets characterised by an increasing level of competition.

In parallel, market research continues to anticipate changes in demand, also by using alliances and agreements with leading specialised study centres. In addition, the collaboration with leading universities and commercial partnerships with established companies constitute important eminence tools for the Company, with the aim of increasing its brand awareness even downstream of the markets in which it operates and of retaining its customers.

Lastly, also with the acquisition of SAES RIAL Vacuum S.r.l., the Company intends to pursue the objective of changing its positioning on the value chain, shifting from the production of simple components to that of more complex devices, of actual systems that can be sold directly to end users, which gives it the opportunity to handle the competition better due to the fact that it is closer to its customers.

Risk linked to technological and technical trends

There are external factors that may undermine the Company's market positioning as well as the value of the technological assets available to it. The change in sector regulations (for example, in the environmental field), as well as the dependence on the technological success of the large players operating in the market, may influence reference technological trends. One risk that companies operating in consumer electronics are exposed to is the rapid technological obsolescence of applications and technologies on the market. As already mentioned, the replacement of a technology or of certain specifications of a product with others may be triggered by legislative changes in target markets.

With reference to the consumer electronics sector and, more generally (albeit to a lesser extent), to all sectors in which the Company operates, it should be noted that success downstream of the production chain is increasingly linked to changes in preferences and use habits of products by customers and end consumers. In particular, the digitisation of products and services offered downstream also translates upstream into greater attention dedicated to these aspects, with an impact along the entire value chain. From this point of view, the commercial and technical success of the Company is linked to the ability to maintain a leadership role in the development of the solutions and products offered and in effectively integrating digital solutions into its business operating model (for example for marketing, customer engagement and customer relationship management), also in response to the initiatives and innovations proposed by competitors.

This risk is mitigated by continuous market analyses and through screening emerging technologies and of emerging trends, from a market pull point of view, both to identify new opportunities for development and to ensure that one is not prepared for the emergence of technological ageing. Furthermore, as already mentioned, SAES seeks to reduce the importance of a single industry/application by diversifying the target markets and continuously investing in the development of innovative solutions, with a technology push approach.

M&A risk

As part of its growth strategies and in order to reinvest at an industrial level the proceeds obtained from the completion of any extraordinary disposal transactions, the Company evaluates potential investments related to the purchase of controlling stakes/company branches/joint ventures in order to strengthen its position in the sectors in which it operates, diversify its product portfolio and expand into markets synergistic to those it is already present in, including through careful monitoring and scouting of innovative projects and start-ups. With this in mind, in 2022 the Company launched the RedZone project, aimed at identifying start-ups and projects that may potentially be useful and supporting their growth and development path. In addition, the Company continued its strategy of diversifying investments in companies characterised by technologically advanced production and high innovation (for example, Flexterra, Rapitag), which it believes may be instrumental to the growth of its business (although it deems it appropriate to write down these investments at the time of their execution).

Furthermore, through mergers and/or acquisitions, the Company aims to integrate critical and distinctive skills and technologies within its scope, as well as exploit appropriate synergies between

different business models, to invest more easily in markets functional to its own, achieving efficiencies in terms of production and procurement costs, greater effectiveness of business processes and to position itself closer to the end customer within the value chain, through the provision of custom services and also after-sales.

To this end, the Company identifies, evaluates and defines risk response actions by assessing the consistency of any opportunities with respect to its strategies and objectives, also involving leading professionals to support the M&A process in the due diligence phase and evaluating all possible issues.

Inflation risk

One of the macroeconomic factors that may have an adverse effect on the Company, albeit expressed in different ways in relation to the individual Divisions and the multiple reference markets (also due to the Company's different positioning, the varying commercial practices and the competitive scenario specific to each of them), is the evolution of inflation rates. This factor was very diverse in the different geographical areas in which the Company operates, both with reference to the areas in which it occurred, and in relation to the different response strategies adopted by governments and central banks.

Inflation rates, as well as the sometimes conflicting expectations linked to their development in the short and medium term, fuel the variability in the price of raw materials, the increase in energy supply costs (especially in Europe, also due to the geopolitical tensions linked to gas supplies) and the increase in transport costs (for example due to the increase in fuel prices and the inefficiencies of multiple production chains, also due to the pandemic). In this way, inflation rates can affect and/or alter consumption and savings habits of end customers, as well as the investment strategies of companies, with repercussions along the value chains in which the Company operates.

In the various markets in which the Company operates, the different contractual standards, the different commercial dynamics and the different positioning of the Company with respect to its competitors, entail a different capacity for the Company to respond to the increase in the cost of production factors. In general, during 2022 the Company implemented, where possible, a revision of sales prices, also thanks to periodic re-pricing mechanisms defined contractually with some primary customers or through indexing to reference parameters commonly accepted by operators in the sector, finding a general acceptance by the market. In addition, cost efficiency and production optimisation strategies were further developed, aimed at protecting margins. These initiatives have been specifically developed for each Division and each market in which the Company operates, in accordance with their respective characteristics.

Risks of catastrophic events

In this category of risks, which include, among others, natural disasters, accidents and acts of terrorism, pandemic events have been included which - by virtue of their extraordinary and unpredictable nature - can lead to disruption of the Company's supply chain and the unavailability of resources and plants, due to the limitations resulting from the continuation of the pandemic and measures by some local governments to contain the spread of the virus (for example, the restriction of local operating activities). Finally, the location of some of the Company's facilities within seismic areas makes it necessary to evaluate the existing safeguards and the investments to be made by the organisation.

In order to ensure business continuity during events that by their nature are extraordinary, crisis committees have been appointed to define the appropriate response strategy for the continuation of the Company's business activities.

With regard to the presence of one of the Company's production plants in an earthquake-prone area (Abruzzo), the organisation has adopted specific risk mitigation measures, such as: operating in earthquake-proof buildings; drawing up special procedures to manage emergencies; ensuring that the relevant authorities make periodic checks of the buildings; drawing up insurance policies to cover material assets and business interruption; frequent evacuation drills for the employees that work there; investment plans finalised at the safeguarding of corporate assets and continuity of operations.

Uncertainty about the success of research and development projects

The Company, on its own initiative or in cooperation with its customers or partners, operates with the objective of developing innovative products or solutions, which are often "cutting-edge" and with returns in the long term.

The risk of failure does not just depend on our ability to provide in the required form, time and costs. The Company, in fact, has no control over the ability of its customers to develop what is outlined in their business plans, nor on the timing of confirmation of new technologies, and the difficulty of finding suppliers of technologies and tools capable of supporting it in scaling up processes are also external factors not directly controllable by the Company.

As non-exhaustive examples, competitive technologies may emerge that do not require the use of the Company's products or expertise, or development times could become so long that continuing with the project is no longer economically viable, or in any event delaying the time-to-market with negative effects on the return on investment.

During 2022, the Company saw a substantial recovery in the development of research projects and a gradual return to the pre-pandemic situation, including through renovations and the installation of new plants at its laboratories. With the aim of mitigating exposure to specific technologies and favouring a diversification of development and industrialisation projects, specific response actions were adopted regarding the definition of strategies in the field of innovation, the prioritisation of projects for research and the definition of KPIs to monitor the evolution of projects.

The risk is mitigated through periodic and structured reviews of the project portfolio, managed by the Innovation Committee, which, as part of its activities to support the Chief Technology and Innovation Officer (CTIO), is responsible for: i) defining the priorities of research and development projects; ii) proposing the annual budget for research and innovation in terms of costs and times; iii) preparing plan and budget proposals for approval by the Group Business Management Committee (GBMC); iv) developing technological knowledge; v) evaluating and proposing new technological solutions; vi) developing and promoting a uniform and distinctive scientific approach for the different areas of the Company. Furthermore, in order to continuously monitor the expenses of individual projects, the Innovation area uses specific tools for the management of research projects.

Where and when possible, SAES seeks to access public funding, obviously if the objectives are perfectly in line with the R&D project in question. Furthermore, forms of "open" cooperation with external centres of excellence are being increasingly used, in order to reduce development times.

Protection of intellectual property

The Company has always sought to develop original know-how, where possible protecting it with forms of industrial property rights, such as patents. It is becoming increasingly difficult to defend the same, also due to uncertainties relating to the legal systems in some of the countries in which the Company operates. Finally, there is the risk, albeit remote, of violation of the intellectual property of others and/or of the onset of disputes in this regard.

The risks are the loss of market share and margins taken by counterfeit products infringing the Company's intellectual property rights, as well as the need to cover significant legal expenses, as well as the possibility of incurring administrative sanctions.

The Company responds to these risks by seeing to improve the quality and the completeness of the patents, also reducing the number published, and by monitoring the commercial initiatives of other industrial and commercial operators with a view to identifying potential adverse effects on the value of said patents as soon as possible and to mitigate the risk of violation of third parties' rights.

Possible energy crisis scenarios

As a possible consequence of the conflict in Ukraine and in particular of the energy dependence of many European countries (including Italy) on Russian natural gas supplies, with a view to optimising the use of national reserves, at a political, media and government level, several possible scenarios of forced reduction of energy consumption, for example through the rationing of energy supplies in the short and medium term, were highlighted on a number of occasions throughout 2022.

The production activities of the Company, typically, do not qualify as energy-intensive and this conclusion can be considered substantially valid for all its production sites. That said, given the possibility of having to deal with energy rationing, even temporary, as well as with the more general objective of optimising energy consumption and its allocation to the various company activities, the Company monitors consumption at the plants in Italy and their interconnections, formulating integrated business continuity plans in advance (with specific countermeasures of a productive and organisational nature) to allow the continuation of operating activities.

Risks relating to dependence on customers deemed to be strategic

This risk refers to the possibility that for some businesses, revenue is concentrated on a small number of customers, with the consequence that the Company's results are excessively dependent on the economic-financial performance of the customers themselves or on their strategic decisions.

The Company constantly monitors its exposure with respect to its customer portfolio through monthly rolling forecasts and tries to mitigate the potential consequences of this risk by investing in customer relationship management solutions and broadening its customer base as much as possible, both through trying to identify new prospects, and by diversifying the range of products offered to individual customers, increasing its commercial presence in new markets, also in order to identify and seize new business opportunities. Furthermore, the Company aims to strengthen its partnerships with its key customers by sharing specific technical expertise where necessary, in accordance with intellectual property rights, and seeking to obtain and renew medium-long term contracts that guarantee less volatility of the volumes invoiced and of unit prices. Further focus is placed on innovation and product quality, as drivers that guide the Company in developing the business and strengthening its position in the reference markets.

Operational risks

Risks related to production planning

The occurrence of external shocks at international level in the recent past (such as the Covid-19 pandemic, but also the conflict in Ukraine) has exposed the Company to the risk that its production planning and programming may be delayed, as a result of the freezing and/or postponement of shipments and/or supplies due to temporary difficulties of companies operating within its value chain.

In order to mitigate the risk – and consistently with the Company’s priority of safeguarding the health and safety of its employees, counterparties and the general public in relation to the persistence of infections due to the pandemic also during 2022 – the Company has activated business continuity plans in order to guarantee operational continuity with reference to operations, for example, drawing on inventory stocks, previously procured by increasing the minimum stock levels, such as to satisfy operational continuity in cases of need, as well as adopting dual supplier strategies that make it possible to reduce dependence on individual counterparties.

Risks associated with the recruitment and retention of qualified resources

With reference to the labour market and more particularly to the ability to acquire and retain key technical and technological skills within the Company, while avoiding excessive growth in labour costs, during 2022 the Company effectively faced some general market difficulties, both in the process of selecting and hiring qualified personnel for the operations areas, as well as in defining retention strategies for profiles with critical technical know-how. In particular, the Company was not affected by the effects of some labour market trends that took hold in the course of 2022 at global level (such as the “great resignation”) and, through collaboration with leading universities, research centres and employment agencies, it promptly met its needs for the hiring of qualified personnel, even where local policies to increase minimum wages and subsidies to the unemployed population were a disincentive to work. Given the above, with particular regard to the labour market in Italy, the scarcity of qualified STEM profiles on the market risks making the Company’s recruitment process more onerous and expensive.

In order to mitigate the risk, as well as to favour the maintenance of key skills within the Company, continuous education and training activities are envisaged for personnel, as are the structuring of specific retention plans that integrate financial and welfare aspects, the implementation of initiatives that nurture the corporate wellness of employees, the development of ad hoc succession plans and the preservation of know-how within the Company.

Business continuity risk

The risk refers to the possibility that production and/or activities of the Company may be suspended due to internal events (e.g., accidents) or external events (e.g., extraordinary events such as catastrophic events that might have an impact on the Company by restricting its operations and business).

With reference to the continuity of business operations, the Company has a business continuity procedure that defines the response actions in case of unavailability of resources, business infrastructure and supply chain. The Company also defines inventory policies for warehouses and dual suppliers to guarantee production continuity even in cases of supply chain disruption and has set up smart working projects to guarantee the continuity of remote activities for staff and sales personnel. With regard to the continuity of information systems, in order to reinforce the actual IT structure, the Company has planned the implementation of specific disaster recovery procedures, finalised at the definition of roles, responsibilities and operating methods for the management of risk events that could potentially impact the functioning of the company’s IT systems.

Risks related to the security of information systems

The Company is sensitive to cybersecurity issues related to the risk of security breaches of information systems, endangering the information and data of the Company, as well as the integrity of corporate assets (including the IT resources themselves).

In order to guarantee data security and prevent cyber-attacks, also in consideration of the military conflict between Ukraine and Russia, the Company has defined an IT security implementation plan over the years through the continuous strengthening of existing procedures, strong authentication technological measures, systems redundancy and a periodic training and awareness plan on IT security issues, in order to always maintain a high level of attention of all Company personnel with respect to these issues. Lastly, the Company periodically verifies the soundness and resistance of its IT security defences, in order to identify any areas for improvement and promptly develop appropriate strengthening initiatives.

Compliance risks

Risks related to environmental sustainability and climate change

The importance of the issue relating to climate change calls for reflection on the possible consequences of the physical damage that meteorological events - extraordinary or otherwise - could have on the Company's infrastructures and assets. The potential for a major weather event to occur could potentially result in a period of unavailability of buildings and assets. The Company already has business continuity procedures in place that cover the main areas and processes exposed to greater risks.

From another perspective, it is necessary to analyse which are the activities that the company carries out on a daily basis and that could contribute negatively to climate change (e.g., emissions) and also impact legal liability for non-compliance with local and international environmental regulations (stringent and uncertain in some contexts).

Finally, the increasing attention paid by end consumers, legislators and public opinion in general to the energy transition and to environmental protection issues may produce a significant impact in the markets downstream of those in which the Company operates. This impact can, therefore, have important repercussions "backward" along the entire value chain, representing at the same time a source of risks (for example, SMA Materials business for the automotive sector) and opportunities (for example, packaging business through the subsidiary SAES Coated Films S.p.A.) for the Company and involving the need to change production processes through the timely introduction and effective use of green production factors, which include cutting-edge technologies and production techniques that are efficient from an energy and resource consumption point of view, guiding the transformation of business processes towards greater sustainability. In particular, regulatory developments in the automotive sector could affect the speed of transition from combustion engines to hybrid and electric engines, with a possible negative impact on the Company's commercial activities in the SMA Materials segment.

In order to mitigate these risks, the Company constantly monitors the reference environmental and product regulations, verifies the environmental impact of the product as part of research projects, adopts a Supplier Code of Conduct that also has relevance on environmental issues, measures its performance and monitors any critical areas also through compliance with the standards set out in the ISO 14001 certification, where implemented.

Furthermore, with regard to issues concerning climate change, the Company is committed to shortly defining a sustainability plan that includes activities aimed at mitigating the areas of risk identified with concrete actions, which allow to contribute, among other things, to the reduction of emissions and the definition and implementation of products that contribute to the promotion of a circular economy.

Financial and reporting risks

Budget & planning risk

Frequent changes in business, such as tier 2 or tier 3, the consequent organisational re-adaptation and limited forward-looking visibility as regards the different businesses in which the Company operates, are risk events on the budget and planning process.

To mitigate this risk, the Company involves all interested company departments in the forecasting process and, in specific circumstances and where available, uses assessments made by third parties or with the cooperation of sector consultants to substantiate its own estimates; if the assumptions initially used change, additional reports are prepared and implemented, involving the various parties involved in the process. Corporate planning, therefore, at individual Division level, makes it possible to intercept the developments expected for the Company in the short and medium term, to assess the adequacy of the organisational structure and the resources available, and to establish its development objectives, defining the investments to be made accordingly.

Tax risk

The Company has investments in subsidiaries that operate in foreign countries, with different tax regulations and risks related to potential non-compliance.

For the purposes of assessing the tax risk, the Company takes into account the following assessments: political decisions in tax matters by local governments, geographical distribution of subsidiaries, economic and financial results achieved by associates and cost structure at corporate level.

The management of the tax process is outsourced, in order to mitigate the risks associated with non-compliance with local regulations and ensure the execution of activities based on the professional skills of external providers with proven experience and reliability. The periodic meetings between external consultants and the Company Chief Financial Officer, as well as the control activity carried out by the auditing firm on fiscal matters in the financial statements, are to be considered additional safeguards for risk management.

Financial risks

The Company is also exposed to several financial risks, in particular:

- *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. This risk is also linked to the strategies implemented by governments and central banks to deal with the growing level of inflation (on this subject, see the previous section dedicated to strategic risks);
- *Currency risk*, linked to the volatility of exchange rates, which may affect the relative value of the Company's costs and revenue 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 Company's profit;
- *Price variation risk of productive factors (for example, raw materials)* which may affect the Company's product margins if it is not possible to offset this variation in the price agreed with customers;
- *Credit risk*, associated with the solvency of customers and, in general, the ability to collect and measure financial assets;

- **Liquidity risk**, associated with the Company's ability to raise funds to finance its operating activities or with the capacity of the sources of funding if it were to adopt strategic decisions involving some non-recurring expenditure (such as merger & acquisition transactions or organisational rationalisation and restructuring activities);
- **Financial investment risk**, relating to the Company's ability to re-invest in low-risk securities that can be quickly liquidated (so as not to be bound) the collections deriving from the completion of any extraordinary disposal transactions, pending the identification of advantageous business opportunities (reference should be made to the discussion of M&A issues above), as well as relating to the measurement in the financial statements of these investments. With this in mind, the current composition of the Company's securities portfolio, defined with a conservative approach and a "buy & hold" strategy prior to the occurrence of the tensions on the financial markets that characterised 2022 (penalising the overall measurement at fair value), may be reviewed in order to recover the present value of the assets, optimise their financial returns and identify solutions consistent with the Company's short and medium-term investment objectives. To this end, the Company relies on the support of specialised professionals.

Besides these risks, there are those caused by possible new unfavourable developments in the Covid-19 pandemic (e.g. new variants emerging in certain countries/markets and consequent local closure measures, with an impact on production chains), despite the gradual decrease in the global emergency level.

With regard to financial risk, the Board of Directors periodically reviews and defines the risk management policies, as described in detail in Note No. 38 to the Separate Financial Statements at December 31, 2022, to which reference is also made for the related sensitivity analyses.

Subsequent events

For events occurring after the reporting date, please refer to Note No. 42 to the Financial Statements at December 31, 2022, "Significant events after the reporting date".

Business outlook

In the **first two months of 2023**, revenue amounted to 11,995 thousand euros, down by -3.8% compared to 12,468 thousand euros in the corresponding period of 2022, despite the positive exchange rate effect (+1.2%). The **organic** change was negative for -5.0%: the growth in the SMA Materials (Industrial Division) and High Vacuum segments was more than absorbed by the generalised decline in the other businesses.

The table below shows the **revenue of the first two months of 2023** for each Division, with the relative percentage change, at current and comparable exchange rates.

(thousand of euro)

Divisions and Businesses	February, 2023	February, 2022	Total Difference	Total Difference %	Exchange Rate Effect %	Organic Change %
Getters & Dispensers	4,248	5,119	(871)	-17.0%	1.0%	-18.0%
Sintered Materials	0	0	0	n.a.	n.a.	n.a.
SMA Materials	2,945	2,059	886	43.0%	3.6%	39.4%
SAES Industrial	7,193	7,178	15	0.2%	1.7%	-1.5%
High Vacuum Solutions	3,032	2,961	71	2.4%	1.1%	1.3%
SAES High Vacuum	3,032	2,961	71	2.4%	1.1%	1.3%
Medical Nitinol	0	0	0	n.a.	n.a.	n.a.
SAES Medical Nitinol	0	0	0	n.a.	n.a.	n.a.
Chemicals	1,758	2,329	(571)	-24.5%	0.0%	-24.5%
SAES Chemicals	1,758	2,329	(571)	-24.5%	0.0%	-24.5%
Packaging Solutions	0	0	0	n.a.	n.a.	n.a.
SAES Packaging	0	0	0	n.a.	n.a.	n.a.
Not Allocated	12	0	12	n.a.	n.a.	n.a.
Revenue	11,995	12,468	(473)	-3.8%	1.2%	-5.0%

To date, there are no signs of a slowdown, in an extremely uncertain international economic context.

Other information regarding the Company

For an illustration of the performance of the subsidiaries, please refer to the section “Performance of subsidiaries in 2022” and the “Summary schedule of key data of subsidiaries”.

The Company has three *Branch Offices*, one in Taoyuan City (Taiwan), one in Tokyo (Japan) and one in Freiburg (Germany).

Information on the shareholding structures set forth in Article 123-*bis* of Italian Legislative Decree 58/98 (TUF, Consolidated Finance Law), paragraph 1, is illustrated in the “Report on Corporate Governance” drawn up by the Company, included in the separate financial statements and published on the Company’s website www.saesgetters.com, *Investor Relations* section, *Corporate Governance* sub-section.

Going concern

The separate financial statements are prepared on the **going concern** assumption, given that, despite a difficult and uncertain economic/financial and geopolitical environment in the light of the results achieved in 2022 and forecasts for future years that estimate a decline in energy costs, there are no significant uncertainties (as defined in paragraph No. 25 of IAS 1 - Presentation of Financial Statements) regarding going concern. In addition, the positive net financial position and the availability of unused credit lines, constitute a further guarantee of going concern.

Related party transactions

With regard to the Company’s related party transactions, please note that they fall within ordinary operations and are settled at market or standard conditions.

A full disclosure on related party transactions carried out during the year is provided in Note No. 37 to the separate Financial Statements at December 31, 2022.

Proposal to approve the separate Financial Statements and the allocation of the dividend

Dear Shareholders,

We hereby submit the following proposed resolution for your approval

“The Shareholders,

- after examining the figures of the separate financial statements of SAES Getters S.p.A., at December 31, 2022, accompanied by the Report on operations, the Report of the Board of Statutory Auditors, the Independent Auditors’ Report and any other documentation envisaged by law;*
- after acknowledging that the legal reserve has reached 20% of share capital;*
- after acknowledging the results for the year ended December 31, 2022;*

resolve

- to approve the separate Financial Statements of SAES Getters S.p.A. at December 31, 2022, which closed with a profit for the year of 2,935,743.55 euro;*
- to distribute the profit for the year in full, net of unrealised net exchange gains pursuant to Article 2426, par. 8-bis, for a total net amount of 2,751,573.78 euro, subject to rounding, and therefore assigning, to satisfy the rights due to savings shares and ordinary shares, pursuant to Article 26 of the Articles of Association:*
 - (i) a dividend of 0.138549 euro per savings share, by way of full recognition of the preference dividend for 2021 for a total of 1,022,300.28 euro*
 - (ii) a dividend of 0.138549 euro per savings share, by way of full recognition of the preference dividend for 2022 for a total of 1,022,300.28 euro*
 - (iii) a dividend of 0.065634 euro per ordinary share;*
- to distribute a portion of the available “Retained earnings” reserve in the amount of 8,791,227.88 euro equally to ordinary and savings shares, assigning a dividend of 0.484366 euro per savings share and per ordinary share;*

Profit for the year			2,935,743.55
(Net unrealised and undistributable exchange gains)			(184,169.77)
Distributable net income for the period			2,751,573.78
From distributable profit for the year:			
To savings shares only in accordance with Article 26 of the Articles of Association as full recognition of the preferred dividend year 2021			
- euro		0.138549 for each one of	
	n.	7,378,619 savings shares	1,022,300.28
To savings shares only in accordance with Article 26 of the Articles of Association as full recognition of the preferred dividend year 2022			
As full recognition of the preferred dividend FY2022			
- euro		0.138549 for each one of	
	n.	7,378,619 savings shares	1,022,300.28
To ordinary shares only pursuant to Article 26 of the Articles of Association.			
- euro		0.065634 for each one of	
	n.	10,771,350 savings shares	706,966.79
- euro		rounding	6.43
			2,751,573.78
From retained earnings:			
to the same extent as savings and ordinary shares			
- euro		0.484366 for each one of	
	n.	7,378,619 savings shares	3,573,952.17
- euro		0.484366 for each one of	
	n.	10,771,350 savings shares	5,217,275.71
			8,791,227.88
For a total dividend of:			
- euro		0.761464 for each one of	
	n.	7,378,619 savings shares	5,618,552.73
- euro		0.550000 for each one of	
	n.	10,771,350 savings shares	5,924,242.50
			11,542,795.23

Note: Shareholders' attention is drawn to the fact that as a result of the determination of the preference for savings shares calculated in accordance with the Articles of Association taking into account the accounting par values up to the sixth decimal place, rounding to the nearest euro cent may take place in the payment process.

- the calculation of ordinary shares does not include the 3,900,000 treasury shares of the Company. The Company cannot sell them because, in compliance with Article 2357-ter, the Shareholders did not authorise their sale.

- to make payment of these amounts to eligible ordinary and savings shares that will be outstanding as of May 9, 2023 (Record date) effective from May 10, 2023, with detachment of coupon no. 39; the security will be traded ex-dividend from May 8, 2023;

- to award the Chairman, Deputy Chairman and Managing Director, jointly and severally, all powers necessary for the implementation of this resolution."

Lainate (MI), March 14, 2023

on behalf of the Board of Directors
Massimo della Porta
Chairman

Statement of Financial Position

(euro)	Note	December 31, 2022	December 31, 2021 ⁽¹⁾
ASSETS			
Non-current assets			
Property, plant and equipment	9	42,101,009	38,361,204
Intangible assets	10	254,855	162,913
Right-of-use assets	11	2,155,837	2,682,145
Equity investments and other financial assets	12	122,937,453	138,543,638
Deferred tax assets	14	2,399,786	2,384,089
Financial assets from related parties	19	3,206,630	49,000
Other non-current assets	15	59,317	1,483,150
Total non-current assets		173,114,887	183,666,139
Current assets			
Inventories		14,934,871	10,654,009
Third party trade receivables	17	7,323,502	9,544,215
Intragroup trade receivables	17	4,145,464	3,747,938
Trade receivables		11,468,966	13,292,153
Derivative financial instruments	18	258,517	8,842
Securities	13	28,315,316	30,242,273
Financial assets with related parties	19	49,378,210	51,259,886
Tax consolidation assets	20	119,639	30,221
Sundry and other current assets	21	2,121,359	1,806,819
Current tax assets	22	2,204,837	1,672,330
Cash and cash equivalents	23	5,543,192	5,090,668
Total current assets		114,344,907	114,057,201
Total assets		287,459,794	297,723,340

EQUITY AND LIABILITIES			
Share capital	24	12,220,000	12,220,000
Share premium reserve	24	25,724,211	25,724,211
Treasury shares	24	(93,382,276)	(93,382,276)
Legal reserve	24	2,444,000	2,444,000
Other items of equity	24	236,468,751	245,698,578
Profit (loss) for the year	24	2,935,744	(8,291,582)
Total equity		186,410,430	184,412,931
Non-current liabilities			
Financial liabilities	25	461,892	0
Lease liabilities	26	1,571,949	2,107,037
Post-employment and other employee benefits	27	7,032,025	7,015,568
Provisions for risks and charges	28	11,434	10,380
Total non-current liabilities		9,077,300	9,132,985
Current liabilities			
Third party trade payables		11,279,934	8,973,652
Intragroup trade payables		493,967	500,219
Trade payables	29	11,773,901	9,473,871
Financial liabilities with related parties	30	6,087,942	20,416,968
Lease liabilities	26	782,185	722,595
Sundry liabilities	31	8,164,332	8,907,061
Current tax liabilities	32	34,795	120,025
Employee benefits	33	2,226,920	1,961,992
Provisions for risks and charges	28	244,390	538,764
Bank loans and borrowings	34	62,657,599	62,031,874
Other current liabilities		0	4,274
Total current liabilities		91,972,064	104,177,424
Total equity and liabilities		287,459,794	297,723,340

(1) 2021 financial data have been restated to ensure a more consistent comparison with 2022 data. Please refer to Note n.1, paragraph "Restatement of 2021 figures"

Statement of cash flows

(euro)	2022	2021 ⁽¹⁾
Cash flows from operating activities		
Profit (loss) for the year	2,935,744	(8,291,582)
Income taxes	1,423,304	987,451
Depreciation of right-of-use assets	778,611	789,000
Depreciation of property, plant and equipment	4,655,733	4,166,000
Impairment losses (reversal of impairment losses) on property, plant and equipment	94,983	0
Amortisation of intangible assets	146,474	175,000
Gains (losses) on the disposal of property, plant and equipment and intangible assets	0	19,000
Tax assets	0	(425,445)
Fair value losses on financial instruments	(249,675)	(8,842)
Impairment losses on trade receivables	96,810	13,000
Impairment losses on investments and financial assets in subsidiaries	13,686,969	9,080,000
(Reversal of impairment losses) of investments and financial receivables in subsidiaries	(43,200)	0
Accrual (utilisation) of provision for risks on investment	(712,411)	0
Dividends	(30,708,794)	(10,520,418)
Other non-monetary expense (income)	(7,320)	(37,428)
Net financial expense	1,518,125	1,848,770
Other non-monetary change in post-employment and other benefits	5,265,934	3,365,621
Accrual (utilisation) of provisions for risks and charges	1,053	(270,411)
	(1,117,660)	889,716
Change in operating assets and liabilities		
<i>Cash increase (decrease)</i>		
Trade receivables and other current assets	1,726,377	(3,005,253)
Inventories	(4,280,862)	(1,772,310)
Trade payables	2,300,030	1,447,217
Sundry and other current liabilities	(3,060,803)	(100,670)
	(3,315,258)	(3,431,017)
Payments of post-employment and other benefits	(4,484,770)	(2,225,379)
Taxes paid	(282,493)	(636,645)
Cash flows used in operating activities	(9,200,181)	(5,403,325)
Cash flows from investing activities		
Increase of investments in subsidiaries	(4,750,000)	(19,247,044)
Decrease of investments in subsidiaries	0	316,159
Acquisition of property, plant and equipment	(8,579,912)	(7,002,000)
Acquisition of intangible assets	(238,416)	(80,000)
Proceeds from disposal of property, plant and equipment and intangible assets	89,202	2,000
Income from securities, net of management fees	813,392	742,486
Dividends received, net of withheld	30,708,794	10,520,418
Purchase of securities	0	(7,500,000)
Disinvestments of securities	0	7,797,750
Investments in other companies	(168,487)	(190,244)
Interest and other financial income received	303,939	(726,158)
Financial liabilities repaid to (granted by) related parties	(3,447,013)	(1,392,000)
Interest income on financial assets with related parties	1,144	0
Change in financial assets to related parties (cash pooling)	(567,723)	641,162
Change in loan to/from related parties	2,206,120	90,617,037
Cash flows generated by investing activities	16,371,040	74,499,566
Cash flows from financing activities		
Repayment of non-current financial liabilities	0	(100,365,399)
Interest paid on non-current financial liabilities	0	(1,163,825)
Current financial payables incurred in the period	567,500,000	173,300,000
Repayment of current financial liabilities	(567,000,000)	(143,800,000)
Interest paid on current financial liabilities	(639,000)	(286,000)
Interest and other financial expense paid	(156,446)	309,992
Dividends payment	(8,530,485)	(7,439,864)
Other costs paid	0	(27,328)
Change in financial liabilities to related parties (cash pooling)	(450,629)	(75,965)
Change in loan to/from related parties	3,226,611	13,550,865
Other financial liabilities	(1,000)	1,537
Repayment of lease liabilities	(737,261)	(758,543)
Interest paid on leases	(33,389)	(25,457)
Cash flows used in financing activities	(6,821,599)	(66,779,986)
Effect of exchange rate changes on cash flows	0	0
Increase (decrease) in cash and cash equivalents	349,260	2,316,255
Opening cash and cash equivalents	5,096,884	2,780,628
Cash and cash equivalents - merger effect	100,028	
Closing cash and cash equivalents	5,546,172	5,096,884

(1) 2021 financial data have been restated to ensure a more consistent comparison with 2022 data. Please refer to Note n.1, paragraph "Restatement of 2021 figures"

Statement of Changes in Equity

	Share capital	Share premium reserve	Treasury Shares	Legal reserve	Other items of equity			Total	Profit (loss) for the year	Total equity
					Other reserves in suspension of tax	Revaluation reserve	Other reserves and retained earnings			
(euro)										
December 31, 2020	12,220,000	25,724,211	-93,382,276	2,444,000	138,081	2,614,431	248,229,846	197,988,292	2,252,077	200,240,369
Allocation of previous year profit							2,252,077	2,252,077	-2,252,077	0
Dividends paid							-7,439,864	-7,439,864		-7,439,864
Loss for the year									-8,291,582	-8,291,582
Other comprehensive expense							-95,992	-95,992		-95,992
December 31, 2021	12,220,000	25,724,211	-93,382,276	2,444,000	138,081	2,614,431	242,945,833	192,704,280	-8,291,582	184,412,931
Merger effect							7,235,088	7,235,088		7,235,088
Allocation of previous year loss							-8,291,582	-8,291,582	8,291,582	0
Dividends paid							-8,530,485	-8,530,485		-8,530,485
Profit (loss) for the year									2,935,744	2,935,744
Other comprehensive income							357,387	357,387		357,387
December 31, 2022	12,220,000	25,724,211	-93,382,276	2,444,000	138,081	2,614,431	233,716,240	183,474,687	2,935,744	186,410,430

Notes to the separate financial statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

General information

SAES Getters S.p.A. (hereinafter “Company”) is the entity that draws up the separate financial statements and has its registered office in Lainate, Milan, Viale Italia, 77. The management offices are located in Milan, in Piazza Castello, 13.

The Company operates both in Italy and abroad, through its business branches, 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 Company also operates in the field of advanced materials, particularly in the business of shape memory alloys for both medical and industrial applications. Lastly, SAES Getters S.p.A. 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, optoelectronics, advanced photonics, telecommunications (5G) and telephony).

SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A.¹⁰⁷, with its registered office in Milan, via Santa Maria Fulcorina, 2, which 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 2022 Report on corporate governance and ownership). The share capital of S.G.G. Holding S.p.A. is in turn owned by a plurality of shareholders, none of whom individually exercise control over the company.

These Separate Financial Statements are prepared:

- in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (hereinafter “IFRS”), as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree No. 38 of February 28, 2005;
- using the criterion of measurement at historical cost, with the exception of some assets and liabilities for which the reference accounting standards (see Note No. 2) require measurement at fair value, such as some financial assets and derivative financial instruments;
- based on the going concern assumption since, despite the presence of a difficult economic, financial and geopolitical context, in light of the results achieved in 2022 and the forecasts for future years that estimate a drop in energy costs, there are no significant uncertainties as to the company’s ability to continue as a going concern; in addition, the positive net financial position and the availability of unused credit lines constitute a further guarantee of business continuity;
- using the Euro as the presentation currency.

The Board of Directors approved and authorised the publication of the separate Financial Statements with the resolution passed on March 14, 2023.

Basis of presentation

The separate Financial Statements consist of:

- the statement of profit or loss, prepared by classifying operating costs by allocation, since this form of presentation is considered more suitable to represent the Company’s specific business, complies with internal reporting procedures and is in line with standard industry practice; the item “cost of sales” includes the cost of producing or purchasing products and goods that have been sold. It

¹⁰⁷ At December 31, 2022, S.G.G. Holding held 34.44% of the ordinary shares of SAES Getters S.p.A. and has 51.15% of the voting rights (percentage calculated taking into account that 5,018,486 ordinary shares held by S.G.G. Holdings S.p.A. have accrued the increased voting right, as well as the voting rights of the treasury shares held by SAES Getters S.p.A.).

includes all the costs for materials, processing and overheads directly associated with production, including depreciation of the assets used in production and write-downs of inventories; the sub-total “operating profit (loss)” refers to the Company’s operating activities that generate ongoing revenue and includes other income and costs related to operating activities. Net financial expense and income taxes are excluded from the operating profit (loss);

- the statement of comprehensive income;
- the statement of financial position, in which the assets and liabilities are presented according to the “current/non-current” criterion. Current assets are those intended to be realised, sold or consumed during the Company’s normal operating cycle or in the twelve months following the end of the year. Current liabilities are those which are expected to be extinguished during the Company’s normal operating cycle or which must be extinguished within twelve months of the reporting date or for which the Company does not have an unconditional right to defer settlement for at least twelve months following the reporting date;
- the statement of cash flows, in which the cash flows are presented according to the “indirect method”; Interest income collected is classified under investing activities, while interest expense is a cash outflow for financing activities. Cash and cash equivalents in the statement of cash flows include current account overdrafts (included in the item “Bank loans and borrowings”) but exclude cumulative expected losses determined in application of IFRS 9 on bank deposits.
- the statement of changes in equity;
- these notes to the separate Financial Statements.

With reference to the requirements of Consob resolution No. 15519 of July 27, 2006 and Consob Communication No. DEM/6064293 of July 28, 2006, the following should be noted:

- no significant income and expense deriving from non-recurring transactions or from events that do not recur frequently in the ordinary course of business, as well as positions or transactions deriving from atypical or unusual transactions, were identified;
- the amounts of positions and transactions with related parties are summarised and described in Note No. 37.

Use of estimates and judgements

When preparing the separate Financial Statements, Company Management was required to make estimates and judgements required by the application of accounting standards and affecting the amounts of the assets, liabilities, costs and revenue recognised in the separate Financial Statements, as well as the information included in the notes. However, as these are estimates, the results obtained in the future will not necessarily be the same as those shown in these separate Financial Statements. These estimates and the underlying assumptions are regularly reviewed. Any changes deriving from the review of accounting estimates are recognised prospectively.

Decisions taken for the application of accounting standards

The decisions taken by company management regarding the application of accounting standards, which have the most significant effects on the amounts recognised in the separate Financial Statements, are provided in the following notes:

- revenue recognition: establish whether revenue must be recognised at a given time or over time (see Note No. 3);
- lease term: establish whether there is reasonable certainty that the Company will exercise the extension options (see Note No. 26).

Assumptions and uncertainties in estimates

As at December 31, 2022, information on assumptions and uncertainties in estimates that have a significant risk of causing material changes to the carrying amount of the assets and liabilities in the separate Financial Statements of the following year is provided in the following notes:

- impairment test of equity investments in subsidiaries (see Notes No. 6 and 12);
- measurement of the useful lives of property, plant and equipment and of intangible assets for the calculation of depreciation and amortisation (see Notes No. 9 and No. 10);
- measurement of the net realisable value of inventories (see Note No. 16);
- recognition and measurement of provisions and contingent liabilities: main assumptions on the probability and extent of an outflow of resources (see Note No. 28);
- measurement of obligations for defined benefit plans: main actuarial assumptions (see Note No. 33);
- recognition of lease contracts: estimate of the marginal borrowing rate for the discounting of payments due for leases (see Note No. 26);
- recognition of deferred tax assets: availability of future taxable profits against which the deductible temporary differences and tax losses carried forward can be used (see Note No. 14).

Fair value measurements

Several accounting standards and some disclosure obligations require the fair value measurement of financial and non-financial assets and liabilities. In particular, for the Company, fair value measurements are required:

- for the initial recognition of financial instruments and for the subsequent measurement of derivative financial instruments and certain non-derivative financial assets, such as, for example, equity investments in other companies and securities (see Notes No. 12, 13 and 18);
- for the disclosure in the separate Financial Statements relating to financial instruments measured at amortised cost (see Note No. 25);
- for the performance of impairment tests if the value in use is not used as the basis for the calculation of the recoverable amount (see Notes No. 6 and No. 12).

The fair value is the price that would be received at the measurement date for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators in the main (or most advantageous) market to which the Company has access at that time. The fair value of a liability reflects the effect of a risk of default.

Where available, the Company measures the fair value of an asset or liability using the quoted price of that asset or liability in an active market. A market is active when transactions relating to the asset or liability occur with sufficient frequency and volumes to provide useful information for determining the price on an ongoing basis.

In the absence of a quoted price in an active market, the Company uses valuation techniques, maximising the use of observable input data and minimising the use of non-observable input data. The valuation technique chosen includes all the factors that market operators would consider in estimating the transaction price.

On the basis of the above, the fair values are divided into the following hierarchical levels based on the input data used in the valuation techniques:

- *Level 1*: (unadjusted) prices quoted on active markets for identical assets or liabilities;
- *Level 2*: input data other than the quoted prices referred to in Level 1 that are observable for the asset or liability, both directly (prices) and indirectly (derived from prices);
- *Level 3*: input data relating to the asset or liability that are not based on observable market data.

If the input data used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the entire measurement is included in the same hierarchy level as the lowest level input that is significant for the entire assessment.

The Company recognises the transfers between the various levels of the fair value hierarchy at the end of the period in which the transfer took place.

Equity investments in subsidiaries, joint ventures and other companies

With reference to the changes in the equity investments directly and indirectly controlled by the Company during 2022, it should be noted that:

- on May 25, 2022, SAES Getters S.p.A., finalised the **acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l.**, of which it already held 49%, with the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other companies of the Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. that was acquired in July 2021. Starting from that date, SAES Getters S.p.A. acquired control of SAES RIAL Vacuum S.r.l.
- on September 12, 2022, it was resolved to **liquidate the Korean subsidiary SAES Getters Korea Corporation**, whose sales activities in the Korean territory will be assigned to local agents and distributors. The liquidation process, which began in November, is expected to be completed by the first half of 2023;
- on December 22, 2022, the **merger into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l.** (formerly SAES Getters International Luxembourg S.A.) was carried out. The deed of merger became legally effective with the end of the accounting day of December 30, 2022, with accounting and tax effects from January 1, 2022. The merger had an impact on both the statement of profit or loss and the statement of financial position of SAES Getters S.p.A. These effects have been isolated in the “merger effect” column of the tables of these Notes to the separate Financial Statements.

Equity investments in subsidiaries and joint ventures are measured at cost.

The following table shows the Company’s investments in joint ventures as at December 31, 2022, accounted for at cost:

<i>Company</i>	<i>Currency</i>	<i>Share capital</i>	<i>% of Ownership</i>	
			<i>Direct</i>	<i>Indirect</i>
Flexterra, Inc. Skokie, IL (USA)	USD	33,382,842	46.84*	-

* Equity investment held directly by SAES Getters S.p.A. following the merger into the Parent of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

The following table shows the investments in other companies held at December 31, 2022, other than subsidiaries, associates or jointly controlled companies, which are measured at fair value, with any change in the latter recognised in other comprehensive income.

<i>Company</i>	<i>Currency</i>	<i>Share capital</i>	<i>% of Ownership</i>	
			<i>Direct</i>	<i>Indirect</i>
EUREKA! Fund I - Technology Transfer Milan (Italy)	EUR	12,908,835*	4.79**	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	51,237***	0.82****	-

* This amount represents the total capital payments by investors at December 31, 2022, against a total commitment of 62,675,500 euro.

** Compared to December 31, 2021, the equity investment of SAES was diluted from 4.81% to 4.79% following the completion of the sixth and last closing by the EUREKA! Fund, on the basis of which new investors were formally admitted, with a total theoretical contribution to the investment by the latter of approximately 253 million euros.

*** Compared to December 31, 2021, the share capital of Cambridge Mechatronics Limited increased from GBP 49,514 to GBP 51,237, while the SAES equity investment was diluted from 0.86% to 0.82%, as a result of two new issues of ordinary preference shares in March 2022 and August 2022, respectively, and as a result of the issue of new ordinary shares in connection with the exercise of certain options on shares held by employees.

**** Equity investment held directly by SAES Getters S.p.A. following the merger of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

Note that in 2022, SAES Getters S.p.A. made **capital injections into the venture capital fund EUREKA! Fund I – Technology Transfer** for a total amount of 195 thousand euros and received **repayments** of approximately 5 thousand euros following the finalisation of the sixth and last closing by the same fund. At December 31, 2022, against a total commitment of 3 million euros, SAES Getters S.p.A. made capital injections into the EUREKA! fund totalling 618 thousand euros while the residual commitment is equal to 2,382 thousand euros.¹⁰⁸

Restatement of 2021 figures

The names of some items in the separate Financial Statements were changed in 2022 and, sometimes, new items were created to provide a greater breakdown. The comparative balances have been adjusted accordingly.

The company certifies that the opening statement of financial position as at January 1, 2021 is not presented as it is not considered relevant.

Compared to December 31, 2021, starting from January 1, 2022, the organisational structure by Division has the following changes:

- the SAES Industrial Division corresponds with the previous Metallurgy Division, with the addition of all products based on functionalised polymers that have a getter function (i.e. dispensable getter and dryer, barrier sealant with getter function and filler containing getter types) which moved from the Chemicals Division to the SAES Industrial Division as a result of rationalisation based on their ultimate function, namely the selective absorption of gases in the packaging of devices. This getter function, in fact, links these dispensable products, based on functionalised polymers, to the more traditional SAES getters, based on metal alloys;
- the SAES High Vacuum Division is unchanged and corresponds with the previously named “Vacuum Technology division”;
- the SAES Medical Nitinol Division is unchanged and was previously named “Medical”;
- the SAES Packaging Division is unchanged and was previously named “Advanced Packaging”;
- the SAES Chemicals Division includes both the “functional acoustic composites” business (functional composites for consumer electronics applications, previously classified in this Division) and the “functional additives” business (new products currently being validated by prospects and based on the technological platforms of SAES functional materials).

Finally, three main lines of business have been identified within the SAES Industrial Division:

- Getters & Dispensers (which, in addition to the aforementioned “organic electronics” business consisting of all products with a getter function reclassified from the Chemicals Division, comprises the “security & defence”, “electronic devices”, “healthcare diagnostics”, “lamps” and “thermal insulated devices” businesses);
- Sintered Materials (unchanged, previously named “sintered components for electronic devices & lasers”);
- SMA Materials (unchanged, previously named “SMA industrial”).

¹⁰⁸ Amount net of the repayments recognised by the fund following the capital injections made by new investors at closings subsequent to the first one.

The statement of profit or loss and statement of financial position figures for 2021 have been reclassified according to the new operating structure to allow for a consistent comparison with 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise indicated, the accounting standards described below were applied consistently for all years included in these separate Financial Statements.

Mergers of subsidiaries

Mergers fall within the broader phenomenon of concentrations/integrations between several companies and represent the most complete form of business combination, as they involve both the legal and economic unification of the parties involved. Mergers with subsidiaries represent a reorganisation of the group, with no transfer of control of the merged companies and no economic exchange with third parties. Therefore, they cannot be classified as business combinations within the scope of application of IFRS 3.

In the absence of references to specific IFRS or interpretations for these transactions, IAS 1.13 requires in general terms that the financial statements must provide a reliable and faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria envisaged by the IFRS Conceptual Framework for assets, liabilities, costs and revenue and IAS 1.15 establishes the obligation to select, in accordance with the hierarchy established by IAS 8, the accounting standards suitable for achieving the general objective of reliable and faithful representation. Since these transactions, by their nature, have no significant influence on the cash flows of the merged companies, the related accounting is carried out according to the principle of continuity of values. The costs and revenue of the merged company are recognised starting from the start date of the financial year (or the date of acquisition of control if later) in which the merger took legal effect since, from a legal point of view, the balances of comparative years cannot be restated.

Foreign currency

Foreign currency transactions

The Company's functional currency is the Euro. Foreign currency transactions are translated into euro at the exchange rate in force on the date of the transaction. Monetary items in foreign currency at the reporting date are translated into the functional currency using the exchange rate on the same date. Non-monetary elements that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates in force on the date on which the fair value was determined. Non-monetary elements that are measured at historical cost in a foreign currency are translated using the exchange rate on the same date of the transaction.

Translation of the financial statements of foreign branches

The assets and liabilities of foreign branches are translated into euro using the exchange rates in force at the reporting date. Revenue and costs of foreign branches are translated into euro using the average exchange rates for the year. Foreign exchange gains and losses arising from the translation of the financial statements of foreign branches are recognised under other comprehensive income and included in the translation reserve. In preparing the statement of cash flows, the cash flows of foreign branches expressed in currencies other than the euro are translated using the average exchange rates for the year.

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

expressed in foreign currency (per 1 euro)

Currency	December 31, 2022		December 31, 2021	
	Average rate	Closing rate	Average rate	Closing rate
Japanese yen	138.0274	140.66	129.8767	130.38
Taiwan dollar	31.3223	32.7603	33.0361	31.3671

Owned property, plant and equipment

Owned property, plant and equipment are recognised at purchase or production cost and depreciated on a straight-line basis over their estimated useful life, which is reviewed at each reporting date. In the event of a change in the residual useful life, the effects of the change in the estimate are recognised prospectively in the profit or loss for the year. Property, plant and equipment existing as at January 1, 2004 (date of transition to IFRS) were recognised at fair value as deemed cost. Costs incurred after purchase are capitalised only if they lead to an increase in the expected future economic benefits attributable to the asset to which they relate.

Whenever there is an indication that property, plant and equipment may have suffered an impairment loss, they are subjected to an impairment test (see the following paragraph “Impairment losses on non-financial assets (property, plant and equipment, intangible assets, right-of-use assets and equity investments)”).

The minimum and maximum rates of depreciation applied are shown below.

Land	0%
Buildings	3% - 25%
Plant and machinery	5% - 33%

Intangible assets

Intangible assets are recognised at purchase cost and amortised on a straight line basis over their estimated useful life, which is reviewed at each reporting date. In the event of a change in the residual useful life, the effects of the change in the estimate are recognised prospectively in the profit or loss for the year. Subsequent costs are capitalised only when they increase the expected future economic benefits attributable to the asset to which they relate.

Whenever there is an indication that the intangible asset may have suffered an impairment loss, it is tested for impairment (see the following paragraph “Impairment losses on non-financial assets (property, plant and equipment, intangible assets, right-of-use assets and equity investments)”).

The estimated useful lives of intangible assets are indicated below:

Industrial patent rights and intellectual property rights	3/5 years
Concessions, licenses, trademarks and similar rights	3/7 years
Others	2/7 years/term of the contract*

* leasehold improvements are amortised on the basis of the residual duration of the lease. Specifically, reference is made to the property located in Milan, Piazza Castello

Property, plant and equipment, leased cars (Right-of-use assets and Lease liabilities)

At the start date of the lease, the Company recognises a right-of-use asset and a financial liability for the lease contract, with the exception of short-term lease contracts (i.e. contracts with a term equal to or less than twelve months) and those where the leased asset is a low-value asset (i.e. an asset with a value as new that does not exceed 5 thousand euros), for which the Company continues to recognise lease payments as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the payments due for the lease, which are not already paid at the effective date, discounted using the implicit interest rate of the contract. Since the implicit interest rate is not generally inferable from the contract, the Company uses its own marginal borrowing rate as the discount rate, calculated on the basis of the interest rates applied to the various external sources of financing.

The payments due for the lease include:

- fixed payments (including substantially fixed payments), net of any incentives;
- variable payments that depend on an index or rate, initially measured using the index or rate at the effective date of the contract;
- the exercise price of the purchase option, if the Company believes that the exercise of this option is reasonably certain;
- payments for an optional renewal period if the Company believes that the renewal is reasonably certain; and
- the payment of penalties for the termination of the contract, if the term of the contract reflects the exercise of this option.

Lease liabilities are measured at amortised cost using the effective interest rate method and are restated in the following circumstances:

- change in the estimate of the lease term or a significant event or change in circumstances occurs resulting in a change in the valuation of the exercise of the purchase option; in this case, the lease liability is restated by discounting the modified future lease payments, based on a revised discount rate;
- change in variable lease payments that depend on an index or rate; in this case, the lease liability is restated by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments is due to a change in a variable interest rate, for which a revised discount rate is used);
- amendment to the lease contract; in this case, the liability is restated based on the term and payments of the amended lease by discounting the payments based on a revised discount rate at the date of approval of the contract amendment.

When the lease liability is remeasured, the lessee makes a corresponding change to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the lessee recognises the change in the profit or loss for the year.

The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted for lease payments made on or before the effective date, increased by initial direct costs incurred and net of lease incentives received.

The right-of-use asset is subsequently amortised on a straight-line basis from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company at the end of the lease term or, considering the cost of the right-of-use asset, it is expected that the Company will exercise the purchase option. In this case, the right-of-use asset is amortised over the useful life of the underlying asset.

Whenever there is an indication that the right-of-use asset may have suffered an impairment loss, it is subject to an impairment test (see the following paragraph “Impairment losses on non-financial assets (property, plant and equipment, intangible assets, right-of-use assets and equity investments)”).

Equity investments in subsidiaries and joint ventures

Equity investments in subsidiaries and joint ventures are measured using the cost method, adjusted if necessary for impairment losses.

The risk deriving from any losses exceeding the carrying amount of the equity investment is recognised in a specific provision to the extent that the investor is committed to performing legal or implicit obligations towards the investee, or in any event to hedging its losses.

Dividends are recognised in profit (loss) for the year when the right to receive them arises. The Company checks, at each reporting date, whether there are any indications that the equity investments may have suffered an impairment loss. In addition to the external and internal sources indicated in the paragraph “Impairment losses on non-financial assets (property, plant and equipment, intangible assets and right-of-use assets)” to which reference is made, the following circumstances represent further indicators of possible impairment: the carrying amount of the equity investment exceeds the carrying amount of the net assets (including goodwill) of the investee recognised in the Financial Statements or the subsidiary has declared the distribution of a dividend for an amount higher than the comprehensive income of the same year. For more information on how the impairment test is carried out, please refer to the following paragraph “Impairment losses on non-financial assets (property, plant and equipment, intangible assets and right-of-use assets)”.

Impairment losses on non-financial assets (property, plant and equipment, intangible assets and right-of-use assets)

The Company checks, at each reporting date, whether there are any indications that non-financial assets may have suffered an impairment loss.

To this end, the Company considers both internal and external sources of information. As regards internal sources, the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to that envisaged. As regards external sources, instead, the following are considered: the trend of the market prices of the assets, any negative changes in technology, markets or laws, the trend of market interest rates, the cost of capital used to value the investments and lastly, if the carrying amount of the net assets is higher than market capitalisation.

If, on the basis of this test, it emerges that the non-financial assets may have suffered an impairment loss, the Company estimates their recoverable amount by performing an impairment test.

When the recoverable amount of a single asset cannot be estimated, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. The CGU represents the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows generated by other assets or groups of assets.

If the carrying amount of a CGU (or a group of CGUs) exceeds its recoverable amount, an impairment loss is recognised in the profit (loss) for the year, which is first recognised as a reduction in the carrying amount of goodwill, if any, and only then in the other assets of the CGU (group of CGUs) in proportion to their carrying amount up to the amount of the recoverable amount.

The recoverable amount of a CGU or an equity investment is the higher of the fair value, less costs to sell, and the value in use.

The value in use is represented by the present value of expected cash flows calculated by applying a discount rate that reflects current market valuations of the time value of money and of the specific risks of the non-financial asset being tested. Explicit future cash flows cover a period of three years, except in cases where explicit forecasts require longer periods, such as in the case of newly started businesses and start-up initiatives. The long-term growth rate used to estimate the terminal value is assumed at a value not exceeding the average long-term growth rate of the sector, country or market in which the equity investment or the CGU (or group of CGUs) operates.

Future cash flows are estimated with reference to the current conditions of the asset being tested and, therefore, do not include either the benefits of future restructuring for which the Company has not yet committed, or future investments to improve or optimise the unit.

For the purposes of the impairment test, the carrying amount of a CGU (group of CGUs) is compared with the related recoverable amount.

Impairment losses recognised in previous years, except for goodwill, are reversed up to the carrying amount that would have been determined if the impairment loss had never been recognised.

Financial assets and liabilities

Recognition, initial measurement and offsetting

Trade receivables and debt securities issued are recognised at the time they are originated. All other financial assets and liabilities are initially recognised at the trade date, i.e. when the Company becomes a contractual party to the financial instrument.

With the exception of trade receivables that do not contain a significant financing component, financial assets and liabilities are initially measured at fair value plus or minus, in the case of financial assets or liabilities not subsequently measured at fair value through profit (loss) for the year, the costs of the transaction directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

Financial assets and financial liabilities may be offset and the amount resulting from the offsetting is presented in the statement of financial position if, and only if, the Company currently has the legal right to offset such amounts and intends to settle the balance on a net basis or realise the asset and settle the liability simultaneously.

Subsequent measurement of non-derivative financial assets represented by debt securities (portfolio securities, trade receivables and financial assets)

The classification and subsequent measurement of financial assets is made on the basis of the business model chosen by the Company for their management, as well as on the basis of the characteristics of the contractual cash flows of the financial assets in question.

The business models adopted by the Group are the following:

- **Held to Collect (HtC):** the objective is to own the financial assets in order to collect the related contractual cash flows until their maturity. If the contractual cash flows are represented solely by payments on fixed dates of principal and interest, the financial assets are subsequently measured at amortised cost; otherwise, they are measured at fair value through profit or loss (FVTPL). At the reporting date, the financial assets managed under the HtC business model consisted of trade receivables and financial assets with related parties and third parties and are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is decreased by impairment losses. Interest income, exchange gains and losses and impairment losses are recognised in profit (loss) for the year, as are any gains or losses on derecognition.
- **Held to Collect and Sell (HtC&S):** the objective is achieved both through the collection of contractual cash flows and through the sale of financial assets. If contractual cash flows are represented solely by payments on fixed dates of principal and interest, financial assets are subsequently measured at fair value through other comprehensive income (FVTOCI); otherwise, they are measured at fair value through profit or loss (FVTPL). At the reporting date, the financial assets managed under the HtC&S business model consist of investments in monetary, bond and equity trading instruments for the dynamic management of cash surpluses and are subsequently measured at fair value through profit or loss. Net gains and losses, including dividends or interest received, are recognised in profit (loss) for the year.

Impairment of trade receivables is performed by estimating the expected credit loss over the life of the receivable at initial recognition and in subsequent measurements. The estimate is mainly made by determining the average expected non-collectability, based on historical and geographical indicators, as well as on forward-looking information. On the other hand, for certain receivables characterised by specific risk elements, specific assessments are carried out on individual credit positions.

Impairment of financial assets measured at amortised cost and other than trade receivables is performed using the expected credit loss model and, in particular, using the general model that

recognises expected losses on financial assets over the following 12 months or over their entire residual life in the event of a material deterioration in credit risk. Specifically, with respect to liquid funds, expected losses are calculated in accordance with default percentages associated with each bank with which the cash is deposited, obtained on the basis of each bank's ratings.

Subsequent measurement of non-derivative financial assets represented by equity securities (equity investments in other companies)

The Company holds non-controlling interests in other companies for non-trading purposes. These investments are measured at fair value. Dividends are recognised in profit (loss) for the year unless they clearly represent a recovery of part of the investment cost. Other gains and losses, including changes in fair value, are recognised in other comprehensive income and are never reclassified to profit (loss) for the year.

Subsequent measurement of non-derivative financial liabilities

Non-derivative financial liabilities, mainly represented by trade payables and financial liabilities, are initially recognised at fair value, which normally corresponds to the consideration received net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Interest expense and exchange gains (losses) are recognised in profit (loss) for the year, as are any gains or losses deriving from derecognition.

With reference to lease liabilities, see the previous paragraph "Property, plant and machinery, leased cars (Right-of-use assets and Lease liabilities)".

Financial derivatives

The derivative financial instruments subscribed by the Company are represented by forward sale contracts on foreign currencies and have the purpose of hedging the exposure to currency risk originating from the Company's commercial transactions, within pre-established operating limits. Although the derivative instruments subscribed by the Company have an economic purpose of hedging the currency risk, the Company does not account for these instruments according to the rules of hedge accounting, as not all the documentation required to designate the hedging relationship and monitor its effectiveness for accounting purposes has been prepared.

Based on this choice, all derivative instruments are measured at fair value through profit or loss (FVTPL).

Inventories

Inventories, consisting of raw materials, purchased goods, semi-finished products, work in progress and finished goods, are measured at the lower of cost and net realisable value; cost is determined using the FIFO (first in, first out) method. In the case of goods produced by the Company, the cost includes the direct costs of materials and labour and indirect production costs (variable and fixed).

Employee benefits

Short-term benefits

Short-term employee benefits are recognised as an expense when the service that gives rise to these benefits is provided. The Company recognises a liability for the amount that is expected to be paid when it has a current, legal or constructive obligation to make such payments as a result of past events and it is possible to make a reliable estimate of the obligation.

Post-employment benefits

Post-employment benefits (TFR), which are mandatory for Italian companies under Article 2120 of the Italian Civil Code, are a type of deferred remuneration as they are paid at the end of the employment

relationship and are correlated to the length of the employee's working life and the remuneration received during the period of service rendered. From January 1, 2007, the 2007 Finance Law and relative implementing decrees introduced changes to TFR, including giving workers a choice as to the destination of their accruing TFR, to supplementary pension plans or to the "Treasury Fund" managed by INPS. It follows, therefore, that as of January 1, 2007, the Company's obligation to pay TFR to INPS (Italian National Social Security Institute) and supplementary pension schemes assumes the nature of a "defined contribution plan", while TFR accrued by employees but not paid to employees, to INPS or to supplementary pension schemes assume the nature of a "defined benefit plan".

With reference to "Defined contribution plans", the related cost is recognised in the profit (loss) for the year as a "personnel expense" over the period in which the employees provide their services.

On the other hand, with reference to "Defined benefit plans", the Company recognises the liability determined on the basis of an actuarial calculation, using the Projected Unit Credit Method. Current service costs (portion accrued by the employee) and interest expense relating to the increase in the present value of the TFR obligation arising from the approaching time of payment of the benefits are recognised in the profit (loss) for the year as "personnel expense". Actuarial gains and losses are recognised in other comprehensive income and are immediately classified under retained earnings as they will never be reclassified subsequently to profit (loss) for the year.

Other long-term benefits

Long-term employee benefits are represented by the Long-Term Incentive Plans (LTIP) signed by the Executive Directors and certain Company employees identified as particularly important for the achievement of the medium to long-term consolidated objectives. The three-year plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Company objectives. The Company's obligation for these employee benefits corresponds to the amount of the future benefit that employees have accrued for work services in the current year and in previous years. This benefit is discounted and the re-measurements over the vesting period are recognised in the profit (loss) for the year as a "personnel expense".

Cash-settled share-based payment transactions

The Company has an incentive plan based on phantom shares for Executive Directors and certain 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.

The above-mentioned incentive plan represents a cash-settled share-based payment plan. The Company therefore recognises a liability over the period during which the employees accrue the unconditional right to receive the payment, which is measured at each reporting date and at the settlement date on the basis of the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised in profit (loss) for the year as a "personnel expense".

Provisions for risks and charges

The Company recognises provisions for risks and charges when, in the presence of a present, legal or implicit obligation towards a third party resulting from a past event, it is likely that Company resources will be required to meet said obligation, and when a reliable estimate of the amount of said obligation can be made.

Changes in estimates are recognised in the profit (loss) for the year in which they occurred.

Ordinary shares and treasury shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity.

In the event of the repurchase of treasury shares, the consideration paid, including costs directly attributable to the transaction, is recognised as a reduction of equity. The shares thus repurchased are classified as treasury shares and recognised in the reserve for treasury shares. The consideration received from the subsequent sale or re-issue of treasury shares is recognised as an increase in equity. Any positive or negative difference deriving from the transaction is recognised in the share premium reserve.

Revenue from contracts with customers

The contracts entered into by the Company with its customers relate to the sale of goods. Revenue is measured taking into account the consideration specified in the contract, and recognition in the separate financial statements takes place when the Company transfers control of the goods to the customer, which usually coincides with their physical delivery and acceptance by the customer (revenue recognised “at a point in time”). The transfer of control of assets over a period of time, which coincides with the period of production (revenue recognised “over time”), occurs only with reference to certain contracts signed with certain customers, as these contracts relate to specific assets without an alternative use and, if the customer should decide to terminate the contract, the Company is entitled to claim reimbursement of the costs incurred up to that time, increased by a reasonable margin.

The advancement of revenue “over time” is determined using an input-based method and, in particular, on the basis of the percentage that emerges from the ratio of incurred costs to estimated total costs (cost-to-cost method). This method is considered to be the most suitable for providing a true representation of the percentage of completion of the performance obligation. Revenue that is not yet invoiced is recognised with a balancing entry in the statement of financial position item “Contract assets”, while advances are recognised in the statement of financial position item “Contract liabilities”.

Contract fees agreed with customers usually do not include variable components (e.g. discounts and premiums) and invoices issued are usually payable in a period not exceeding 90 days.

Government grants

Government grants are recognised in the separate financial statements when there is reasonable certainty that they will be received and that the Company will comply with the conditions for their receipt.

Grants related to assets are recognised initially in deferred income and subsequently in profit (loss) for the year as other income on a systematic basis over the useful life of the asset to which they relate. Grants related to income that offset the costs incurred by the Company are recognised in the profit (loss) for the year on a systematic basis, to offset them in the same period against the costs that the grant is intended to offset, unless the conditions for receiving the grant are met after the related costs have been recognised. In this case, the grant is recognised when it becomes due.

Financial income and expense

The Company’s financial income and expense include:

- interest income from financial assets measured at amortised cost (bank current accounts and loan assets);
- interest expense on overdrafts and bank loans;
- interest expense relating to lease contracts;
- commissions and other financial expense;
- net gains or losses from financial assets measured at FVTPL (securities in portfolio);
- fair value gains or losses on derivative financial instruments;

- impairment losses (gains) on debt securities accounted for at amortised cost.

Interest income and expense are recognised in profit (loss) for the year on an accruals basis using the effective interest rate method. Dividend income is recognised when the Company's right to receive payment is established.

The effective interest rate corresponds to the rate that exactly discounts estimated future payments or collections over the expected life of the financial asset:

- at the gross carrying amount of the financial asset; or
- at the amortised cost of the financial liability.

When calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or to the amortised cost of the liability.

Current and deferred taxes

The tax charge for the year includes current and deferred taxes recognised in profit (loss) for the year, with the exception of those relating to items recognised directly in equity or in other comprehensive income.

Current taxes include the estimate of the amount of income taxes due or to be received, calculated on the taxable income or on the tax loss for the year as well as any adjustments to taxes from previous years. The amount of tax assets or liabilities, determined on the basis of the tax rates in force or substantially in force at the end of the year, also includes the best estimate of any amount payable or receivable that is subject to uncertainty. Current taxes also include any taxes relating to dividends.

Deferred taxes are recognised with reference to the temporary differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for:

- temporary differences relating to the initial recognition of assets or liabilities in a transaction other than a business combination or a transaction that affects neither profit (or loss) for the year nor taxable profit (or tax loss);
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future; and
- the taxable temporary differences relating to the initial recognition of goodwill.

Deferred tax assets related to tax loss carry-forwards are recognised to the extent that it is probable that future taxable profit will be available against which these assets can be utilised. Future taxable income is defined on the basis of the reversal of the relevant deductible temporary differences. If the amount of taxable temporary differences is not sufficient to fully recognise a deferred tax asset, the future taxable income, adjusted for the reversal of outstanding temporary differences, provided for in the business plans of the Company, is taken into account.

Deferred tax assets and liabilities are determined on the basis of the tax rates in force or substantially in force at the end of the year and which will be applicable in the years in which the temporary differences will reverse.

Tax assets and liabilities for current and deferred taxes are offset when the income taxes are applied by the same tax authority and when there is a legal right to offset the same.

Earnings (loss) per share

The basic earnings (loss) per ordinary share is calculated by dividing the share of Company profit (loss) attributable to the ordinary shares by the weighted average of the ordinary shares outstanding during the year, excluding treasury shares. Likewise, the basic earnings (loss) per savings share is calculated by dividing the share of Company profit (loss) attributable to the savings shares by the weighted average of the savings shares outstanding during the year.

Accounting standards, amendments and interpretations applicable from January 1, 2022

The accounting standards, amendments and interpretations which were applied for the first time starting from January 1, 2022 are set out below.

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

- **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 purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset itself. Such revenue 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.

The adoption of the aforementioned amendments introduced starting from January 1, 2022 did not have a significant impact on these separate Financial Statements at December 31, 2022.

Accounting standards, amendments and interpretations endorsed by the European Union, but whose application is not yet mandatory and not adopted in advance by the Company

The standards and the amendments approved by the European Union, but not yet mandatorily applicable and not adopted by the Company in advance at December 31, 2022 are illustrated below.

IFRS 17 – Insurance Contracts

New accounting standard for the recognition, measurement, presentation and disclosure of insurance contracts issued by an entity and/or reinsurance contracts held by an entity. It replaces IFRS 4, which had a limited set of guidelines for the accounting of insurance contracts and which essentially referred to the accounting policies envisaged by the national accounting standards. The main innovations introduced include, in particular: i) measurement of technical reserves at substantially present values, ii) transformation of the estimate of the expected profit of insurance contracts into a quantity with accounting value (new concept of expected profit of insurance contracts, which must be recognised in the profit (loss) for the year over the term of the contract), iii) new representation in the statement of profit or loss was significantly different from the past and more in line with a “margin” logic.

Amendments to IFRS 17 – Insurance Contracts”: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and, therefore, at improving the usefulness of comparative information for readers of the financial statements.

Amendments to IAS 1 – Disclosure of Accounting Policies

The amendments aim to define guidelines for the selection of accounting policies to be disclosed in the notes to the financial statements.

The amendment clarifies that: i) an entity must disclose in the notes to the financial statements only the material accounting policy information and not all the significant accounting policies; ii) information is material if, taken together with other information included in the financial statements, prepared for general purposes, it can reasonably influence the decisions made by the main users of the financial statements; iii) privilege the information on the accounting policies applied to the specific transactions of the entity (“entity-specific information”), avoiding generic information or mere duplication of the provisions of the IFRS Standards (“boilerplate”).

Amendments to IAS 8 – Definition of Accounting Estimates

The aim of the amendment is to clarify the distinction between changes in accounting policies (effects generally recognised retrospectively) and changes in accounting estimates (effects recognised prospectively).

Amendments to IAS 12 – Deferred Taxes related to Assets and Liabilities arising from a Single Transaction

The aim of the amendment is to clarify the accounting treatment of deferred tax relating to assets and liabilities recognised in the financial statements as a result of a single transaction, whose carrying amounts differ from the tax bases. For example: i) leases (IFRS 16): recognition of a right-of-use asset and a financial liability; ii) legal or implicit obligation to dismantle an asset or restore a site: recognition of a provision, with a simultaneous increase in the carrying amount of the asset.

With reference to the accounting standards that will come into force from January 1, 2023, no significant effects are currently expected on the Company’s separate Financial Statements.

Accounting standards, amendments and interpretations not yet endorsed by the European Union

At the date of these separate 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 standards described below.

On January 23, 2020, the IASB published the amendment “**Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**” and on October 31, 2022 published the amendment “**Amendments to IAS 1 - Presentation of Financial Statements: Non-Current Liabilities with Covenants**”. The purpose of the documents is to clarify the classification of financial liabilities as current or non-current liabilities, also introducing new disclosure requirements for non-current financial liabilities that require compliance with specific covenants. The amendments apply from January 1, 2024, but early adoption is allowed.

On September 22, 2022, the IASB published the amendment “**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**”. The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction in a way that does not recognise income or a loss relating to the retained right of use. The amendments will apply from January 1, 2024, but early adoption is allowed.

The adoption of these amendments is not expected to have any significant impact on the Company’s separate Financial Statements.

3. REVENUE

This item includes revenue from contracts with customers and amounted to 76,482 thousand euros in 2022, up 9.8% from 69,628 thousand euros in 2021.

The following table shows a **breakdown of revenue by operating segment**:

(thousand of euro)

Divisions and Businesses	2022	2021	Total Difference	Total Difference %	Exchange Rate Effect %	Organic Change %
Getters & Dispensers	28,621	29,467	(846)	-2.9%	4.2%	-7.1%
Sintered Materials	0	0	0	n.a.	n.a.	n.a.
SMA Materials	13,075	9,115	3,960	43.4%	5.9%	37.5%
SAES Industrial	41,696	38,582	3,114	8.1%	4.6%	3.5%
High Vacuum Solutions	20,040	16,237	3,803	23.4%	3.7%	19.8%
SAES High Vacuum	20,040	16,237	3,803	23.4%	3.7%	19.8%
Medical Nitinol	0	0	0	n.a.	n.a.	n.a.
SAES Medical Nitinol	0	0	0	n.a.	n.a.	n.a.
Chemicals	14,714	14,796	(82)	-0.6%	0.0%	-0.6%
SAES Chemicals	14,714	14,796	(82)	-0.6%	0.0%	-0.6%
Packaging Solutions	0	13	(13)	-100.0%	0.0%	-100.0%
SAES Packaging	0	13	(13)	-100.0%	0.0%	-100.0%
Not Allocated	32	0	32	n.a.	n.a.	n.a.
Revenue	76,482	69,628	6,854	9.8%	3.4%	6.4%

Revenue of the **Industrial Division** totalled 41,696 thousand euros, up by 8.1% compared to 38,582 thousand euros in the previous year. The performance of the euro against the major foreign currencies led to a positive exchange rate effect equal to +4.6%, net of which sales grew organically by 3.5%. The organic growth in revenue was driven by the good performance of **SMA materials** sales in the luxury and mobile device segments, while sales of **getters & dispensers** in the more mature lamp and thermal insulation segments were down.

Revenue of the *Getters & Dispensers Business* amounted to 28,621 thousand euros in 2022, down by 2.9% compared to 29,467 thousand euros in 2021, despite a positive exchange rate impact (+4.2%). The decrease was therefore -7.1%, mainly attributable to the structural downward trend of the more mature markets (lamps and thermal insulation), combined with the weak demand of the Chinese market, especially for getters intended for sensor applications.

Revenue of the *SMA Materials Business* totalled 13,075 thousand euros in 2022, up sharply (+43.4%) compared to 9,115 thousand euros in 2021. Net of the positive exchange rate effect (+5.9%), organic growth was 37.5%, mainly due to the mobile device sector, the luxury segment and, to a lesser extent, the automotive segment.

Revenue of the **High Vacuum Division** amounted to 20,040 thousand euros, up sharply (+23.4%) compared to 16,237 thousand euros in the previous year, also favoured by the positive exchange rate effect (+3.7%).

Organic growth was very high (+19.8%), attributable to higher sales of NEG pumps for industrial applications and, to a lesser extent, in the accelerator and scientific research sectors, to which the relevant revenue were added for the supply of vacuum systems to the RFX Consortium of Padua, active in experimental nuclear fusion.

Revenue of the **Chemicals Division** totalled 14,714 thousand euros, stable compared with 14,796 thousand euros in the previous year. The exchange rate effect was nil, as the sales were denominated exclusively in euros. The 2022 figure was influenced by a slowdown in sales in the last quarter, due to the effects on the supply chain of the consumer electronics segment due to prolonged lockdowns in some geographical areas of China.

Non-allocated revenue amounted to 32 thousand euros in 2022 and refers exclusively to initial sales related to the B!POD project, for which new product launches are expected in 2023.

A breakdown of revenue by geographical segment of customers is provided below.

(thousand of euro)

Geographical segment	2022	%	2021	%	Total Difference	Total Difference %
Italy	1,997	2.6%	2,572	3.7%	(575)	-22.4%
Europe	26,558	34.7%	21,881	31.4%	4,677	21.4%
North America	10,708	14.0%	9,286	13.3%	1,422	15.3%
Japan	5,505	7.2%	6,758	9.7%	(1,253)	-18.5%
China	25,676	33.6%	23,729	34.1%	1,947	8.2%
South Korea	1,209	1.6%	1,642	2.4%	(433)	-26.4%
Taiwan	1,214	1.6%	803	1.2%	411	51.2%
Other Asian countries	3,142	4.1%	2,570	3.7%	572	22.3%
Others	473	0.6%	387	0.6%	86	22.2%
Revenue	76,482	100.0%	69,628	100.0%	6,854	9.8%

With regard to the **geographical distribution of revenue**, 2022 shows a strong increase in sales concentrated above all in the following geographical segments:

- **Europe**, in particular in the High Vacuum division;
- **North America**, driven by getters for *Electronic Devices* applications and by vacuum pumps;
- **China**, especially the sale of high vacuum devices, as well as the sale of SMA wire for telecom applications.

Sales in **Japan** saw a drop in revenue, due to the different geographical distribution of vacuum pump revenue (higher sales in Europe, North America and China, but lower sales in Japan).

4. COST OF SALES AND OPERATING COSTS

The cost of sales and operating costs for 2022 amounted to 89,827 thousand euros, compared to 77,728 thousand euros in the previous year.

(thousand of euro)

Cost of sales & Operating costs	2022	2021	Total difference	Total difference %	of which:
					Merger effect
Raw Materials (includes change in raw materials)	19,916	16,972	2,944	17.3%	0
Direct labour	8,188	7,537	651	8.6%	0
Manufacturing overheads	17,725	15,892	1,833	11.5%	0
Change of work in progress and finished goods	(3,139)	(1,570)	(1,569)	99.9%	0
Total cost of sales	42,690	38,831	3,859	9.9%	-
Research & development expenses	9,310	8,606	704	8.2%	0
Selling expenses (*)	11,854	7,417	4,437	59.8%	0
General & administrative expenses	25,973	22,874	3,099	13.5%	135
Total operating costs	47,137	38,897	8,240	21.2%	135

(*) The item includes Impairment losses of trade receivables (97 thousand euros in 2022, compared to 13 thousand euros in 2021)

Cost of sales

Direct labour costs and manufacturing overheads increased by 8.6% and 11.5%, respectively, mainly due to higher turnover. The increase in direct labour costs is mainly attributable to the *Chemicals* business, while the increase in indirect production costs relates to the *High Vacuum Solutions* and *SMA Materials* businesses. The cost of materials (also including the change in inventories of semi-finished products and finished goods, in addition to that of raw materials) increased by 8.9% and concerns the *SMA Materials* and *Getters & Dispensers* businesses.

Operating costs

Operating costs increased by 8,240 thousand euros (+21.2%). The increase is mainly concentrated in **selling expenses** (higher consulting and marketing costs linked to the launch of the B!POD and RedZone projects, travel expenses and commissions on sales of SMA wire for industrial application, in

addition to non-recurring costs for the settlement of the rights accrued to the heirs of a strategic employee of the Company) and in **general and administrative expenses** (consultancy costs for preliminary assessments relating to the sale of the Nitinol business (see Note No. 42), as well as salary increases and higher variable remuneration linked to good performance, as well as higher costs for insurance coverage and IT projects), impacted by 135 thousand euros in administrative expenses of SAES International S.r.l. On the other hand, the increase in **research and development expenses** was more contained (slight increase in costs for personnel employed in research, as well as expenses related to the restructuring of the laboratories in Lainate and higher costs for energy and gas).

A **breakdown by nature** of the cost of sales and operating costs, compared with the previous year, is given below.

(thousand of euro)				of which:
Total costs by nature	2022	2021	Total difference	Merger effect
Personnel expense	36,471	32,882	3,589	21
Raw materials (includes change in raw materials)	19,916	16,972	2,944	0
Technical, legal, tax and administrative consultancy	7,661	5,216	2,445	98
Corporate bodies	5,301	5,124	177	5
Depreciation of property, plant and equipment	4,656	4,167	489	0
Utilities	4,559	3,301	1,258	0
Various materials	3,620	2,627	993	0
Maintenance and repairs	2,460	2,739	(279)	0
Advertising costs	1,424	249	1,175	0
General services (canteen, cleaning, security)	1,339	1,324	15	0
Insurance	894	731	163	0
Depreciation of right-of-use assets	779	789	(10)	0
Licenses and patents (**)	763	746	17	0
Commissions	722	376	346	0
Transport	505	431	74	0
Travel and accommodation expenses	360	87	273	0
Audit fees (*)	207	266	(59)	0
Training costs	176	163	13	0
Amortisation of intangible assets	146	175	(29)	0
Impairment losses on property, plant and equipment and intangible assets	95	0	95	0
Telephones and faxes	59	58	1	1
Other recovery	(541)	(316)	(225)	0
Other	1,394	1,191	203	10
Total costs by nature	92,966	79,298	13,668	135
Change in work in progress and finished goods	(3,139)	(1,570)	(1,569)	0
Total cost of sales and operating costs	89,827	77,728	12,099	135

(*) net of 211 thousand euros of costs charged to subsidiaries (198 thousand euros in 2021)

(**) net of 12 thousand euros of costs charged to subsidiaries (13 thousand euros in 2021)

Below is the commentary on the main differences, after netting both the effect of foreign exchange and that related to the merger effect.

The increase in the item “**Personnel expense**” is mainly attributable to the increase in the average number of employees at the Company (increase in production staff at the Avezzano plant, as well as an increase in commercial and research personnel, in addition to wage increases in the G&A area). Also worth mentioning are the higher allocation for bonuses, related to the improvement in operating performance, and the non-recurring costs for the settlement of the rights accrued to the heirs of a strategic employee of the Company (1,890 thousand euros). In 2022 this item includes the income of the Company for the Southern tax incentive¹⁰⁹ amounting to 784 thousand euros.

The items “**Raw materials**” and “**Various materials**”, which are directly linked to the production cycle, increased proportionally with the organic increase in sales.

¹⁰⁹ Contribution relief for companies in the south, which aims to contain the effects of the Covid-19 epidemic on employment, protecting employment levels in areas with serious socio-economic hardship.

The increase in the item **“Technical, legal, tax and administrative consultancy”** is mainly related to the consultancy for the preliminary assessments related to the sale of the Medical Nitinol business (see in this regard Note No. 42), as well as for the market launch of the first product (DRO!D) under the new B!POD project, developed by the SAES Design House and aimed at using the Company’s innovative technologies to improve food preservation and combat waste, while reducing CO₂ emissions.

The item **“Corporate bodies”** includes the remuneration due to the members of the Board of Directors, both executive and non-executive, and of the Board of Statutory Auditors of the Company, and is substantially in line with the previous year. For details on the amounts paid in terms of remuneration in 2022 and the comparison with the previous year, please refer to Note No. 33 and to the Report on remuneration.

The increase in the item **“Depreciation of property, plant and equipment”** is a consequence of the restructuring of the laboratories and some areas for office use, as well as the entry into operation of the new emulsification pilot plant and the depreciation relating to the B!POD project.

The change in the item **“Utilities”** is related to the increase in both consumption and unit costs of energy in the Italian factories. In 2022 this item includes the income related to the tax credit for energy-intensive companies for an amount of 611 thousand euros.

The increase in **“Advertising costs”** is due to the launch of the first product (DRO!D) under the new B!POD project, as well as the launch of the RedZone project (an “on-call” acceleration programme dedicated to start-ups operating in the field of advanced materials).

The increase in the item **“Insurance”** is attributable to the increase in the costs of insurance policies.

The item **“Travel and accommodation expenses”** increased as a result of the post-Covid recovery of both trade fairs and commercial activities with customers, and international conferences in the scientific and technological field.

5. OTHER INCOME AND EXPENSES

The item “Other income and other expenses” in 2022, compared to 2021, is broken down as follows:

(thousand of euro)

	2022	2021	Total difference	Merger effect
Other income	3,340	3,327	13	0
Other expenses	(575)	(807)	232	(1)
Expenses related to the cancellation of an advance for a potential non controlling investment	0	(1,100)	1,100	0
Net other income	2,765	1,420	1,345	(1)

The item **“Other income”** includes income from the sale of scrap materials, as it does not relate to the Company’s core business operations, and capital gains from the sale of assets, as well as income of the Company related to the tax credit for investments in research and development, in accordance with the provisions of the 2021 Budget Law (equal to 413 thousand euros pertaining to 2022, compared to 454 thousand euros pertaining to 2021).

On the other hand, the item **“Other expenses”** mainly includes the property taxes and other taxes, other than income taxes.

The increase in this item is mainly attributable to donations made in 2022 in support of Ukraine (a total of 100 thousand euros, of which 70 thousand euros was given to a local volunteer network in connection with the Ukrainian Embassy in Italy and 30 thousand euros assigned to an Italian refugee aid organisation).

Lastly, in 2021, there was a cost of 1,100 thousand euros for the cancellation of an advance for a potential non-controlling investment in the packaging business, which was subsequently suspended due to a change in strategy. The amount due was fully impaired, as it was deemed difficult to recover.

6. DIVIDENDS, FINANCIAL INCOME AND EXPENSE AND IMPAIRMENT LOSSES ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

The item “Dividends” breaks down as follows:

(thousand of euro)				<i>of which:</i>
	2022	2021	Total difference	Merger effect
Dividends from subsidiaries:				
- Memry Corporation	18,956	0	18,956	18,956
- SAES Smart Materials, Inc.	4,695	0	4,695	4,695
- SAES Getters/U.S.A., Inc.	6,292	4,038	2,254	0
- SAES Getters Export, Corp.	446	5,728	(5,282)	0
- SAES Getters (Nanjing) Co., Ltd.	320	754	(434)	0
- SAES Getters International S.A.	-	0	0	0
Dividends from Group subsidiaries	30,709	10,520	20,189	23,651

Following the merger of SAES International S.r.l., the total Dividends received by the company was impacted by 23,651 thousand euros in dividends from the subsidiaries Memry Corporation and SAES Smart Materials, Inc., which became direct subsidiaries of SAES Getters S.p.A.

Financial income and expense are detailed in the following tables:

(thousand of euro)				<i>of which:</i>
Financial income	2022	2021	Total difference	Merger effect
Bank interest income	1	0	1	0
Other financial income	779	343	436	379
Coupons and other net income realised on securities	866	1,090	(224)	0
Fair value gains on derivative instruments	0	33	(33)	0
Total financial income	1,646	1,466	180	379

(thousand of euro)				<i>of which:</i>
Financial expense	2022	2021	Total difference	Merger effect
Bank interest and other bank expense	(895)	(1,929)	1,034	(2)
Other financial expense	(257)	(281)	24	(234)
Fair value losses on securities	(1,927)	(999)	(928)	0
Commissions and other securities costs	(52)	(50)	(2)	0
Interest on lease liabilities	(33)	(25)	(8)	0
Realised losses on derivative instruments	0	(27)	27	0
Total financial expense	(3,164)	(3,311)	147	(236)
Impairment losses on loan assets and other financial assets	(2,198)	(4)	(2,194)	(379)
Impairment losses on equity investments and cash pooling assets	(11,489)	(9,080)	(2,409)	0
Total financial expense, impairment losses on loan assets and other financial assets and impairment losses of equity investment	(16,851)	(12,395)	(4,456)	(615)

The item “**Other financial income**” includes interest income on the two convertible loans granted to the joint venture Flexterra, Inc. (the first convertible loan, of 3 million dollars, was paid in July 2020;

the second, totalling 2 million dollars, was granted in two equal tranches, paid in August and November 2021, respectively) following the merger of SAES International S.r.l. See Note No. 19 for further details. The item also includes interest income on the convertible loan granted at the beginning of July 2021 to the German company Rapitag GmbH (for further details, see Note No. 15).

The items “Fair value Gains/Losses on securities” are associated with the measurement at fair value of the securities subscribed to invest the cash and cash equivalents deriving from the non-recurring sale of the purification business completed at the end of June 2018. The increase in losses in 2022, amounting to 928 thousand euros, was a consequence of the international tensions in the financial markets, which manifested especially in the first part of the year, partly as a consequence of the Russian-Ukrainian conflict.

Again in relation to the securities portfolio, the item “**Coupons and other net gains on securities**” (-224 thousand euros compared to the previous year) includes income for the collection of coupons.

The item “**Commissions and other securities costs**” consists of the management fees of the aforementioned securities portfolio and is in line with the previous year.

Please refer to Note No. 13 for further details on the securities subscribed.

The item “**Bank interest and other bank expenses**” includes accrued interest expense on both short-term and long-term loans, as well as the bank fees related to the credit lines held by the Company. The sharp decline in interest in the current year is attributable to the early repayment by the Company of all long-term loans that were in place at the end of December 2021. For loans outstanding at December 31, 2022, please refer to Notes No. 25 and 34.

The increase in the item “**Other financial expense**” is mainly attributable to the expense, equal to -234 thousand euros, for the Company’s irrevocable commitment to pay the first tranche (equal to 250 thousand dollars) of the additional convertible loan in favour of Flexterra, Inc. resolved by the Board of Directors of SAES Getters S.p.A. on December 7, 2022, recovery of which was not deemed likely.

In 2021, the item “**Fair value gains/losses on derivative instruments**” represented the effect on the statement of profit or loss of the fair value measurement of the hedging contracts (albeit not accounted for under hedge accounting rules) on the long-term variable rate loans subscribed by the Company. The item “**Realised losses on derivative instruments**” included the interest differentials actually paid to credit institutes for those contracts. These items were both nil in 2022, as all hedging contracts on the risk of changes in interest rates either expired or were extinguished early at the end of last year, following the Company’s early repayment of the related variable rate loans. See Note No. 18 for further details.

The item “**Impairment losses on loan assets and other financial assets**” includes the impairment loss on the loan asset (379 thousand euros in 2022) for interest accrued on convertible loans granted by SAES Getters International Luxembourg S.A. (subsequently merged into the Company, following the transfer of its registered office to Italy) to Flexterra, Inc. This asset was impaired because it was deemed difficult to recover, based on the information available.

The 2022 amount also includes the full impairment, of 1,819 thousand euros, of the entire convertible loan (principal and interest portion) to the German company Rapitag GmbH, as a result of the failure to achieve the set business objectives and the uncertainty about the future development of the business.

Finally, in 2021 the item included 4 thousand euros in impairment losses on financial assets (in particular, cash and cash equivalents) in application of IFRS 9. The expected losses had been calculated according to a default percentage associated with each bank where the cash and cash equivalents were deposited, obtained on the basis of the rating of each bank.

The item “**Impairment losses on equity investments and cash pooling assets**” relates to the impairment losses on equity investments following impairment tests (see Note No. 12).

A summary of the impairment losses is provided below:

(thousand of euro)

	2022					2021				
	Impairment losses on equity investments	Loss allowance	Use of loss allowance	Release of loss allowance	Total	Impairment losses on equity investments	Loss allowance	Use of loss allowance	Release of loss allowance	Total
SAES Getters Korea Corporation	171	0	0	(529)	(358)	0	375	0	0	375
SAES Investments S.A.	5,929	0	0	0	5,929	0	0	0	0	0
SAES Rial Vacuum S.r.l.	4,364	0	0	0	4,364	0	0	0	0	0
Strumenti Scientifici Cinel S.r.l.	773	0	0	0	773	0	0	0	0	0
SAES Coated Films S.p.A.	0	0	0	0	0	8,705	0	0	0	8,705
SAES Nitinol S.r.l.	19	0	0	0	19	0	0	0	0	0
Total	11,256	0	0	(529)	10,727	8,705	375	0	0	9,080

In the case of SAES Getters Korea Corporation, SAES Investments S.A. and SAES Nitinol S.r.l., the recoverable amount was not calculated by discounted cash flow, but different assumptions were made due to the specific characteristics of these companies.

In the case of SAES Getters Korea Corporation, given that the company is in liquidation, the difference between the carrying amount of the investment at December 31, 2022 and the estimate of the residual cash at the end of the liquidation period was analysed. This difference was a negative 171 thousand euros and the equity investment was impaired for this amount.

In the case of SAES Investments S.A., as the company’s equity already expressed the fair value of the securities it held, the investment was impaired by the negative difference between the carrying amount of the investment and equity at December 31, 2022, amounting to 5,929 thousand euros.

With regard to SAES Nitinol S.r.l., an impairment loss equal to the deficit (252 thousand euros) was recognised, consisting of 233 thousand euros from the impairment loss on the cash pooling asset with this company and 19 thousand euros from the impairment loss on the equity investment.

In the case of SAES Getters/U.S.A. Inc., SAES Coated Films S.p.A., Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l., the recoverable amount was determined on the basis of the equity value estimated:

- on the basis of the most recent three-year plans approved by the Board of Directors, according to which future cash flows are estimated for the individual companies in their current conditions.
- taking into account a period subsequent to that of the explicit forecast, with a duration equal to the residual life of the asset (which may also be indefinite), for which the data are extrapolated from those of the explicit period on the basis of growth rates calculated as the average of long-term inflation rates for the countries in which the investee operates, weighted on the basis of the percentage weight of sales made by the investee in the reference country. Future cash flows were estimated by assuming an average level of investment in the period beyond the explicit three-year period, coinciding with the direct investment in the last year of the plan, in which no expansion investments were planned. The specific tax rate used for each company was calculated as the average of the corporate income tax (CIT) rate of the countries in which the company operates.

The equity value calculated in this way was compared with the value of the related equity investment and, if lower than this, the equity investment was impaired.

No impairment losses were necessary for SAES Getters/U.S.A. Inc. and SAES Coated Films S.p.A., while the equity investments in Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l. amounted to 773 thousand euros and 4,364 thousand euros, respectively.

7. EXCHANGE GAINS AND LOSSES

The breakdown of exchange gains and losses in 2022 compared to the previous year is given below.

(thousand of euro)

Exchange differences	2022	2021	Total difference
Exchange gains	844	453	391
Exchange losses	(1,025)	(556)	(469)
Total exchange differences	(181)	(103)	(78)
Gains on forward contracts	5	17	(12)
Losses on forward contracts	(640)	(138)	(502)
Fair value gains on forward contracts	250	9	241
Net losses on forward contracts	(385)	(112)	(273)
Net exchange losses	(566)	(215)	(351)

The item “**Total exchange differences**” in both years is mainly attributable to the effect of the fluctuations of the dollar against the euro on transactions of a commercial nature.

The item “**Net losses on forward contracts**” came to 385 thousand euros in 2022 (compared to 112 thousand euros in 2021) and included both the realised losses (635 thousand euros) resulting from the termination of the forward dollar contracts entered into by the Company at the end of 2021 to hedge approximately 80% of the net flows in dollars expected for 2022, and the fair value gains (250 thousand euros) on the forward contracts entered into in November 2022 to hedge the net flows in dollars of the Italian companies of the SAES Group estimated for 2023.

For details of forward contracts both closed during 2022 and still open at year end, please refer to Note No. 18.

8. INCOME TAXES

As the consolidating entity, the Company joined the national tax consolidation scheme set forth in Articles 117 et seq. of the T.U.I.R. [Consolidated Law on Income Tax] with its subsidiaries SAES Innovative Packaging S.r.l., SAES Nitinol S.r.l., SAES Coated Films S.p.A. and, from January 1, 2022, Strumenti Scientifici Cinel S.r.l., effective from January 1, 2015 for the three-year period 2015-2017, and automatically renewed for the next two three-year terms. Therefore, it consolidated its taxable income with those of its subsidiaries.

Income taxes are broken down as follows:

(thousand of euro)

	2022	2021	Total difference
Current taxes:			
- IRES (corporate income tax) and IRAP (regional production tax)	(85)	(199)	114
- Withholding Tax on Dividends	(1,474)	(535)	(939)
Total current taxes	(1,559)	(734)	(825)
Deferred taxes	136	(253)	389
Total deferred taxes	136	(253)	389
Income taxes	(1,423)	(987)	(436)

Negative amounts: expense

Positive amounts: benefit

Current taxes for the year came to 1,559 thousand euros in 2022, compared to 734 thousand euros in the previous year. The increase of 825 thousand euros is essentially due to the dividends (and the consequent taxation of the same) distributed during the year by the US affiliates Memry Corporation and SAES Smart Materials, Inc. The balance of current taxes is mainly composed of:

- 75 thousand euros, income taxes for the previous year, of which 31 thousand euros due to the Japanese tax authorities by the Japan Technical Services branch and 44 thousand euros consequent to the recognition, following the precise calculation at the time of the tax return, of higher IRAP relating to previous years;
- 1,474 thousand euros, the non-recoverable portion (95%) as a tax credit of withholding taxes applied abroad on dividends received;
- IRES income tax benefit of 107 thousand euros, relating to the remuneration of the tax loss used as part of the tax consolidation.

In July 2022, the Italian Revenue Agency began a tax audit for the purposes of direct taxes, IRAP, VAT and withholding taxes for 2018.

The audit is still in progress; therefore, at present, there are insufficient elements to be able to formulate an estimate of any related contingent liabilities.

The item **Deferred taxes** shows a positive balance (income) of 136 thousand euros, consisting of the recognition of deferred taxes on the change in temporary differences for the year.

The following table shows taxes as a percentage of taxable income, analysing the variance with respect to the theoretical rate:

(thousand of euro)

	2022		2021	
Pre-tax profit	4,359		(7,304)	
Theoretical tax rate and tax charges	(1,046)	24.00%	1,753	24.00%
<i>Difference between theoretical and effective current taxes</i>				
Effect of lower tax rate on dividends	5,387		1,863	
Tax effect from other permanent differences	(3,213)		(2,465)	
Not recognised (recognised) deferred tax assets on tax losses	(2,250)		(1,916)	
Not recognised (recognised) deferred tax assets on temporary differences	(136)		253	
Other	(90)		(3)	
IRAP Effect	0		(191)	
Current taxes of the year recognised in profit or loss	(1,348)	30.93%	(706)	-9.67%
Income taxes of the year (current and deferred)	(1,348)	30.93%	(706)	-9.67%
Current taxes of previous years recognised in profit or loss	(75)		(28)	
Deferred taxes of previous years recognised in profit or loss	0		0	
Total income taxes	(1,423)	32.66%	(734)	-10.05%

NON-CURRENT ASSETS

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net of depreciation, amounted to 42,101 thousand euros at December 31, 2022. Compared to December 31, 2021, this represents an increase of 3,740 thousand euros.

The changes that occurred are shown below:

(thousand of euro)

Property, Plant and Equipment	Land	Buildings	Plant and Machinery	Under construction	Total
Balances as of December 31, 2020	1,467	16,301	14,764	2,992	35,525
Acquisitions	0	734	4,003	2,265	7,002
Disposals	0	0	0	0	0
Reclassifications	0	58	2,471	(2,529)	0
Depreciation	0	(1,111)	(3,054)	0	(4,166)
Impairment losses	0	0	0	0	0
December 31, 2021	1,467	15,982	18,184	2,728	38,361
Merger Effect	0	0	0	0	0
Acquisitions	0	933	4,003	3,645	8,580
Disposals	0	0	(89)	0	(89)
Reclassifications	0	518	1,428	(1,947)	0
Depreciation	0	(1,181)	(3,475)	0	(4,656)
Impairment losses	0	0	0	(95)	(95)
December 31, 2022	1,467	16,252	20,051	4,331	42,101

December 31, 2021					
Historical cost	1,467	37,375	110,567	2,765	152,174
Accumulated depreciation	0	(21,393)	(92,383)	(37)	(113,813)
Impairment losses	0	0	0	0	0
Carrying amount	1,467	15,982	18,184	2,728	38,361

December 31, 2022					
Historical cost	1,467	38,826	115,909	4,463	160,664
Accumulated depreciation	0	(22,574)	(95,858)	(37)	(118,468)
Impairment losses	0	0	0	(95)	(95)
Carrying amount	1,467	16,252	20,051	4,331	42,101

At December 31, 2022, land and buildings were not burdened by mortgages or other guarantees.

During 2022, investments in property, plant and equipment amounted to 8,580 thousand euros, up by 1,578 thousand euros compared to December 31, 2021.

At the Lainate plant, investments were made relating to the new B!POD project (+561 thousand euros), the renovation and modernisation of buildings (+1,628 thousand euros), the purchase of the emulsification pilot plant (+321 thousand euros) as well as the purchase of tools and equipment for the R&D laboratories (+395 thousand euros), plants for the *High Vacuum* Division (+276 thousand euros) and equipment for the *Industrial* Division (+51 thousand euros).

At the Avezzano plant, investments were made for the enhancement of some production lines including *SMA Materials* (+278 thousand euros), *Electronic Devices* (+130 thousand euros), *Specialty Chemicals* (+86 thousand euros) and *High Vacuum* (+724 thousand euros), for *Safety* (+254 thousand euros), for the renovation of some plant (+385 thousand euros) and *equipment* connected to production processes and laboratories.

The item "under construction and payments on account" mainly consists of payments on account and work in progress relating to the renovation and modernisation of buildings (+1,346 thousand euros) and plant (+757 thousand euros) of the Lainate and Avezzano facilities and the construction of the area dedicated to the emulsification plant (+554 thousand euros). Also of note are the investments in

progress relating to specific equipment for the R&D laboratories (+313 thousand euros), for the *Vacuum* Division (+143 thousand euros) and for the *Industrial* Division (+81 thousand euros) in addition to investments for the strengthening of the *Nitinol* line (+164 thousand euros) and generic equipment for transversal use (+483 thousand euros).

During 2022, completely depreciated capital goods were disposed of, in the course of the normal cycle of replacement of machinery and instrumentation no longer usable in the production process. Also note the sale, to the subsidiary SAES Getters USA Inc., of internally produced equipment intended for quality control for 89 thousand euros.

Depreciation for the year amounted to a total of 4,656 thousand euros, up compared to the previous year (4,166 thousand euros). The increase is mainly attributable to the renovation of the properties of the Lainate headquarters (Offices and Laboratories), as well as the entry into operation of the new emulsification pilot plant and the depreciation relating to the B!POD project.

All property, plant and equipment are owned by the Company. Please refer to Note No. 11 for more details on leased assets as at December 31, 2022, the right of use of which has been recognised as a separate item in the statement of financial position assets.

Statement of assets pursuant to Italian Law No. 72/1983, Article 10 et seq. Revaluation Laws (Italian Law 413/1991 and Italian Law 342/2000)

Note that, with regard to the property, plant and equipment to which specific Monetary Revaluation Laws used to apply, the Company decided to exercise the exemption granted by IFRS 1 - First-time application of International Financial Reporting Standards, regarding the selective adoption of the fair value on the date of transition to International Financial Reporting Standards. Therefore these assets are measured on the basis of the revalued cost (deemed cost), represented by the amount adjusted at the time by virtue of the revaluations made.

The carrying amount of the revaluations made, net of depreciation, amounted on the transition date January 1, 2004 to 460 thousand euros and 146 thousand euros categorised respectively as “Land and buildings” and “Plant and machinery”.

(thousand of euro)

Revaluation Law	Land and buildings		Plant and machinery		Industrial and commercial equipment		Other assets		Net Total
	Historical Cost	Carrying amount at 31.12.22	Historical Cost	Carrying amount at 31.12.22	Historical Cost	Carrying amount at 31.12.22	Historical Cost	Carrying amount at 31.12.22	
Law no. 576 of 02.12.75	0	0	178	0	0	0	0	0	0
Law no. 72 of 19.03.83	207	0	611	0	0	0	19	0	0
Law no. 413 of 30.12.91	540	161	0	0	0	0	0	0	161
Law no. 342 of 21.11.00	0	0	850	0	0	0	0	0	0

10. INTANGIBLE ASSETS

Intangible assets, net of amortisation, amounted to 255 thousand euros at December 31, 2022, up by 92 thousand euros compared to December 31, 2021.

The changes that occurred are shown below:

(thousand of euro)

Intangible Assets	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Under development	Total
December 31, 2020	21	235	0	2	258
Acquisitions	52	1	0	28	81
Disposals	0	0	0	(1)	(1)
Reclassifications	2	0	0	(2)	0
Amortisation	(17)	(158)	0	0	(175)
December 31, 2021	58	78	0	27	163
Merger Effect	0	0	0	0	0
Acquisitions	103	0	116	20	238
Disposals	0	0	0	0	0
Reclassifications	27	0	0	(27)	0
Amortisation	(49)	(54)	(43)	0	(146)
December 31, 2022	139	25	72	19	255

December 31, 2021					
Historical cost	2,211	6,045	10	27	8,476
Accumulated amortisation	(2,153)	(5,967)	(10)	0	(8,313)
Carrying amount	58	78	0	27	163

December 31, 2022					
Historical cost	2,341	6,045	126	20	8,531
Accumulated amortisation	(2,202)	(6,021)	(53)	0	(8,276)
Carrying amount	139	24	72	20	255

In 2022, intangible assets increased by 238 thousand euros (81 thousand euros in 2021) and mainly refer to the purchase of software licenses for new IT projects and to the development of the new website for the BIPOD¹¹⁰ project.

Amortisation for the year, equal to 146 thousand euros, decreased by 29 thousand euros compared to the previous year (175 thousand euros). This reduction is attributable to the fact that some licences have completed their amortisation process (-106 thousand euros compared to 2021), net of higher amortisation (+77 thousand euros) for intangible assets capitalised during 2022.

11. RIGHT-OF-USE ASSETS

Right-of-use assets deriving from leases, rentals or use of third-party assets amounted to 2,156 thousand euros at December 31, 2022, a decrease of 526 thousand euros compared to December 31, 2021.

The changes occurred during the current year and during the previous year are shown below.

¹¹⁰ In accordance with the provisions of SIC 32, the expenses incurred in the development phase of the content are excluded from capitalisation.

(thousand of euro)

Right-of-use Assets	Buildings	Plant and machinery	Cars	Total
December 31, 2020	1,937	342	606	2,885
New leases entered into during the year	151	184	267	601
Early termination of lease agreements	0	0	(16)	(16)
Reclassifications	0	0	0	0
Depreciation	(384)	(115)	(289)	(788)
December 31, 2021	1,704	410	568	2,682
New leases entered into during the year	44	1	224	269
Early termination of lease agreements	0	0	(25)	(25)
Reclassifications	0	0	0	0
Depreciation	(365)	(118)	(286)	(770)
December 31, 2022	1,382	293	481	2,156
December 31, 2021				
Historical cost	2,462	697	1,103	4,262
Accumulated Depreciation	(758)	(287)	(535)	(1,580)
Carrting amount	1,704	410	568	2,682
December 31, 2022				
Historical cost	2,239	533	1,166	3,938
Accumulated Depreciation	(857)	(239)	(686)	(1,782)
Carrting amount	1,382	293	480	2,156

The increase of 44 thousand euros recorded in the “Buildings” category mainly refers to the right-of-use recognised following the renewal of the lease (until August 31, 2025) concerning the use of an office real estate unit located in Taipei for the activities of the Company’s Taiwanese permanent establishment.

The category “Plant and machinery” is almost exclusively related to the contracts signed by the Company for the use of third-party computer equipment (servers, memories, network components and printers).

There were no significant increases in 2022.

Similarly, the “Motor vehicles” category, which refers to long-term leases for the Company’s fleet of cars, saw an increase in the right-of-use of 224 thousand euros, attributable to the signing of new contracts mainly replacing expired contracts with similar right-of-use amount.

Moreover, the item “early termination of lease agreements” in the table is characterised by the effect deriving from the early termination of certain car lease contracts of 25 thousand euros.

12. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

On the reporting date, equity investments amounted to 122,937 thousand euros.

A breakdown of the equity investments, recognised in the financial statements at December 31, 2022, is shown in the following table:

(thousand of euro)

Equity Investments	December 31, 2021	Merger Effect	Acquisitions*	Increases	Impairment losses	Decreases	Other movements	December 31, 2022
Direct subsidiaries:								
SAES International S.r.l. (**)	42,721	(42,721)	0	0	0	0	0	0
SAES Getters (Nanjing) Co., Ltd.	6,904	0	0	0	0	0	0	6,904
SAES Getters Export Corp.	2	0	0	0	0	0	0	2
SAES Coated Films S.p.A.	8,781	0	0	0	0	0	0	8,781
SAES Innovative Packaging S.r.l.	889	0	0	0	0	0	0	889
SAES Nitinol S.r.l.	30	0	0	0	(19)	0	0	11
SAES Getters/U.S.A., Inc.	28,059	0	0	0	0	0	0	28,059
SAES Investments S.A.	30,000	0	0	0	(5,929)	0	0	24,071
Strumenti Scientifici Cinel S.r.l.	19,247	0	0	0	(773)	0	0	18,474
SAES Rial Vacuum S.r.l.	0	0	6,820	0	(4,364)	0	0	2,456
SAES Smart Materials, Inc	0	12,491	0	0	0	0	0	12,491
Memry Corporation	0	19,101	0	0	0	0	0	19,101
SAES Getters Korea Corporation	0	94	0	0	(171)	0	227	150
Indirect subsidiaries								
SAES Getters Korea Corporation	0	0	0	0	0	0	0	0
Total subsidiaries	136,633	(11,035)	6,820	0	(11,256)	0	227	121,388
Joint ventures								
SAES Rial Vacuum S.r.l.	1,614	0	(1,614)	0	0	0	0	0
Total joint ventures	1,614	0	(1,614)	0	0	0	0	0
Other companies								
EUREKA! Fund (***)	298	0	0	196	0	(22)	(5)	466
Cambridge Mechatronics Limited	0	1,083	0	0	0	0	0	1,083
Total other companies	298	1,083	0	196	0	(22)	(5)	1,549
Total associates	0	0	0	0	0	0	0	0
Total	138,544	(9,952)	5,206	196	(11,256)	(22)	222	122,937

(*) Acquisition of 100% of SAES Rial Vacuum S.r.l., of which the Company previously held 49%.

(**) former SAES Getters International Luxembourg S.A.

(***) It should be noted that -22 thousand euros in the "Decreases" column refers to the fair value measurement of the investment

Equity investments in subsidiaries

The increase in the carrying amount of the equity investments during the year is due to the acquisition, completed on May 25, 2022, of an additional 51% of the quota capital of SAES RIAL Vacuum S.r.l., of which the Company previously held 49%.

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, with joint control of SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%).

The acquisition follows that of Strumenti Scientifici Cinel S.r.l. (July 2021) and aims to strengthen the competitive position of the Company and of the SAES Group in the high vacuum sector, through an expansion and integration of the entirely Italian and avant-garde offer, on a global scale.

The consideration for the acquisition is equal to 5,250 thousand euros. A first tranche, equal to 4,750 thousand euros, was paid by the Company on May 25, 2022 with its own funds; the remainder, equal to 500 thousand euros, was withheld as a guarantee and will be paid, again with its own funds, in three successive annual instalments of equal amount (166.7 thousand euros each), starting three years from the closing date.

On December 22, 2022, the merger into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) was carried out through the drafting, signing and filing in the Register of Companies of the deed of merger by the companies participating in the transaction. The merger was approved by the Board of Directors of SAES Getters S.p.A. and by the quotaholders of SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) on October 19, 2022.

The deed of merger became legally effective with the end of the accounting day of December 30 2022. For accounting and tax purposes, the merger transaction took effect from January 1, 2022.

The transaction is the natural completion of the transfer to Italy of the headquarters of SAES International S.r.l., previously headquartered in Luxembourg. The merger makes it possible to shorten the Company's chain of control, reducing the number of legal entities of the SAES Group and the consequent administrative costs.

Pursuant to Article 2427, point 5 of the Italian Civil Code, the following information is provided:

Denomination	Location	Currency	Share/quota capital	Equity		Profit (loss) for the year		Share of ownership %	Carrying Amount	Difference
				Total Amount	Pro-quota Amount	Total Amount	Pro-quota Amount			
				(A)				(B)	(B) - (A)	
SAES Getters U.S.A., Inc.	Colorado Springs , CO (USA)	U.S.\$. thousand of euro	33,000,000 30,939	40,064,623 37,563	40,064,623 37,563	7,064,623 6,709	7,064,623 6,709	100	28,059	(9,504)
SAES Investments S.A.	Luxembourg (Luxembourg)	Euro thousand of euro	30,000,000 30,000	24,070,738 24,071	24,070,738 24,071	(11,108,883) (11,109)	(11,108,883) (11,109)	100	24,071	0
SAES Getters Korea Corporation	Seoul (South Korea)	thousand of won thousand of euro	524,895 391	262,203 195	262,203 195	59,826 44	59,826 44	100	150	(45)
SAES Getters Nanjing Co. Ltd	Nanchino (People's Republic of China)	Renmimbi thousand of euro	69,121,618 9,394	103,328,903 14,043	103,328,903 14,043	2,468,923 349	2,468,923 349	100	6,904	(7,139)
SAES Getters Export Corp.	Delaware, DE (USA)	U.S.\$. thousand of euro	2,500 2	4,716,321 4,422	4,716,321 4,422	4,950,784 4,702	4,950,784 4,702	100	2	(4,420)
SAES Innovative Packaging S.r.l.	Lainate (MI)	Euro thousand of euro	75,000 75	2,695,993 2,696	2,695,993 2,696	(31,757) (32)	(31,757) (32)	100	889	(1,807)
SAES Nitinol S.r.l.	Lainate (MI)	Euro thousand of euro	10,000 10	(251,613) (252)	(251,613) (252)	(676,665) (677)	(676,665) (677)	100	11	263
SAES Coated Films S.p.A.	Roncello (MB)	Euro thousand of euro	50,000 50	2,000,000 2,000	2,000,000 2,000	(1,162,527) (1,163)	(1,162,527) (1,163)	100	8,781	6,781
Strumenti Scientifici Cinel S.r.l.	Vigonza (PD)	Euro thousand of euro	78,000 78	3,157,397 3,157	3,157,397 3,157	314,091 314	314,091 314	100	18,474	15,317
SAES Rial Vacuum S.r.l. *	Parma (PR)	Euro thousand of euro	200,000 200	2,489,998 2,490	2,489,998 2,490	135,780 136	135,780 136	100	2,456	(34)
Menry Corporation	Bethel, CT (USA)	U.S.\$. thousand of euro	30,000,000 28,127	85,242,676 79,920	85,242,676 79,920	28,207,365 26,788	28,207,365 26,788	100	19,101	(60,819)
SAES Smart Materials, Inc.	New Hartford, NY (USA)	U.S.\$. thousand of euro	17,500,000 16,407	33,352,325 31,270	33,352,325 31,270	5,273,813 5,008	5,273,813 5,008	100	12,491	(18,779)
Total				201,575	201,575	31,070	31,070		121,389	(80,186)

(*) Amounts referring to the period between the date of acquisition of SAES RIAL Vacuum S.r.l. and December 31, 2022.

Denomination	December 31, 2021			Movements in the year					December 31, 2022			
	Original cost	Impairment losses and gains	Balance at December 31, 2021	Acquisition/capital injection	Merger	Increases	Capital repayments	Impairment losses	Original cost	Increases / Decreases	Impairment losses and gains	Balance at December 31, 2022
Subsidiaries												
SAES International S.r.l. (*)	42,721	0	42,721	0	(42,721)	0	0	0	0	0	0	0
SAES Getters Korea Corporation	184	(184)	0	0	94	226	0	(171)	278	226	(355)	149
SAES Getters Nanjing Co. Ltd	11,797	(4,893)	6,904	0	0	0	0	0	11,797	0	(4,893)	6,904
SAES Getters Export Corp.	2	0	2	0	0	0	0	0	2	0	0	2
Saes Coated Films SpA	18,765	(9,984)	8,781	0	0	0	0	0	18,765	0	(9,984)	8,781
SAES Innovative Packaging S.r.l.	6,541	(5,652)	889	0	0	0	0	0	6,541	0	(5,652)	889
SAES Nitinol S.r.l.	1,408	(1,378)	30	0	0	0	0	(19)	1,408	0	(1,396)	12
SAES Getters/U.S.A., Inc.	28,059	0	28,059	0	0	0	0	0	28,059	0	0	28,059
SAES Investments S.A.	30,000	0	30,000	0	0	0	0	(5,929)	30,000	0	(5,929)	24,071
Strumenti Scientifici Cinel S.r.l.	19,247	0	19,247	0	0	0	0	(773)	19,247	0	(773)	18,474
SAES Rial Vacuum S.r.l.	0	0	0	6,820	0	0	0	(4,364)	6,820	0	(4,364)	2,456
SAES Smart Materials, Inc	0	0	0	0	12,491	0	0	0	12,491	0	0	12,491
Menry Corporation	0	0	0	0	19,101	0	0	0	19,101	0	0	19,101
Joint ventures:												
SAES Rial Vacuum S.r.l.	1,614	0	1,614	(1,614)	0	0	0	0	0	0	0	0
Other companies												
Cambridge Mechatronics Limited	0	0	0	0	1,083	0	0	0	1,083	0	0	1,083
EUREKA! Fund (**)	393	(95)	298	196	0	0	(5)	(22)	589	(5)	(117)	466
Total	160,730	(22,185)	138,544	5,402	(9,952)	226	(5)	(11,278)	156,180	221	(33,463)	122,937

(*) former SAES Getters International Luxembourg S.A.

(**) It should be noted that -22 thousand euros in the "Decreases" column refer to the fair value measurement of the investment

In compliance with the requirements of IAS 36, an impairment test was carried out regarding the existence of impairment indicators. This test was carried out on the basis of information sources both internal and external to the Company. The presence of losses of the investee and any excess of the carrying amount of the investment with respect to the relative contribution to the consolidated financial statements of the SAES Group were considered trigger events.

The procedure and the assumptions of the impairment tests were approved by the Board of Directors on February 14, 2023. On March 14, 2023, the same Board approved the results. The impairment tests are described below.

Impairment testing was carried out for SAES Getters Korea Corporation, SAES Investments S.A., SAES Nitinol S.r.l., SAES Getters/U.S.A. Inc., SAES Coated Films S.p.A. and Strumenti Scientifici Cinel S.r.l. as they had a positive difference between the carrying amount in the financial statements and the related contribution to the consolidation, while the equity investment in SAES Rial Vacuum S.r.l. was tested following a significant reduction in the forecast gross operating profit of the subsidiary, compared to what was assumed at the time of the acquisition of the entire quota capital of the company.

The impairment test consisted of estimating the recoverable amount of each company.

In the case of **SAES Getters Korea Corporation**, in liquidation, the difference between the carrying amount of the investment at December 31, 2022 and the estimate of the residual cash at the end of the liquidation period was analysed. This difference was **negative in the amount of 171 thousand euros and the equity investment was impaired accordingly.**

In the case of **SAES Investments S.A.**, since the equity of the company already expresses the fair value of its assets mainly represented by securities and cash and cash equivalents, **the negative difference, amounting to 5,929 thousand euros, between the carrying amount of the investment and the equity recognised at December 31, 2022, was impaired.**

With regard to **SAES Nitinol S.r.l.**, which has a deficit of 252 thousand euros, it was deemed appropriate **to recognise an impairment loss on the amount due from this company for participation in the cash pooling by 233 thousand euros and the carrying amount of the equity investment for 19 thousand euros.**

As regards the equity investments in SAES Getters/U.S.A. Inc., SAES Coated Films S.p.A., Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l., the recoverable amount was determined by estimating the equity value on the basis of the most recent plans drawn up by the top management for the period 2023-2025 (approved by the Board of Directors on February 1, 2023).

For the purposes of calculating the equity value, future cash flows for the period 2023-2025 were used, which take into account the current conditions of the investments and, therefore, do not consider the benefits deriving from future restructuring for which the Company has not still committed and future investments aimed at improving or optimising prospective performance. The net financial position of the company at the valuation date was also taken into account.

The discount rate used to discount the cash flows represents an estimate of the expected rate of return for each company on the market. In order to select an appropriate discount rate to be applied to future flows, with the support of an external consulting firm, the following were taken into account:

- for the purpose of calculating the cost of debt, the yields to maturity of bonds with a credit rating in line with the Company's credit rating at the valuation date (basket of European corporate bonds rated 15-year BBB); a country risk premium based on the credit rating of the countries in which each company generates revenue; a tax rate based on the rate in force in the country in which each company is assumed to borrow debt.
- for the purpose of calculating the cost of equity, the normalised rate of long-term (fifteen-year) German government bonds; the beta of comparable listed companies belonging to the reference operating segment; an equity market risk premium of 6%; a premium for the small size of the SAES Group of 2.1%; a country risk premium based on the creditworthiness of the countries in which each company generates revenue.

The financial structure was instead determined on the basis of the average debt of the comparable listed companies belonging to the reference operating segment.

The weighted average cost of capital (WACC) net of taxes to be applied to prospective cash flows was thus estimated specifically for each company.

Company	WACC
SAES Getters/U.S.A. Inc.	8.1%
SAES Coated Films S.p.A.	9.0%
Strumenti Scientifici Cinel S.r.l.	12.0%
SAES Rial Vacuum S.r.l.	12.0%

In the model for discounting future cash flows, a terminal value is taken into account to reflect the residual value that the company should generate beyond the explicit three-year period covered by the plans; this value was estimated assuming a specific growth rate (g-rate) for each company, calculated as the average of the long-term inflation rates (approximately thirty years) estimated for the countries in which the company operates, weighted on the basis of the percentage weight of sales made by the company in the reference country.

Company	g-rate
SAES Getters/U.S.A. Inc.	2.3%
SAES Coated Films S.p.A.	2.1%
Strumenti Scientifici Cinel S.r.l.	2.0%
SAES Rial Vacuum S.r.l.	1.6%

Future cash flows were estimated by assuming an average level of investment in the period beyond the explicit three-year period coinciding with the direct investment in the last year of the plan, in which no expansion investments were planned.

The specific tax rate used for each company was calculated as the average of the corporate income tax (CIT) rate of the countries in which the company operates.

Company	tax rate
SAES Getters/U.S.A. Inc.	25.0%
SAES Coated Films S.p.A.	27.9%
Strumenti Scientifici Cinel S.r.l.	27.9%
SAES Rial Vacuum S.r.l.	27.9%

As regards **SAES Coated films S.p.A.**, the results of the analyses carried out **did not reveal the need to recognise an impairment loss on the equity investment.**

Also in the case of **SAES Getters/U.S.A. Inc.**, the outcome of the analyses carried out **did not reveal the need to recognise an impairment loss on the equity investment.**

With regard to **Strumenti Scientifici Cinel S.r.l.**, the outcome of the analyses carried out revealed the need **to recognise an impairment loss on the equity investment of 772.9 thousand euros.**

With regard to **SAES Rial Vacuum S.r.l.**, the outcome of the analyses carried out revealed the need **to recognise an impairment loss on the equity investment of 4,363.9 thousand euros.**

By carrying out a sensitivity analysis and increasing the WACC by two percentage points and the costs for the purchase of raw materials and utilities by five percentage points, the potential impairment loss is summarised in the table below.

Company	WACC +2 p.p.	Increase in costs of "raw materials" e "utilities" +5%
SAES Getters/U.S.A. Inc.	0.0	0.0
SAES Coated Films S.p.A.	0.0	0.0
Strumenti Scientifici Cinel S.r.l.	(3,472.0)	(1,837.0)
SAES Rial Vacuum S.r.l.	(4,902.1)	(5,560.8)

Below are the WACCs that ensure that the recoverable amount of the company (coinciding with its equity value) is equal to the carrying amount of the net invested capital.

Company	Break-even WACC
SAES Getters/U.S.A. Inc.	21.7%
SAES Coated Films S.p.A.	15.9%
Strumenti Scientifici Cinel S.r.l.	11.5%
SAES Rial Vacuum S.r.l.	6.1%

Furthermore, Management did not deem it necessary to recognise impairment gains, as the conditions do not exist, also by virtue of the permanent instability of the international geo-political and macro-economic framework.

The estimation of the recoverable amount of the companies required judgement and the use of estimates by management. The Company cannot therefore guarantee that no impairment losses will arise in the future. Indeed, various factors, also related to changes in the market context and in demand, including as a consequence of the war in Ukraine and current international tensions, may require a revaluation of assets in future years.

Investments in other companies

The following table shows the investments in other companies held as at December 31, 2022, other than subsidiaries, associates or jointly controlled companies. These investments not held for trading purposes are measured at fair value, with changes in the latter recognised in other comprehensive income, with no future reversal to profit or loss.

Company	Currency	Share capital	% of Ownership	
			Direct	Indirect
EUREKA! Fund I - Technology Transfer Milan (Italy)	EUR	12,908,835*	4.79**	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	51,237***	0.82****	-

* This amount represents the total capital payments by investors at December 31, 2022, against a total commitment by the latter of 62,675,500 euro.

** Compared to December 31, 2021, the Company's equity investment was diluted from 4.81% to 4.79% following the completion of the sixth and last closing by the EUREKA! Fund, on the basis of which new investors were formally admitted, with a total theoretical contribution to the investment by the latter of approximately 253 million euros.

*** Compared to December 31, 2021, the share capital of Cambridge Mechatronics Limited increased from GBP 49,514 to GBP 51,237, while the Company's equity investment was diluted from 0.86% to 0.82%, as a result of two new issues of ordinary preference shares in March 2022 and August 2022, respectively, and as a result of the issue of new ordinary shares in connection with the exercise of certain options on shares held by employees.

**** Equity investment held directly by the Company following the merger into the Parent of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

Note that in 2022, the Company made **capital injections into the venture capital fund EUREKA! Fund I – Technology Transfer** for a total amount of 195 thousand euros and received **repayments** of approximately 5 thousand euros following the finalisation of the sixth and last closing by the same fund. At December 31, 2022, against a total commitment of 3 million, the Company made capital

injections into the EUREKA! fund totalling 618 thousand euros while the residual commitment is equal to 2,382 thousand euros.¹¹¹

The item “Investments in other companies” at December 31, 2022 amounted to a total of 1,549 thousand euros and the following table summarises the change in each equity investment during 2022.

(thousand of euro)

Investments in other companies	EUREKA! Fund	Cambridge Mechatronics Limited	Total
December 31, 2020	191	0	191
Capital injections	305	0	305
Fair value measurement	(95)	0	(95)
Other changes	(103)	0	(103)
December 31, 2021	298	0	298
Capital injections	195	0	195
Fair value measurement	0	1,083	1,083
Other changes	(22)	0	(22)
Other changes	(5)	0	(5)
December 31, 2022	466	1,083	1,549

The venture capital fund - EUREKA! *Fund I – Technology Transfer* is a 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 year:

- on March 7, 2022, a payment of 49 thousand euros was made, including both the portion of management fees and commissions, and the portion of an investment made by the fund in NOVAC S.r.l., an innovative start-up operating in the sector of electrical energy storage and release systems, through the development of a new type of super capacitor, capable of providing high power and very short charging times;
- on June 16, 2022, a payment of 99 thousand euros was made to continue the investment in the company Phononic Vibes S.r.l., already in the portfolio, and a further five Proof of Concepts (POC) in collaboration with the Consiglio Nazionale delle Ricerche (National Research Council), the Turin Polytechnic and the Italian Institute of Technology;
- on August 28, 2022, a payment of 47 thousand euros was made, including both the portion of commissions and management fees, and the portion to complete the investment made by the fund in NOVAC S.r.l.

On January 31, 2022, the fund ended its fundraising activity with a total collection of 62,675,500 euro. On February 16, 2022, following the sixth and final Closing, the Company obtained a reimbursement related to both the costs and the investments of the fund, amounting to 5 thousand euros (line “Other changes”), therefore the Company’s investment was diluted from 4.81% to 4.79%.

¹¹¹ Amount net of the repayments recognised by the fund following the capital injections made by new investors at closings subsequent to the first one.

The fair value measurement of the investment in the EUREKA! fund was negative and amounted to - 22 thousand euros (representing SAES's share of management fees and other expenses for 2022, net of fair value remeasurements of investments in start-up companies held by the fund), recorded in other comprehensive income.

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 miniaturised 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.

In 2022, the Company's investment in Cambridge Mechatronics Limited was diluted from 0.86% to 0.82% as a result of:

- two new issues of ordinary preference shares, in March 2022 and August 2022, respectively;
- the issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

At December 31, 2022, the Company considers that the carrying amount, equal to the cost, represents an adequate estimate of the fair value.

13. SECURITIES

The item "Securities" at December 31, 2022 amounted to 28,315 thousand euros, which compares to 30,242 thousand euros at December 31, 2021 (down by 1,927 thousand euros).

These securities refer to investments in cash (made back in 2019) of 30,000 thousand euros in *Credit Linked Certificates (CLC)*, due to mature at five years and representing financial instruments linked to the performance of underlying bonds and debt securities issued by leading Italian banks.

These financial assets, measured at fair value, were classified as non-current assets in 2020, as they represent a guarantee on the medium/long-term loan obtained by the Company to fund the purchase of ordinary shares as part of the voluntary partial public tender offer launched in 2019. This loan was fully repaid at the end of 2021 and for this reason, since they are no longer used as collateral, the securities in the portfolio were reclassified under current assets. All securities in the can be immediately sold and liquidated in the short term.

In 2021 the Company replaced an investment in a Credit Link Certificate, with a nominal value of 7,500 thousand euros, with the aim of protecting the value of the invested capital and increasing the coupon yield.

Details of the maturities of the Credit Link Certificates (nominal value and fair value) at December 31, 2022 and December 31, 2021, respectively, are shown below.

	Nominal value December 31, 2022	Fair value December 31, 2022
Year due	Credit Linked Certificates (CLC)	Credit Linked Certificates (CLC)
2023	7,500	7,362
2024	15,000	14,503
2025	0	0
2026	7,500	6,450
2027	0	0
Total	30,000	28,315

	Nominal value December 31, 2021	Fair value 31 dicembre 2021
Year due	Credit Linked Certificates (CLC)	Credit Linked Certificates (CLC)
2022	0	0
2023	7,500	7,805
2024	15,000	15,353
2025	0	0
2026	7,500	7,084
Total	30,000	30,242

With regard to the fair value measurement of the securities portfolio at December 31, 2022, 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).

The decrease in the overall value of the portfolio compared to December 31, 2021 (-1,927 thousand euros) is mainly attributable to the reduction in the fair value of the securities, caused by international tensions in financial markets due in part to the conflict in Ukraine.

The fair value of the Company's securities portfolio in February 2023 had increased by around 2.74% compared to the fair value at December 31, 2022.

14. DEFERRED TAX ASSETS

At December 31, 2022, this item amounted to 2,400 thousand euros (2,384 thousand euros at December 31, 2021) and refers to the net balance of deferred taxes relating to temporary differences between the carrying amount of assets and liabilities and their tax base.

The receivable for deferred tax assets on previous losses, prudentially not recognised in the financial statements at December 31, 2022, would amount to 22,054 thousand euros.

Shown below is the breakdown of deferred tax assets recorded in the statement of financial position at December 31, 2022 and at December 31, 2021 respectively, according to the nature of the differences that generated the deferred taxes:

(thousand of euro)

Deferred tax assets	December 31, 2022		December 31, 2021	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
<u>Deferred tax liabilities :</u>				
- IAFRS effect of post-employment and other employee benefits	(1,287)	(309)	273	66
<u>Deferred tax assets:</u>				
- depreciation and amortisation	900	216	955	229
- impairment losses on non-current assets	316	76	316	76
- allowance for inventory write-down	1,589	381	1,566	376
- cash-deductible costs	7,016	1,684	5,175	1,242
- provisions for risks	172	41	109	26
- fair value phantom shares	1,456	349	1,530	367
- other	(161)	(39)	10	2
Net deferred tax assets	2,400		2,384	

15. OTHER NON-CURRENT ASSETS

The item "Other non-current assets" amounted to 59 thousand euros at December 31, 2022. This item, in addition to the security deposits paid by the Company as part of its operations (59 thousand euros), includes the convertible loan, including interest, of 1,819 thousand euros granted to the German company Rapitag GmbH, a start-up based in Munich, fully impaired as at December 31, 2022 as it is deemed difficult to recover due to the German company's failure to achieve the pre-established business objectives and uncertainty as to the future development of the business.

Description	Currency	Principal (thousand of euro)	Timing of principal reimbursement (***)	Interest Rate	Amount at December 31, 2022 (*) (thousand of euro)	Amount at December 31, 2021 (*) (thousand of euro)
Convertible loan disbursed in July 2021	EUR	first tranche - disbursed in July 2021: 800 thousand euros	"December 31, 2025 or earlier, upon the occurrence of certain relevant events (**)"	fixed annual rate 6%	1,819	1,424
		subsequent monthly tranches, corresponding to the costs incurred for the development of the prototypes: 740 thousand euros in total				
Amendment of the convertible loan disbursed in July 2021		additional tranche - disbursed in July 2022: 150 thousand euros				
Total		1,690			1,819	1,424
Loss allowance					(1,819)	0
Total net of impairment losses					0	1,424

(*) Including interest share

(**) Relevant events include Rapitag's receivership, liquidation, change of control of more than 50 percent, and relinquishment by one of the Founding Shareholders

(***) At mid-year 2022, the maturity date was extended by one year, from December 31, 2024 to December 31, 2025.

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 also ensuring anti-theft functionality, with the aim of supporting digital transformation in the retail sector.

The loan was initially granted by the Company in two tranches, the first of which, in the amount of 800 thousand euros, transferred at the signing of the agreement in July 2022, to finance the company's operations; the second (totalling 740 thousand euros), disbursed in five subsequent drawdowns in the amount of 148 thousand euros each¹¹², corresponding to the progress of the prototyping activity carried out through the joint venture Actuator Solutions GmbH.

An amendment to the loan was then signed at the end of July 2022 and provided for the payment of two additional loan tranches up to a total maximum amount of 300 thousand euros, of which the first (amounting to 150 thousand euros) was paid on July 27, 2022; the second (amounting to 150 thousand euros) was not paid, due to failure to reach the commercial milestone stipulated in the agreement.

The financing agreement provides that Rapitag will use exclusively SMA shape memory alloy wires supplied by SAES for the production of the tags.

Expiring on December 31, 2025¹¹³, the loan accrues annual interest of 6%.

¹¹² At December 31, 2021, only the first four drawdowns had been disbursed by the Company, while the cash-out of the last call was made in early January 2022.

¹¹³ Extension of the maturity date by one year, from December 31, 2024 to December 31, 2025, agreed between the parties in July 2022.

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.

The Company has the right to convert its financial asset into new Rapitag shares (conversion shares) at any time up to July 1, 2024¹¹⁴ or upon the occurrence of a qualified share capital increase of at least 500 thousand euros, 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.

CURRENT ASSETS

16. INVENTORIES

Closing inventories at December 31, 2022 amounted to 14,935 thousand euros, recording an increase of 4,282 thousand euros compared to the previous year end, essentially due to the increasing volumes of raw materials and work in progress at the Lainate plant for the new BIPOD project and the increased inventories of finished *Chemicals* products in the Avezzano production unit, to meet future sales.

(thousand of euro)

Inventories	December 31, 2022	December 31, 2021	Difference
Raw, ancillary and consumable materials	4,284	3,011	1,273
Work in progress and semi-finished products	3,579	3,266	313
Finished products and goods	7,072	4,376	2,696
Total	14,935	10,654	4,282

The amounts are shown net of the allowance for inventory write-down to adjust them to their estimated realisable value based on market trends.

Changes in the allowance for inventory write-down is provided below:

(thousand of euro)

Allowance for inventory write-down	December 31, 2021	Accrual	Release to profit or loss	Utilisation	December 31, 2022
Raw, ancillary and consumable materials	979	63	0	(140)	902
Work in progress and semi-finished products	273	135	0	(16)	392
Finished products and goods	314	26	0	(45)	295
Total	1,566	224	0	(201)	1,589

The allowance for inventory write-down, amounting to 224 thousand euros, is mainly due to the low turnover of products in stock and the impairment for technological obsolescence of an *SMA Industrial* component. The “utilisation” column of 201 thousand euros represents the value of material scrapped or sold, impaired in previous years.

¹¹⁴ Extension of the conversion period by one year (from June 30, 2023 to July 1, 2024) agreed between the parties in July 2022.

17. TRADE RECEIVABLES

Trade receivables at December 31, 2022 amounted to 11,469 thousand euros, a decrease of 1,823 thousand euros compared to the previous year end.

The following table shows a breakdown and changes of this item:

(thousand of euro)

Trade receivables	Gross amount December 31, 2022	Loss allowance December 31, 2022	Carrying amount December 31, 2022	Carrying amount December 31, 2021	Difference
Customers	7,630	(307)	7,323	9,544	(2,221)
Subsidiaries and associates	4,028	0	4,028	3,551	477
Jointly controlled companies	118	0	118	197	(79)
Total	11,776	(307)	11,469	13,292	(1,823)

The decrease is mainly due to the improvement in the average time to collect trade receivables (DSO) and a slowdown in demand in the Chemicals Division.

Trade receivables, all of which due within 12 months, originate from normal sales transactions.

Trade receivables are not interest-bearing and generally are due after 60-90 days.

Changes in the loss allowance are provided below:

(thousand of euro)

Loss allowance	December 31, 2022	December 31, 2021
Opening balance	(211)	(208)
Accrual	(103)	(6)
Utilisation	0	0
Release to profit or loss	7	3
Closing balance	(307)	(211)

In application of IFRS 9, the Company estimated the losses on receivables on the basis of the Expected Credit Losses model and recorded a release of the loss allowance of 7 thousand euros at December 31, 2022.

A breakdown of the net trade receivables at December 31, 2022 by geographical segment is shown below:

(thousand of euro)

	Italy	Europe	North America	Japan	Other Asia	Other Countries	Total amount
Customers	205	3,781	648	257	2,432	0	7,323
Subsidiaries	1,332	0	2,336	0	360	0	4,028
Jointly controlled	0	41	77	0	0	0	118
Total trade receivables	1,537	3,822	3,061	257	2,792	0	11,469

The following table provides a breakdown of the trade receivables, by those not yet due and past due at December 31, 2022 compared with the previous year end:

(thousand of euro)

Ageing	Total	Not yet due	Due not impaired				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2022	11,469	8,817	1,080	261	351	960	
December 31, 2021	13,292	9,802	2,746	473	167	81	23

Receivables past due more than 30 days and not impaired, since they are considered recoverable, represent an insignificant percentage (14%) if compared to the total trade receivables, and are constantly monitored. The significant increase in past due receivables in the 60-90 days range (+184

thousand euros) and in the 90-180 days range (+897 thousand euros) is mainly attributable to trade receivables of the Company from an Asian customer (Hong Kong), collected in full at the beginning of 2023.

In addition to updating the *Expected Loss* calculation (see previous comments), an in-depth analysis was conducted of individual positions past due by more than 90 days to assess the probability of their collection by the Company.

This analysis, which is further supported by the fact that the DSO (Days of Sales Outstanding) at December 31, 2022 (55 days) is slightly improved compared to the DSO at December 31, 2021 (70 days), did not indicate the need for any additional impairment.

	December 31. 2022	December 31. 2021	Difference
Days of Sales Outstanding - DSO (*)	55	70	(15)

(*) DSO, i.e., the indicator of the average time to collect receivables, is calculated as follows:

Trade Receivables / Revenue x 365.

Management considers the estimates to be reasonable and sustainable, though current circumstances are a cause of uncertainty.

18. DERIVATIVE FINANCIAL INSTRUMENTS

At December 31, 2022, the item “Derivative financial instruments” recorded a balance of 259 thousand euros compared to a balance of 9 thousand euros at December 31, 2021.

This item includes the fair value of financial derivatives subscribed by the Company to hedge the risk of exposure to the variability of expected cash flows originating from commercial transactions denominated in currencies other than the euro. Not having prepared the documentation required by IFRS 9 for the accounting of hedge instruments according to the hedge accounting method, financial derivatives are measured at fair value and the relative gains or losses deriving from such measurement are directly charged to profit or loss.

In order to protect the Company’s profit for 2022 from exchange rate fluctuations, on November 29, 2021, forward sale contracts were taken out on the US dollar for a notional amount of 9 million dollars, with an average forward exchange rate of 1.1369 to the euro, to hedge approximately 80% of the Company’s estimated net dollar flows for that year. All these contracts, which had a positive fair value of 9 thousand euros at December 31, 2021, had expired as at December 31, 2022.

The forward sales contracts on the dollar to hedge the cash flows in foreign currency expected for 2023 were entered into on November 29, 2022. These contracts, for a notional value of 12 million dollars and with an average forward exchange rate equal to 1.0537 against the euro hedge approximately 80% of the net flows in dollars estimated for the Company for 2023 and their fair value at December 31, 2022 is positive in the amount of 259 thousand euros.

The following table provides a breakdown of the forward contracts entered into and their fair value at December 31, 2022 and December 31, 2021.

Currency	December 31, 2022		December 31, 2021	
	Notional (currency)	Fair value (thousand of euro)	Notional (currency)	Fair value (thousand of euro)
Thousands of USD	12,000	259	9,000	9
	Total	259	Total	9

The fair value measurement was carried out by an independent third party, using the Black-Scholes-Merton model and using as technical bases for economic-financial evaluation:

- the risk-free interest rate curve for the euro and the dollar, respectively;
- the spot exchange rate on the measurement date;
- the volatility curve implicit in the option's market price (used to quantify the uncertainty about the future behaviour of the underlying).

The Company enters into derivative financial instruments with various counterparties, mainly with leading financial institutions. As at December 31, 2022, the derivative instruments held by the Company belong to Level 2 of the fair value hierarchy and during the current year there were no transfers from one level to another.

19. FINANCIAL ASSETS WITH RELATED PARTIES

The table below shows the breakdown and changes in financial assets with related parties compared to the previous year:

<small>(thousand of euro)</small>														
Financial assets with related parties	Cash pooling interest	Financing	Interest on loan	Cash pooling balance	Other	Loss allowance	December 31, 2022	Cash pooling interest	Financing	Interest on loan	Cash pooling balance	Other	December 31, 2021	Difference
SAES Getters/U.S.A., Inc.	17	0	0	601	0	0	618	10	0	0	273	0	283	335
SAES Investments S.A.	0	48,515	244	0	0	0	48,759	0	48,516	285	0	0	48,801	(42)
SAES Rial Vacuum S.r.l.	0	0	0	0	0	0	0	0	0	1	0	0	1	(1)
SAES Coated Films S.p.A.	0	0	0	0	0	0	0	0	2,165	9	0	0	2,174	(2,174)
SAES Innovative Packaging S.r.l.	0	0	0	0	1	0	1	0	0	0	0	1	1	0
SAES Nitinol S.r.l.	0	0	0	233	0	(233)	0	0	0	0	0	0	0	0
Total classified in current assets	17	48,515	244	834	1	(233)	49,378	10	50,681	295	273	1	51,260	(1,882)
SAES Coated Films S.p.A.	0	3,158	49	0	0	0	3,207	0	0	0	0	0	0	3,207
SAES Rial Vacuum S.r.l.	0	0	0	0	0	0	0	0	49	0	0	0	49	(49)
<i>Merger Effect:</i> Flexterra, Inc.	0	5,437	0	0	0	(5,437)	0	0	0	0	0	0	0	0
Total classified in non-current assets	0	8,596	49	0	0	(5,437)	3,207	0	49	0	0	0	49	3,158

The financial assets with related parties classified as current assets refer mainly to cash pooling assets and to loans to subsidiaries, amounting to 49,378 thousand euros at December 31, 2022, down by 1,882 thousand euros compared to December 31, 2021.

This decrease is mainly due to the reclassification at December 31, 2021 (-2,174 thousand euros) of the loan granted to SAES Coated Films S.p.A. from current financial assets to non-current financial assets, and to the lower interest accrued in 2022 (-42 thousand euros) compared to December 31, 2021 on the loan granted to SAES Investments S.A., partially offset by the higher cash pooling credit position towards SAES Getters U.S.A., Inc. compared to the previous year (+335 thousand euros).

At the end of the year, in consideration of the losses recorded by the subsidiary SAES Nitinol S.r.l., the Company impaired the financial assets represented by cash pooling due from the subsidiary, for a total of 233 thousand euros, in anticipation of finalising the irrevocable and unconditional waiver, aimed at providing the subsidiary with the financial resources necessary for the recapitalisation. Contributing to the reduction of current financial assets, lastly, is the repayment, made by SAES RIAL Vacuum S.r.l. on February 28, 2022, of the interest-bearing loan (principal amount of 49 thousand euros) on which, in 2021, interest of 1 thousand euros had accrued.

Financial assets classified as non-current assets, amounting to 3,207 thousand euros, relate to the interest-bearing loan granted to the subsidiary SAES Coated Films S.p.A. This loan was taken out on February 8, 2021 and provides for a maximum principal of 5 million, payable upon request by the subsidiary in several transactions and repayable by the latter in different tranches, throughout the duration of the contract. The interest rate on the loan, applied to the daily balance and fixed at the beginning of each calendar quarter, is equal to the algebraic sum of the three-month EURIBOR rate (on a 360-day basis) measured at the beginning of each quarter and increased by a 1.40% spread. In the event that this algebraic sum of EURIBOR and spread results in a value less than zero, the rate applied will be zero.

With an agreement signed by the parties on December 20, 2022, the maturity of the loan was extended to December 31, 2027 and the spread applied to the three-month EURIBOR rate was increased to 3.5% (on a 360-day basis).

The contract provides that the accrued interest is debited at the end of each year and that other accounting items deriving from the settlement of reciprocal credit and debit positions can be credited and debited to the principal amount of the loan.

Pursuant to the aforementioned contract, during the year, the Company disbursed 1,000 thousand euros to SAES Coated Films S.p.A. through cash payments net of 7 thousand euros due to the settlement of items arising from the national tax consolidation. Interest of 41 thousand euros accrued on this loan in 2022.

As a result of the merger with SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.), the convertible loan granted to the joint venture Flexterra, Inc, which was fully impaired and had the following characteristics, was included in non-current financial assets with related parties:

Description	Currency	Principal (thousand of euro)	Timing of capital reimbursement (#)	Interest rate	Amount at December 31, 2022 (*) (thousand of euro)	Amount at December 31, 2021 (thousand of euro)
Convertible note granted in July 2020	USD	3000	expiring date December 2023 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	3,373	2,963
Convertible note signed in August 2021: - first tranche disbursed in August 2021; - second tranche disbursed in November 2021.	USD	1000	expiring date December 2023 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	1,042	909
	USD	1000			1,022	891
Total		5,000			5,437	4,763
Loss allowance					(5,437)	(4,763)
Total net of impairment losses					0	0

(*) Interest included

(**) Relevant events include liquidation of Flexterra and change in control

(***) Maturity date of both convertible bonds was extended from November 2022 to December 31, 2023 by resolution of the Board of Directors on December 7, 2022

As a guarantee for the loans granted, the Company has received a lien on Flexterra's intellectual property (IP).

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

At December 31, 2022, the financial asset corresponding to the interest accrued during the current year (equal to 379 thousand euros) was impaired because, despite the new business opportunities for the advanced materials developed by Flexterra, uncertainty remains as to the timing of commercial achievement of the new initiatives.

Lastly, on December 7, 2022, the Company's Board of Directors approved the disbursement to the joint venture of an additional convertible loan for a total of 1 million dollars, with the same characteristics as the two already granted previously (July 2020 and August 2021). The loan, maturing on December 31, 2023 and on which interest of 8% will accrue, is divided into four tranches of equal amount, the first of which paid at the beginning of 2023 upon signing of the updated agreement; the second, to be paid by the end of April 2023, is subject to the positive assessment by the Company of an updated business plan of the joint venture; the subsequent two tranches will be paid respectively by the end of July and by the end of October 2023, upon achievement of specific commercial objectives. The amount of the first tranche (equal to 250 thousand dollars, corresponding to 234 thousand euros), constitutes an irrevocable commitment for the Company in relation to the

agreements signed and was accounted for as an onerous contract as at December 31, 2022 given the uncertainty about the commercial success of the new initiatives that involve the materials developed by the joint venture. Therefore, a current provision for risks has been recognised in the Company's separate financial statements (for further details, please refer to Note No. 28), with a balancing entry under financial expense.

20. TAX CONSOLIDATION ASSETS

The item "Tax consolidation assets", equal to 120 thousand euros, includes the asset for the remuneration of the tax loss of SAES Getters S.p.A. used as part of the national consolidation. This item is shown gross of the Company's liability with the subsidiaries SAES Coated Films S.p.A., equal to 12 thousand euros, and SAES Innovative Packagings S.r.l., equal to 365 euro.

21. SUNDRY AND OTHER CURRENT ASSETS

Included in this item are current assets with the tax authorities for VAT, with third parties of a non-commercial nature, together with accrued income and prepaid expenses. The breakdown of the item is shown in the following table:

(thousand of euro)

Sundry and other current assets	December 31, 2022	December 31, 2021	Total difference
VAT	549	568	(19)
Social security institutions	13	2	11
Other	7	63	(56)
Total sundry current assets	569	633	(63)
Prepaid expenses	1,552	1,174	378
Total sundry and other current assets	2,121	1,807	315

The item "VAT" mainly consists, for 549 thousand euros, of VAT originated in 2022 as a result of the excess VAT asset with the tax authorities compared to the VAT liability with the tax authorities.

All of the VAT assets resulting from the 2022 annual VAT return referring to 2021, of 539 thousand euros, were offset with taxes of a different nature in the first half of 2022.

The item "Social security institutions" mainly refers to amounts due from INAIL, in particular relating to the position of the Avezzano local unit.

The item "Other", amounting to 7 thousand euros, refers to amounts due from employees.

The item "Prepaid expenses" amounting to 1,552 thousand euros, up compared to the previous year end, includes the portion of costs deferred to one or more subsequent years and is represented by patent maintenance expenses of 639 thousand euros, insurance expenses of 146 thousand euros and expenses for IT programs and services for most of the remaining amount.

There are no amounts due after more than five years.

22. CURRENT TAX ASSETS

The item "Current tax assets" shows a balance of 2,205 thousand euros at December 31, 2022, compared with a balance of 1,672 thousand euros at December 31, 2021.

The item includes tax advances paid (1 thousand euros), assets with the Japanese tax authorities for tax advances of the Japan Technical Services branch (12 thousand euros) and tax assets with the Italian tax authorities of 794 thousand euros, of which 401 thousand euros as a grant on investments in

research, technological innovation and development under Italian Law No. 160 of December 27, 2019, Article 1, paragraphs 198 to 209. During the year, part of this asset (292 thousand euros) was used in offsetting, in accordance with the law, for the partial payment of state taxes. This item also includes assets with the Italian tax authorities for recoverable withholding taxes on dividends (326 thousand euros), royalties (697 thousand euros), taxes paid abroad (112 thousand euros), bank interest income (48 thousand euros), and the assets referred to Law No. 175 of November 17, 2022 converting Decree Law No. 144 of September 23, 2022, so-called “DL Aiuti-ter” (215 thousand euros).

The item includes 59 thousand euros relating to tax credits on dividends due to the merger with SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.)

23. CASH AND CASH EQUIVALENTS

The following table shows the breakdown of the cash and cash equivalents held by the Company at December 31, 2022, mainly denominated in euro:

(thousand of euro)

Cash and cash equivalents	December 31, 2022	December 31, 2021	Total difference	Of which : merger effect
Bank deposits	5,541	5,089	452	330
Petty cash	2	2	0	0
Total	5,543	5,091	452	330

The item “Bank deposits” consists of demand deposits with some leading financial institutions, denominated primarily in euro.

The item “Bank deposits” is shown net of the impairment loss recognised in 2021, equal to 6 thousand euros, in accordance with IFRS 9. The assessments aimed at determining the expected losses for 2022 did not reveal the need to adjust the impairment loss recognised in the previous year, since, although there was an increase in the liquidity held by the Company compared to the previous year, the riskiness associated with the credit institutions with which the Company operates was slightly lower. Indeed, any expected losses are calculated based on a default percentage associated with each credit institution with which the Company’s liquid assets are deposited, obtained on the basis of each bank’s rating.

For a detailed analysis of the changes occurred in cash and cash equivalents during the period please refer to the comments on the Statement of cash flows (Note no. 35).

Financial indebtedness

The Total Financial indebtedness statement, drawn up in compliance with the instructions contained in paragraphs 175 et seq. of the ESMA Guidelines of March 4, 2021 is shown below.

(thousand of euro)

	December 31, 2022	December 31, 2021
A. Cash	5,543	5,091
B. Cash equivalents	0	0
C. Other current financial assets	28,574	30,251
D. Liquidity (A + B + C)	34,117	35,342
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(68,746)	(82,453)
F. Current portion of non-current financial debt (*)	(782)	(723)
G. Current financial indebtedness (E + F)	(69,528)	(83,176)
H. Current net financial position (G + D)	(35,411)	(47,834)
I. Non-current financial debt (excluding current portion and debt instruments) (**)	(2,034)	(2,107)
J. Debt instruments	0	0
K. Trade payables and other non-current liabilities	0	0
L. Non-current financial indebtedness (I + J + K)	(2,034)	(2,107)
M. Total financial indebtedness (H + L)	(37,445)	(49,941)

(*) Of which 782 thousand euros relating to current lease liabilities.

(**) Of which 1,572 thousand euros relating to non-current lease liabilities.

24. EQUITY

The Company's equity at December 31, 2022 amounted to 186,410 thousand euros and recorded a decrease compared to December 31, 2021 of 1,997 thousand euros. The increase is mainly attributable to the profit for 2022 of 2,936 thousand euros (compared to a loss for 2021 of 8,292 thousand euros) and to the recognition of negative goodwill of 7,235 thousand euros, resulting from the merger of SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) into SAES Getters S.p.A., only partially offset by the use of "Other reserves and retained earnings" for the distribution of dividends pertaining to 2021, which took place in April 2022 for a total of 8,530 thousand euros.

The following also should be noted:

- actuarial gains on defined benefit plans, net of the relative tax effect, recognised as equity in other comprehensive income, equal to 380 thousand euros;
- the fair value loss (22 thousand euros) on equity investments in other companies (in particular, the investment in the EUREKA! venture capital fund, for details please refer to Note No. 12).

Share Capital

At December 31, 2022, the share capital, fully subscribed and paid-up, amounted to 12,220 thousand euros and was made up of 22,049,969 shares divided into 14,671,350 ordinary shares and 7,378,619 savings shares. For the rights due to the various categories of shares, please refer to the By-laws, available at the website www.saesgetters.com/it/investor-relations/corporate-governance/statuto-sociale.

The composition of share capital was unchanged compared to December 31, 2021.

The implicit carrying amount per share was 0.554196 euro at December 31, 2022, unchanged from December 31, 2021.

Please refer to the Report on corporate governance and ownership structure available at www.saesgetters.com/it/investor-relations/governo-societario/relazione-sul-governo-societario for all the information required by Article 123-bis of the Consolidated Finance Act (TUF).

As indicated in the Report on corporate governance and ownership structure, each share is entitled to a proportional part of the profit that it is decided to distribute, 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 notional carrying amount; if in one year a dividend of less than 25% of the notional carrying amount 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 have 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 notional carrying amount 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.

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

Equity-related reserves

a) Share Premium Reserve

This item includes amounts paid by the shareholders in excess of the par value for new shares of the Company. At December 31, 2022, it amounted to 25,724 thousand euros and remained unchanged compared to December 31, 2021.

b) Treasury Shares Reserve

The item amounted to -93,382 thousand euros at December 31, 2022, unchanged compared to December 31, 2021 and refers to the ordinary shares purchased by the Company as part of the voluntary partial public tender offer finalised in mid-2019. In particular, on May 31, 2019 the Company acquired 3,900,000 ordinary shares at a price of 23 per share, with an outlay equal to 89.7 million euros.

The table below shows the breakdown of the share capital, indicating the number of outstanding shares and the treasury shares at December 31, 2022 (both unchanged since December 31, 2021).

	December 31, 2021
Outstanding ordinary shares	10,771,350
Treasury shares	3,900,000
Total ordinary shares	14,671,350
Outstanding savings shares	7,378,619
Total savings shares	7,378,619
Total shares	22,049,969

The treasury shares held at December 31, 2022, as a percentage both of the issue category and of the total number of shares that constitutes the share capital, are indicated below pursuant to Article 2357 of the Italian Civil Code (both percentages are unchanged compared to December 31, 2021).

	December 31, 2021
N. of ordinary treasury shares	3,900,000
% on total ordinary shares	21.5%
% on share capital	17.7%

Note that the outlay to purchase the shares was 89.7 million euros, plus ancillary charges for 3.7 million euros.

c) Negative goodwill (principal)

This item includes the share of 11 thousand euros for the goodwill arising on the merger of SAES Advanced Technologies S.p.A. into SAES Getters S.p.A. in 2016.

Legal reserve

This item refers to the Company's legal reserve of 2,444 thousand euros at December 31, 2022 and it was unchanged compared to December 31, 2021, since the reserve had reached its legal limit.

Untaxed reserves

This item, totalling 5,721 thousand euros, is mostly comprised by positive monetary revaluation balances resulting from the application of Law no. 72 of March 19, 1983 (1,039 thousand euros) and Law no. 342 of November 21, 2000 (1,576 thousand euros) as well as by the positive balance, net of substitute tax of 48 thousand euros, corresponding to the realignment of the tax bases to the carrying amounts of certain property, plant and equipment pursuant to Article 110, paragraph 8 of Italian Law Decree No. 104/2020 (1,573 thousand euros). Pursuant to Law no. 342/2000, the revaluation reserve has been stated net of the related substitute tax of 370 thousand euros. See the following table for further details.

Other reserves and retained earnings

The item includes retained earnings totalling 138,749 thousand euros.

This item includes the negative goodwill of 7,235 thousand euros, arising on the merger into SAES Getters S.p.A. of the subsidiary SAES International S.r.l. (formerly SAES Getters International S.A.).

The item also includes the reserves created by the monetary revaluation balances resulting from the application of Law No. 72 of March 19, 1983 (1,039 thousand euros) and Law No. 342 of November 21, 2000 (1,576 thousand euros) and the reserve for realigning the carrying amounts and tax bases of the company's assets pursuant to the application of Decree Law 104/2020, converted into Law No. 126 of October 13, 2020 (equal to 1,573 thousand euros) of the Company. The reserves pursuant to Laws No. 342/2000 and No. 126/2020 are shown net of the related substitute tax, equal to 370 thousand euros and 49 thousand euros, respectively.

The change in the item "Other reserves and retained earnings" includes the distribution to the shareholders of the 2021 dividends, approved by the Company's Shareholders (-8,530 thousand euros), and the actuarial gains on the Company's defined-benefit plans, net of the related tax effect (+380 thousand euros) and the fair value loss on equity investments in other companies (-22 thousand euros).

Reserves subject to taxation in the event of distribution

(thousand of euro)	Amount *
Revaluation Reserve - Law no. 72, March 19, 1983	1,039
Revaluation Reserve - Law no. 342, November 21, 2000	1,576
Reserve as per Law no. 126, October 13, 2020	1,573
Other Reserves	138
Reserve as per Law no. 576, 1975 - brought to share capital	419
Reserve as per Law no. 72, 1983 - brought to share capital	976
Total	5,721

* included in tax base for both Company and shareholders

Availability of the main items of Equity

(thousand of euro)

Description	Amount	Destination	Amount available for distribution	Summary of destinations during prior 3 years	
				Loss coverage	Other destinations
Share capital	12,220				
Share premium reserve	25,724	a, b, c	25,724		
Negative goodwill	11	a, b, c	11		
Legal reserve	2,444	b	2,444		
Other untaxed reserves					
Reserve ex Law n. 72, 1983	1,039	a, b, c	1,039		
Reserve ex Law n. 342, 2000	1,576	a, b, c	1,576		
Reserve ex Law 126, 2020	1,573	a, b, c	1,573		
Other reserves in suspension of tax	138	a, b, c	138		
Other reserves and retained earnings (*)	138,749	a, b, c	138,586		25,168
Profit for the year (**)	2,936	a, b, c	2,752		
Total Equity	186,410		173,843		

a: capital increase

b: loss coverage

c: distribution to shareholders

(*) including the IFRS FTA reserve, for the untaxed portion, equal to 1,634 thousand euro. This Reserve is available for distribution only up to 1,655 thousand euros.

(**) the portion of profit for the year, net of unrealised gains on exchange rate effect, is equal to 2,752 thousand euros.

NON-CURRENT LIABILITIES

25. FINANCIAL LIABILITIES

Financial liabilities amounted to 462 thousand euros and represent the present value as at December 31, 2022 of the consideration for the acquisition of the residual 51% of the quota capital of SAES RIAL Vacuum S.r.l. to be paid in three annual tranches of the same amount (166.7 thousand euros each) starting three years from the closing date (May 25, 2022).

26. LEASE LIABILITIES

At December 31, 2022, the item "Lease liabilities" totalled 2,354 thousand euros, against 2,830 thousand euros at December 31, 2021. The following table shows a breakdown of these liabilities between the current portion and the non-current portion.

(thousand of euro)

	December 31, 2022	December 31, 2021	Total difference
Lease liabilities - current	782	723	59
Lease liabilities - non-current	1,572	2,107	(535)
Total lease liabilities	2,354	2,830	(476)

The following table shows the changes in lease liabilities in 2022.

(thousand of euro)

Lease liabilities	
December 31, 2021	2,830
New leases signed during the year	279
Early termination of leases	(25)
Interest on financial liabilities	31
Repayment of financial liabilities	(730)
Interest expense paid	(31)
December 31, 2022	2,354

The decrease of 476 thousand euros compared to the end of last year is a result of lease payments made during 2022 in the amount of 761 thousand euros (including 31 thousand euros for interest on financial liabilities), against right-of-use assets totalling 279 thousand euros summarised as follows: 213 thousand euros referring to new leases related to the Company's company cars and new leases of the Taiwan-based branch in the amount of 66 thousand euros (including 44 thousand euros referring to the leased office building and 22 thousand euros referring to new leases for company cars).

During the year there was an early termination from the long-term lease contract for a company car with a residual value of 25 thousand euros.

The payments made in 2022, totalling 761 thousand euros, are substantially in line with those made in 2021 (860 thousand euros).

The following table shows the breakdown of lease liabilities by contractual maturity:

(thousand of euro)

Lease liabilities	December 31, 2022	December 31, 2021	Total difference
Less than 1 year	782	723	59
Lease liabilities - current	782	723	59
Between 1 and 2 years	581	690	(109)
Between 2 and 3 years	465	509	(44)
Between 3 and 4 years	368	410	(42)
Between 4 and 5 years	158	340	(182)
Over 5 years	0	158	(158)
Lease liabilities - non-current	1,572	2,107	(535)
Lease liabilities	2,354	2,830	(476)

In order to aid understanding of the future cash outflow related to leases in place at December 31, 2022, the table below provides information on the non-discounted future cash flows.

(thousand of euro)

Cash flows for leases (not discounted)	December 31, 2022	December 31, 2021	Total difference
Less than 1 year	800	752	48
Cash flows for leases (not discounted) - current	800	752	48
Between 1 and 2 years	615	741	(126)
Between 2 and 3 years	506	546	(40)
Between 3 and 4 years	405	445	(40)
Between 4 and 5 years	175	374	(199)
Over 5 years	0	175	(175)
Cash flows for leases (not discounted) - non-current	1,701	2,281	(580)
Total	2,501	3,033	(532)

With reference to the lease contract for the Company's offices in Milan (with a term of seven years from July 1, 2020, renewable for another six years), 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 euros (discounted value).

	December 31, 2022	
	Potential cash flows for leases (not discounted)	Potential cash flows for leases (discounted)
(thousand of euro)		
Extension option not included in lease liabilities	2,100	1,817

The average weighted incremental borrowing rate (IBR) applied to the financial liabilities recognised at December 31, 2022 amounted to 2.23%.

27. POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS (classified under non-current liabilities)

This item includes the liabilities to employees for defined benefit plans in relation to the contractual and legal obligations in force, as well as the liability relating to the incentive plan based on phantom shares (cash-settled share-based payment plan) and intended for Executive Directors and some key employees of the Company.

The breakdown of this item and its changes during the year are shown in the following table.

(thousand of euro)

Post-employment and other Employee Benefits	Post-employee benefits	Other employee benefits	Phantom Shares	Total
December 31, 2021	4,010	1,476	1,530	7,016
Accrual (release) to profit or loss	31	981	2,000	3,015
Indemnities paid	(222)	(200)	(2,074)	(2,496)
Other changes	(442)	(58)	0	(500)
December 31, 2022	3,377	2,199	1,456	7,032

Defined benefit plans (post-employment and other long-term employee benefits)

With regard to defined benefit plans, the changes during 2022 are provided below.

(thousand of euro)

	December 31, 2021	Financial expense	Current service cost	Benefits paid	Actuarial (gains) losses on obligations	December 31, 2022
Present value of defined benefit obligations	5,486	35	977	(422)	(500)	5,576
Fair value of plan assets	0	0	0	0	0	0
Costs non yet recognised deriving from past obligations	0	0	0	0	0	0
Value recognized for obligations for defined benefit plans	5,486	35	977	(422)	(500)	5,576

“Actuarial (gains) losses on obligations” refers to the differences on the obligations relating to defined-benefit plans resulting from the actuarial calculation, which are immediately recognised in equity under retained earnings.

The amounts recognised in the statement of profit or loss are broken down as follows:

(thousand of euro)	2022	2021
Financial expense	35	16
Current service cost	977	948
Released to profit or loss	0	(185)
Total net costs in profit or loss	1,012	779

The slight increase in the item “Current service cost” is mainly due to fluctuations in the year.

In 2021 the item “Released to profit or loss” refers to the long-term monetary incentive plan of an employee of the Company, whose employment was terminated prior to the expiry of the plan.

The obligations under defined-benefit plans are measured annually by independent actuarial consultants according to the projected unit credit method, applied separately to each plan.

The item post-employment benefits (TFR) includes the expected obligation, quantified using actuarial techniques, to pay a certain amount to the employees of the Company 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 TFR 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.

Main economic and financial assumptions – defined benefit plans

The main economic and financial assumptions used for the actuarial calculations of defined-benefit plans at December 31, 2022 and December 31, 2021 respectively are provided below.

	December 31, 2022	December 31, 2021
Average duration of the collective being assessed	> 10 years	> 10 anni
Discount rate	3.70%	0.80%
Increase in the cost of living	2.50%	1.50%
Expected annual salary increase (*)	3.00%	3.00%
Annual rate of increase in severance pay (*)	3.38%	2.63%

(*) Factor not considered in the actuarial appraisal of the post-employment benefits of the Parent with more than 50 employees.

As regards the choice of the discount rate, the reference index was the Eurozone *Iboxx Corporate AA* observed at the end of the year, with a duration consistent with that of the collective benefit under valuation.

With regard to the demographic assumptions, RG48 mortality tables and INPS disability/invalidity tables were used.

As regards the likelihood of employees leaving their jobs for reasons other than death, turnover probabilities consistent with previous assessments and found in the Company over an observation time horizon considered representative were used. More specifically, an average turnover rate of 3.50% was used (2% in the previous year).

With regard to advances on post-employment benefits, an average annual rate of 3% and an average amount equal to 70% of the accumulated benefits of the companies subject to actuarial valuation was assumed (assumptions unchanged from those used as at December 31, 2021).

Main economic and financial assumptions – Long-Term Incentive Plan (LTIP)

The item “Other long-term employee benefits” includes the provision for *Long-Term Incentive Plans (LTIP)*, subscribed by Executive Directors and by some employees of the Company, identified as particularly important for the achievement of the consolidated medium to long-term 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 pre-tax profit at the expiry date of the plan.

Such plans fall into the category of defined-benefit obligations and they are discounted. Below are the discount rates used to discount the plans subscribed by the Company’s key employees, which reflect the rates of return on Italian government bonds, taking into account the different duration of the plans.

Expiry year of the plan	Discount Rate
	Italy
2024	1.23%

The Company’s long-term monetary incentive plans maturing at the end of 2023 (referring to both Executive Directors and some key employees) were not discounted, as the yields of Italian government bonds with one-year maturity (i.e., with maturity aligned with that of the plan subject to valuation) were negative.

The following table shows a breakdown of the actuarial differences relating to 2022.

(thousand of euro)	Post-employment benefits	Other defined employee benefits	Long-term monetary incentive plans (LTIP)	Total
<i>Actuarial differences from:</i>				
Changes in financial assumptions	(695)	(144)	0	(839)
Changes in other assumptions (demographic assumptions, remuneration assumption)	253	86	0	339
Other	0	0	0	0
Actuarial gains (losses)	(442)	(58)	0	(500)

With regard to defined-benefit plans, the following table shows the effect on the obligation and on the amounts recognised in the statement of profit or loss in the year of an increase or decrease of half a percentage point of the discount rate:

(thousand of euro)	Discount rate	
	+0.5%	-0.5%
Effect on the obligation for defined benefit plans (excluding LTIPs)	(219)	214

Instead, the table below shows the effect on the liability for three-year cash incentive plans (both of employees and the Executive Directors) of an increase or a decrease of half a percentage point of the discount rate.

(thousand of euro)	Discount rate	
	0.5%	-0.5%
Effect on the obligation for long-term monetary incentive plans (LTIPs)	(7)	7
<i>of which LTIP employees</i>	(2)	2
<i>of which LTIP managers</i>	(5)	5

Cash-settled share-based payment plan (phantom shares)

At the end of 2018, the Company's Shareholders 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 value¹¹⁵. 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). In the case of key management only, the incentive is proportional to the overall length of service at the date of the event involving payment.

The maximum number of phantom shares that may be assigned is 1,760,562¹¹⁶. The plan aims to remunerate the beneficiaries in relation to the increased capitalisation of the company, for retention purposes and a greater alignment between performance and the Company's and shareholders' interests.

The table below shows the summary of the assignments of phantom shares made by the Board of Directors of the Company, at the proposal of the Remuneration and Appointments Committee, from the date of adoption of the plan to December 31, 2022, as well as the number of phantom shares that are still assigned as at December 31, 2022 because they have not been sold or withdrawn.

	Assignment date	no. phantom shares assigned	Assignment value (euro)
First assignment	October 17, 2018	1.467.135 (*)	16.451
Second assignment	February 13, 2020	195,618	21.140
Total phantom shares assigned to the Board of Directors		1,662,754	
Phantom shares withdrawn	October 17, 2018	(195.618) (**)	16.451
Phantom shares sold	October 17, 2018	(195.618) (***)	16.451
Total phantom shares assigned as at December 31, 2022		1,271,518	

(*) Of which n. 880.282 phantom shares assigned to executive directors

(**) Phantom shares waived after the resignation of a key employee in first semester 2021

(***) Phantom shares paid out to the heirs of a key employee in second semester 2022.

¹¹⁵ The assignment value is the weighted average of official share prices recorded on trading days in the thirty-six months before the assignment date.

¹¹⁶ Of which 880,282 phantom shares reserved for Executive Directors.

The liability relating to the phantom shares plan (1,456 thousand euros at December 31, 2022, against 1,530 thousand euros at December 31 2021) was assessed by an independent actuary with the Risk Neutral approach as set forth in IFRS 2. In particular, the economic and financial assumptions used at December 31, 2022 to estimate the fair value of the phantom shares are summarised below:

- risk vesting period for each beneficiary, with maximum term equal to the assumed pension date;
- probabilities of death and permanent invalidity calculated using the IPS55 tables and the INPS 2010 model, respectively;
- 2% annual flat probability of occurrence was considered for all the other events assigning the right to receive the incentive;
- 15% annual flat probability of occurrence was considered for the events entailing forfeiture of the right to receive the incentive (this possibility was not contemplated for the Executive Directors);
- the risk-free rate curve was obtained from the Euroswap rates at the valuation date, by applying the Bootstrap technique;
- 3% expected dividend rate for the entire term of the plan;
- the annual volatility of the share's yield was estimated at 4.20% on the basis of the historical volatility.

28. PROVISIONS FOR RISKS AND CHARGES

The "Provisions for risks and charges" was equal to 256 thousand euros at December 31, 2022, against 549 thousand euros at December 31, 2021.

The following table shows the breakdown and the changes in these provisions compared to December 31, 2021.

(thousand of euro)

Provisions for risks and charges	December 31, 2021	Increase	Utilisation	Reclassification	Released to the profit or loss	December 31, 2022
Other provisions	549	235	0	0	(529)	256
Total	549	235	0	0	(529)	256

The increase in the item "*Other provisions*" mainly refers to the recognition as an onerous contract of the Company's irrevocable commitment to pay the first tranche of an additional convertible loan, for a total amount of 1 million dollars, in favour of the joint venture Flexterra, Inc. Given the uncertainty over the timing of the establishment of Flexterra's new business initiatives and the fact that the first tranche (amounting to 250 thousand dollars, corresponding to 234 thousand euros at December 31, 2022) is due simply to the signing of the updated financing agreement and not to the achievement of specific business objectives, the latter was accounted for as at December 31, 2022 through the recognition of a current risk provision, with a balancing entry under financial expense.

The item "*Other provisions*" also includes the release of 529 thousand euros of the provision for risks on equity investments in SAES Getters Korea Corporation recognised in previous years, determined by the waiver of amounts due to the Company from the Korean subsidiary. Indeed, on November 17, 2022, the Company, following the resolution of September 12, 2022 to proceed with the liquidation of SAES Getters Korea Corporation, waived the amounts due from the latter, for a total of 756 thousand euros. This waiver resulted in the release of the provision for risks on equity investments for 529 thousand euros, the release of the loss allowance for equity investments for 184 thousand euros and an impairment gain on the Company's equity investment in SAES Getters Korea Corporation for 43 thousand euros.

The item "*Other provisions*" also includes a provision made at the end of last year (10 thousand euros) for a labour law dispute with an employee who appealed against a disciplinary measure.

The classification of Provisions between current and non-current liabilities is provided below, compared with last year:

(thousand of euro)

Provisions for risks and charges	Current provisions	Non-current provisions	December 31, 2022	Current provisions	Non-current provisions	December 31, 2021
Other provisions	244	11	256	539	10	549
Total	244	11	256	539	10	549

CURRENT LIABILITIES

29. TRADE PAYABLES

Trade payables amounted to 11,774 thousand euros at December 31, 2022, an increase of 2,300 thousand euros at December 31, 2021. This change is mainly due to higher payables for consultancy and procurement also related to the renovation and modernisation of the buildings of the Lainate plant and the Avezzano plant.

Trade payables are all due within twelve months.

All transactions with Group companies were conducted at arm's length.

A breakdown of the figures at December 31, 2022 by geographical segment is shown below:

(thousand of euro)

	Italy	Europe	North America	Japan	Other Asia	Other	Total
Suppliers	9,407	661	1,178	6	24	3	11,279
<i>of which merger effect</i>	4	0	0	0	0	0	0
Subsidiaries	28	26	347	0	94	0	495
Associates	0	0	0	0	0	0	0
Total Trade Payables	9,435	687	1,525	6	118	3	11,774

Trade payables are non-interest bearing and are usually settled at 60/90 days.

The table below shows the due dates of trade payables at December 31, 2022:

(thousand of euro)

Ageing of trade payables	Total	Not yet due	Of which merger effect	Due				
				< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2022	11,774	11,185	4	279	160	14	87	48
December 31, 2021	9,474	8,569	0	763	36	84	0	22

30. FINANCIAL LIABILITIES WITH RELATED PARTIES

At December 31, 2022, financial liabilities with related parties amounted to 6,088 thousand euros, against 20,417 thousand euros at December 31, 2021 and are due to financial liabilities with Group companies due to the centralisation of the liquidity of subsidiaries through interest-bearing loan agreements and the Group cash pooling arrangement at the Company's bank accounts.

The change of 14,329 thousand euros compared to the previous year end is mainly due to the following events:

- closure of the debt position towards SAES Getters International S.A., Luxembourg (-17,108 thousand euros) due to the merger of SAES International S.r.l. (formerly SAES Getters International S.A., Luxembourg S.A.);
- recognition of a liability (+3,388 thousand euros) for the loan granted by the subsidiary Strumenti Scientifici Cinel S.r.l. to the Company, signed on April 6, 2022, for a maximum total

amount of 5 million euros, maturing on December 31, 2022, which can be automatically extended for periods of one year. The interest rate that accrues on this loan is equal to the algebraic sum of the 1-month EURIBOR rate (on a 360-day basis) measured at the beginning of each quarter of the Italian calendar and increased by a spread of 0.10%. In the event that this algebraic sum results in less than 0.10%, the rate applied will be 0.10%.

In 2022 the Company had received 3.78 million euros, had repaid 400 thousand euros and, as at December 31, 2022, had accrued interest in the amount of 8 thousand euros.

The maturity was extended to December 31, 2023;

- balance of the Group's cash pooling arrangement with the subsidiary SAES Nitinol S.r.l. which at December 31, 2022 had a positive balance and is therefore classified under "Financial assets with related parties". At December 31, 2021, the position had a debt balance of 451 thousand euros payable by the Company to the subsidiary;
- lower financial liabilities (-161 thousand euros) deriving from the closure of the debt position to SAES Investments S.A. during 2022. This liability referred to the guarantee service offered by SAES Investments S.A. on the Company's loan taken out with Mediobanca – Banca di Credito Finanziario S.p.A. and repaid in advance at the end of the previous year.

31. SUNDRY LIABILITIES

The item "Sundry liabilities" includes amounts that are not classified as trade payables, which at the end of the year amounted to 8,164 thousand euros, marking a decrease of 743 thousand euros compared to December 31, 2021, and are broken down as follows:

(thousand of euro)

Sundry liabilities	December 31, 2022	December 31, 2021	Difference	of which merger effect
Employees (holiday, wages, etc.)	2,553	3,294	(741)	0
Insurance agencies	0	0	0	0
Social security bodies	1,466	1,582	(116)	(5)
Withholdings and tax (excluding income taxes)	1,067	1,043	24	(1)
Contract liabilities	50	210	(160)	0
Other	3,029	2,778	251	0
Total	8,164	8,907	(743)	(6)

The item "Employees" is mainly made up of the provisions for holidays accrued but not taken during the year and for the monthly salaries of December 2022. The decrease is mainly due to the fact that at December 31, 2021 the balance also included the debt related to the three-year monetary incentive plans that had reached maturity and, therefore, reclassified under "Sundry liabilities" (541 thousand euros at December 31, 2021 paid during 2022).

The item "Contract liabilities" includes the negative balance determined as the difference between the amount invoiced to the customer and the share of revenue for performance obligations recognised over-time at the reporting date with reference to the long-term contract in the high vacuum segment (50 thousand euros at December 31, 2022, compared to 210 thousand euros at the end of the previous year).

Finally, "Other" mainly consists of 2,163 thousand euros payable by the Company for both fixed and variable remuneration of directors and statutory auditors and corporate bodies, 598 thousand euros in advance payments received from the Company's customers on future sales, and 154 thousand euros payable in respect of the advance payment received for a public grant related to a new research project falling under the EU framework programme "Horizon 2020".

These liabilities are non-interest bearing and all mature within the end of next year.

32. CURRENT TAX LIABILITIES

This item, equal to 35 thousand euros at December 31, 2022, is mainly made up of the residual liability of 16 thousand euros for the substitute tax on the realignment of the tax bases of some property, plant and equipment carried out in 2020. In addition, this item includes the IRES liability from the 2022 tax consolidation with the subsidiaries SAES Coated Films S.p.A. (12 thousand euros) and SAES Innovative Packagings S.r.l. (365 euro).

33. EMPLOYEE BENEFITS (classified under current liabilities)

At December 31, 2022, the item “Employee benefits” amounted to 2,227 thousand euros, compared to 1,962 thousand euros at December 31, 2021, and includes the provisions for Company employee bonuses for 2022.

(thousand of euro)

Employee Benefits	December 31, 2022	December 31, 2021	Total difference
Bonuses	2,227	1,962	265
Total	2,227	1,962	265

The increase compared to December 31, 2021 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 2022.

34. BANK LOANS AND BORROWINGS

At December 31, 2022, bank debts amounted to 62,658 thousand euros (compared to 62,032 thousand euros at December 31, 2021) and consist of short-term credit lines. More precisely, 34,624 thousand euros relate to short-term liabilities in the form of “hot money” loans, the average interest rate of which, including the spread, was around 2.30% in 2022.

The remaining 28,030 thousand euros represent the balance at December 31, 2022 of the uses of the revolving credit facilities in place with Unicredit S.p.A. (21,023 thousand euros, the average interest rate of which, including the spread, is around 2.87%) and with Intesa Sanpaolo S.p.A. (7,007 thousand euros, the average interest rate of which, including the spread, is around 2.81%).

Both revolving credit facilities, for which the contracts were signed in 2020, provide for a maximum amount of use equal to 30 million euros and a fixed duration of 36 months.

Bank loans and borrowings increased by 625 thousand euros due to the use of bank borrowings mainly to finance the disbursements determined by acquisitions, for investments and the payment of dividends to shareholders, as well as the significant increase in interest rates.

Both the revolving credit facilities 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, at December 31, 2022 this covenant had been met for both credit lines.

		Covenant	<i>RCF Unicredit</i> (*)	<i>RCF Intesa</i> (**)
			Amount at December 31, 2022	Amount at December 31, 2022
Net financial position	thousand of euro	> 0	69,616	69,875

(*) Net financial position calculated excluding derivative financial instruments and lease liabilities

(**) Net financial position calculated excluding financial liabilities for leasing contracts

35. STATEMENT OF CASH FLOWS

The net balance of cash in 2022 was a positive 349 thousand euros.

The Company's operating activities used cash flows of 9,201 thousand euros, compared with 5,403 thousand euros in the previous year; the main variation concerns the increase in payments of post-employment benefits and other employee benefits following the payment of the rights accrued to the heirs of a key employee.

The cash flows generated by investing activities amounted to 16,371 thousand euros, in particular due to the dividends collected from the subsidiaries, equal to 30,709 thousand euros, of which 23,651 thousand euros due to the merger of SAES International S.r.l. (formerly SAES Getters Luxembourg S.A.), which held the investments in Memry Corporation and SAES Smart Materials, Inc. Also of note are cash outflows of 4,750 thousand euros for the acquisition of the remaining 51% of SAES Rial Vacuum S.r.l. and purchases of property, plant and equipment for 8,580 thousand euros. In the previous year, the cash flows generated by investing activities amounted to 74,500 thousand euros, mainly due to the repayment of the loan granted to the subsidiary SAES Investments S.A. and dividends of 10,520 thousand euros, negatively affected by the cash outflows for the acquisition of Strumenti Scientifici Cinel S.r.l. (-19,247 thousand euros) and purchases of property, plant and equipment for -7,002 thousand euros.

Cash flows used in financing activities amounted to -6,821 thousand euros, mainly due to the payment of dividends for -8,530 thousand euros. In 2021, financing activities absorbed 66,779 thousand euros, as a result of the repayment of the Company's long-term loans.

The following is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the statement of cash flows.

(thousand of euro)

	2022	2021
Cash and cash equivalents	5,543,192	5,090,668
Cash and cash equivalents - from the statement of financial position	5,543,192	5,090,668
Impairment losses on other financial assets (in application of IFRS 9)	6,281	6,000
Bank overdrafts (included in "Bank loans and borrowings")	(3,301)	216
Cash and cash equivalents - from the statement of cash flows	5,546,172	5,096,884

The following table provides the reconciliation between the balances of the liabilities arising from financial transactions at December 31, 2021 and December 31, 2022, with the changes arising from monetary and from non-monetary flows.

	December 31, 2021	Cash flows	Merger effect	Non-cash flows		December 31, 2022
				Other	Reclassifications	
Financial liabilities	0	455,611		6,281		461,892
Lease liabilities	2,107,037	179,637			(714,725)	1,571,949
Non-current liabilities, deriving from financial transactions	2,107,037	635,248	0	6,281	(714,725)	2,033,841
Intragroup financial liabilities	20,416,968	2,778,536	(17,107,562)	0	0	6,087,942
Lease liabilities	722,595	(692,210)	37,075		714,725	782,185
Bank loans and borrowings, net of bank overdrafts	62,031,874	625,725				62,657,599
Other financial liabilities to third parties	4,274	(4,274)				0
Non-current liabilities, deriving from financial transactions	83,175,711	2,707,777	(17,070,487)	0	714,725	69,527,726

36. CONTINGENT LIABILITIES AND COMMITMENTS

The guarantees that the Company has granted to third parties, as well as the risks and the commitments towards third parties are shown below:

(thousand of euro)

Guarantees given by the Group	December 31, 2022	December 31, 2021	Difference
Guarantees in favour of subsidiaries	0	0	0
Guarantees	8,957	8,792	165
Total Guarantees	8,957	8,792	165

The item “Guarantees in favour of third parties” includes the guarantees issued by the Company and used within the Group.

There was a decrease of 165 thousand euros generated mainly by the expiration during the year of the guarantee in favour of the Internal Revenue Service for VAT refunds (-448 thousand euros), the expiration of the guarantee for the supply to a customer of the Company (-129 thousand euros), and the decrease (-46 thousand euros) in the debt exposure to third parties of some Group companies for which the Company had provided guarantees. Note, however, the increase (+783 thousand euros) in the guarantee already in place in favour of the Avezzano Customs Agency and the issuance of a new guarantee for the supply to a customer of the Company (+5 thousand euros).

The following table shows information on contractual commitments for short-term and low-value lease payments, as well as ancillary charges as at December 31, 2022.

(thousand of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
December 31, 2022	366	568	0	934
December 31, 2021	391	694	21	1,106

37. RELATED PARTY TRANSACTIONS

As regards relations with the companies of the SAES Group, relations with the subsidiaries continued also in 2022. Transactions regarding the Company’s ordinary business activities were performed with these counterparties. These transactions were mostly commercial, and regarded purchases and sales of raw materials, semi-finished products, finished goods, plant, property, plant and equipment and various services; cash pooling arrangement are in place with several SAES Group companies as well as loan agreements.

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 2022 all Related-Party transactions fell within the sphere of ordinary operations and were settled at standard economic and financial market conditions.

The main transactions performed with subsidiary or jointly-controlled companies of the SAES Group were as follows:

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

Sale of getters; purchase of finished goods; charge-back of insurance costs managed on a centralised basis; charge-backs of centrally managed audit costs; income on the charge-back of centralised group services; income resulting from the use of the “SAES” trademark; royalties for the use of *PageLid*® and *PageWafer*® technologies. An interest-bearing cash pooling arrangement is also in place.

SAES SMART MATERIALS, Inc., New Hartford, NY (USA)

Income resulting from charge-backs of centrally managed insurance costs; income on the charge-back of centralised group services including the management of patents; income resulting from the use of the “SAES” trademark. Purchases of raw materials.

SPECTRA-MAT. INC., Watsonville, CA (USA)

Income on the charge-back of centralised group services; charge-backs of centrally managed insurance costs; charge-backs of centrally managed audit costs; income resulting from the use of the “SAES” trademark.

MEMRY CORPORATION, Bethel, CT (USA)

Purchase of raw materials; income on the charge-back of centralised Group services; charge-backs of centrally managed insurance costs; income resulting from the use of the “SAES” trademark.

MEMRY CORPORATION ITALIAN BRANCH OFFICE, Lainate (Italy)

Income from charge-back of centralised Group services and use of office space in Lainate.

MEMRY CORPORATION ZWEIGNIEDERLASSUNG DEUTSCHLAND– Freiburg (Germany)

No transactions.

SAES Getters KOREA CORPORATION in liquidation – Seoul (South Korea)

Income on the charge-back of centralised Group services; charge-backs of centrally managed insurance costs; commission paid on commercial transactions. In September 2022, it was put into liquidation and its commercial activity will be assigned to local Korean agents and distributors.

SAES GETTERS (NANJING) CO., LTD. – Nanjing (People’s Republic of China)

Income on the charge-back of centralised group services; charge-backs of centrally managed insurance costs; commission paid on commercial transactions.

SAES INTERNATIONAL S.r.l. – Milan, MI (Italy) – formerly SAES GETTERS INTERNATIONAL LUXEMBOURG S.A. – Luxembourg (Luxembourg)

The company was merged into SAES Getters S.p.A. on December 22, 2022, backdated to January 1, 2022 for accounting and tax purposes only. Until that time, there was an interest-bearing loan agreement in place, closed as a result of the merger.

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

Income on the charge-back of general and administrative services; a cash pooling arrangement is also in place.

Lastly, SAES Innovative Packaging S.r.l., as a consolidated entity, is part of the national tax consolidation scheme in place since January 1, 2015, of which the Company is the consolidating entity. See Note No. 19.

SAES NITINOL S.r.l. – Lainate (Italy)

Income from re-invoicing of centralised Group services. An interest-bearing cash pooling arrangement is in place with the Company.

Also note that SAES Nitinol S.r.l., as a consolidated entity, is a part of the national tax consolidation scheme in place since January 1, 2015, of which the Company is the consolidating entity. See Note No. 19.

SAES COATED FILMS S.p.A. (formerly Metalvuoto S.p.A.) – Roncello, MB & Lainate, MI (Italy)

Income on the charge-back of research activities, commercial services, general and administrative services. There is also an interest-bearing loan agreement with annual renewal, signed in February of the current year.

Note that from January 1, 2017 SAES Coated Films S.p.A., as a consolidated entity, is a part of the national tax consolidation scheme. See Note No. 19.

SAES INVESTMENTS S.A., Luxembourg (Luxembourg)

A loan agreement, to be renewed annually, is in place.

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. No commercial transactions unless dividends are collected.

STRUMENTI SCIENTIFICI CINEL S.r.l. – Vigonza (Italy)

Income from the sale of products; costs for purchases of raw materials; income deriving from the charge-back of certain costs for administrative and commercial services incurred on behalf of the company, costs for Research and Industrialisation services and costs for general centralised services of the Group; income deriving from the use of the "SAES" trademark. An interest-bearing cash pooling arrangement is in place with the Company.

Note that from January 1, 2022, Strumenti Scientifici Cinel S.r.l., as a consolidated entity, is a part of the national tax consolidation scheme. See Note No. 19.

SAES RIAL VACUUM S.r.l. - Parma, Parma (Italy)

Company acquired in the second half of 2022. Income from the sale of products; costs for purchases of raw materials; income on the charge-back of general centralised Group services; charge-backs of centrally managed insurance costs; income resulting from the use of the "SAES" trademark. An interest-bearing cash pooling arrangement is in place with the Company.

ACTUATOR SOLUTIONS GmbH – Gunzenhausen, Germany

A joint venture 50% jointly controlled by SAES Nitinol S.r.l. and SMA Holding, aimed at the development, assembly and marketing of actuator devices based on SMA technology.

With regard to Actuator Solutions GmbH, in 2022 the Company had a commercial relationship (in particular, the sale of raw materials and purchase of semi-finished products in the context of the new B!POD project) and performed various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract.

There is a sales agreement in place between the Company and Actuator Solutions GmbH that envisages payment to the joint venture of sales commissions on SMA wiring procured for SAES Getters S.p.A. from the business activities of Actuator Solutions (nil in 2022).

Lastly, on July 2, 2021, SAES Getters S.p.A. subscribed a convertible loan worth 1.5 million euros in favour of the German company Rapitag GmbH with maturity on December 31, 2024 (convertible loan fully impaired as at December 31, 2022, due to failure to achieve set business targets and uncertainty about future business development); according to the signed loan agreement, part of the resources provided by SAES are used by Rapitag to finance the prototyping activity, carried out through the joint venture Actuator Solutions GmbH as exclusive contractor.

FLEXTERRA, Inc. – Skokie, IL (USA)

A joint venture of SAES Getters S.p.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 – Zhubei City (Taiwan)

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 Company provides some administrative services, as well as legal, financial and tax support, and assistance in joint venture research and development activities, including the management of patents. These services are charged back under a service fees contract.

Moreover, the Company subscribed two convertible loans in favour of the joint venture Flexterra, Inc., respectively of the amount of 3 million dollars (granted on July 16, 2020) and of 2 million dollars (the first tranche of 1 million dollars paid on August 18, 2021 and the second tranche, of the same amount, paid in the second half of November 2021), 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. 19). As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP). At December 31, 2022, the financial liability of Flexterra, Inc. with SAES Getters S.p.A. amounted to a total of 5.4 million euros, including 0.7 million euros in interest accrued and not yet paid.

The financial asset related to the convertible loan (both principal and interest) was already fully impaired at December 31, 2021 and an additional impairment was made on the financial asset in 2022, corresponding to the interest accrued in the year (379 thousand euros), since SAES management believes it unlikely to be recovered.

To clarify the above, the Company has agreements for the provision of commercial, technical, IT, legal, and financial services, and for the development of specific projects, in place with several subsidiaries (SAES Innovative Packaging S.r.l., SAES Getters/USA, Inc., SAES Getters Korea Corporation, SAES Getters (Nanjing) Co., Ltd., Spectra-Mat, Inc., SAES Smart Materials, Inc., Memry Corporation, SAES Coated Films S.p.A., Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l.).

The Company exercises management and coordination over SAES Innovative Packaging S.r.l., SAES Coated Films S.p.A., SAES Nitinol S.r.l., SAES Investments S.A., Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l. pursuant to Article 2497 et seq. of the Italian Civil Code.

The transactions performed with subsidiaries and jointly-controlled companies of the SAES Group are summarised below:

(thousand of euro)

Legal Entity	Assets 2022	Liabilities 2022	Revenue 2022	Costs 2022	Dividends 2022	Obligations 2022 (**)
SAES Getters/USA, Inc.	1,847	103	6,750	975	6,292	4,000
Spectra-Mat, Inc.	125	0	110	0	0	0
SAES Smart Materials, Inc.	159	229	123	1,270	4,695	0
Memry Corporation	822	15	1,216	1,038	18,956	0
SAES Getters Korea Corporation	0	0	1,069	20	0	0
SAES Getters (Nanjing) Co.Ltd.	360	94	1,786	446	320	0
SAES Innovative Packaging S.r.l.	3	2,698	0	0	0	0
SAES Nitinol S.r.l.	31	0	(2)	6	0	0
SAES Coated Films S.p.A.	4,151	12	524	1	0	13
SAES Getters Export Corp.	0	0	0	0	446	0
Strumenti Scientifici Cinel S.r.l. (***)	383	3,389	252	34	0	35
SAES Investments S.A.	48,760	0	244	0	0	0
Memry Corporation - Italy Branch	10	3	(12)	0	0	0
SAES RIAL Vacuum S.r.l. (*)	81	26	131	171	0	0
SAES RIAL Vacuum S.r.l.	0	0	54	114	0	0
Actuator Solutions GmbH	41	26	94	342	0	1,250
Flexterra, Inc.	77	0	223	0	0	0
Total	56,850	6,594	12,560	4,417	30,709	5,298

(*) Amounts referred to the period between the acquisition date of SAES RIAL Vacuum S.r.l. and December 31, 2022

(**) It includes guarantees issued by SAES Getters S.p.A.

(***) co-obligation of SAES Getters S.p.A. in guarantee contracts entered into by related parties

The following related parties are also noted:

- S.G.G. Holding S.p.A., relative majority shareholder that, at December 31, 2022 held 34.44% of the ordinary shares of SAES Getters S.p.A. On April 27, 2022, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. for a total of 2.4 million euros.

- Key managers, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

Also considered key managers are the Group Human Resources Manager and the Group Research Lab Manager.

Their close relatives are also considered related parties. In this respect, Ginevra della Porta and Lorenzo della Porta, children of Massimo della Porta, were employed by SAES Getters S.p.A. and SAES Coated Films S.p.A., while Livia della Porta and Giulio della Porta, children of the non-executive Director Luigi Lorenzo della Porta, were employed by SAES Getters S.p.A. in June 2022 and early December 2022, respectively.

The following table shows the remuneration of key managers, employed by SAES Getters S.p.A., as identified above.

(thousand of euro)	2022	2021	Total difference
Short-term employee benefits	4,359	4,276	83
Post-employment benefits	0	0	0
Other long-term benefits	674	533	141
Termination benefits	1,335	1,479	(144)
Share-based payments	0	0	0
Other benefits	0	0	0
Total remuneration to key management	6,368	6,288	80

The item “Short-term employee benefits” is made up of both fixed and variable remuneration of Key Managers and also includes the remuneration received by Ginevra della Porta, Livia della Porta and Giulio della Porta, by virtue of their employment relationship with the Company. The 2022 amount was substantially in line with the previous year.

In general terms, the variable remuneration of the Executive Directors in 2022 remained substantially in line with the previous year.

The increase in the item “Other long-term benefits” is due to the fact that the previous year included the release to profit or loss of the amount set aside for the long-term monetary incentive plan of a Key Manager of the Company, who left the workforce before the end of the plan.

The item “Termination benefits” decreased compared to the previous year which included costs related to the departure of the above-mentioned Key Manager of the Company in May 2021. This positive effect is partially mitigated by the higher allocation compared to the previous year of the amounts relating to the phantom shares incentive plan, due to the updating of the financial assumptions for the purposes of estimating the present value of the phantom shares assigned as at December 31, 2022.

At December 31, 2022, the amount due to key managers of the Company was equal to 4,743 thousand euros compared to 3,935 thousand euros at December 31, 2021.

The increase compared to the previous year is related to the portion of the liability set aside during the year for the three-year monetary incentive plan for Executive Directors and key managers, which have not yet reached maturity and the portion of the liability for phantom shares.

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 2022 all Related-Party transactions fell within the sphere of ordinary operations and were settled at standard economic and financial market conditions.

38. FINANCIAL RISK MANAGEMENT

A description of the financial risks and related management is provided below.

The main financial liabilities of the Company include bank loans, both short and long term, and lease liabilities, as well as trade payables.

The main objective of the financial liabilities is to fund the Company's operations and to support its future growth (both organic and for external acquisitions).

As financial assets, the Company holds cash, cash equivalents and time deposits immediately convertible into liquidity, as well as trade receivables originating directly from operations, and securities in the portfolio that can be immediately sold and liquidated in the short term.

The derivative instruments used by the Company are mostly forward contracts on foreign currencies. Their purpose is to manage the currency risk arising from the Company's sales.

The Company does not trade in financial instruments and does not directly manage the securities in its portfolio, but relies on the support of specialised professionals.

The Board of Directors periodically re-examines and defines the risk management policies, as summarised below.

Interest rate risk

If the Company's financial debt, both short- and long-term, is structured on a variable interest rate basis, it is subject to the risk of interest rate fluctuations.

With regards to any long-term financial debt, 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 expenditure that is sustainable by the Company's financial structure.

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.

In order to mitigate the risk of fluctuations in interest rates, also with the aim of improving the result of financial management, at December 31, 2022 the Company has no variable rate loans in place and at the same time there are no Interest Rate Swaps in place.

In addition, the Company constantly monitors the trend in interest rates in the event of the signing of new loans, in order to choose the most convenient and most appropriate forms for its financial structure.

With regard to securities, the Company's securities portfolio has a conservative investment profile and is mainly made up of buy & hold assets, which make it possible to face the risk of negative returns related to market turbulence.

Interest rate sensitivity

With regard to current and non-current financial assets (cash and cash equivalents, bank deposits, financial receivables assets with related parties and financial assets with third parties), the table below provides details of the sensitivity of the Company's pre-tax profit, assuming that all other variables are stable when interest rates change.

		(%)	(thousand of euro)	(thousand of euro)
		Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	Euro	+/- 1	+/- 55	+/- 42
	Other currencies	+/- 1	+/- 2	+/- 2
2021	Euro	+/- 1	+/- 55	+/- 41
	Other currencies	+/- 1	+/- 1	+/- 1

With regard to financial liabilities (short-term bank debt), the table below provides details of the sensitivity of the Company's pre-tax profit, assuming all other variables remain unchanged as the interest rate changes:

		(%)	(thousand of euro)	(thousand of euro)
		Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	Euro	+/- 1	+/- 737	+/- 560
2021	Euro	+/- 1	+/- 1.423	+/- 1.082

No Interest Rate Swaps, not even of an implicit nature, are in place at December 31, 2022 and, therefore, no sensitivity analysis is provided regarding them.

Currency risk

The Company is exposed to currency risk on foreign business transactions. This exposure is mostly generated by sales in currencies other than the reporting one. In 2022, around 37.4% of the Company's sales and around 17.7% of its operating costs are reported in a currency other than the euro.

In order to manage the financial impact resulting from fluctuations in exchange rates versus the euro, primarily of the US dollar, the Company has in place hedging contracts, the values of which are periodically determined by the Board of Directors at the beginning of the year (or at the end of the previous year) according to the net currency cash flows expected to be generated by SAES Getters S.p.A. The maturities of any hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

Moreover, the Company can occasionally hedge specific transactions in a currency other than the reference currency, to mitigate the effect on profit or loss of the exchange rate volatility, with reference to financial assets/liabilities, also intragroup ones, denominated in a currency different from the one used in the financial statements, including those relating to the cash pooling (executed by foreign related companies, but denominated in euro).

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

For more details, see Note No. 18 "Derivative financial instruments".

Exchange rate sensitivity

Currency risk – Sensitivity analysis – Trade receivables/payables

The table below shows the sensitivity to possible changes in the exchange rates of the US dollar and the Japanese yen of the pre-tax profit and the profit/loss of the Company due to the consequent change in the fair value of current trade receivables and payables outstanding at the end of each year, maintaining all other variables fixed:

US Dollar	(%)	(thousand of euro)	(thousand of euro)
	Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	+ 5%	(100)	(76)
	- 5%	110	84
2021	+ 5%	(41)	(31)
	- 5%	45	34

Japanese Yen	(%)	(thousand of euro)	(thousand of euro)
	Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	+ 5%	(21)	(16)
	- 5%	23	17
2021	+ 5%	(27)	(21)
	- 5%	30	23

Currency risk – Sensitivity analysis – Liquidity and financial assets/liabilities (excluding trade receivables and payables)

For net cash and cash equivalents and financial assets/liabilities (excluding trade receivables/payables), including for cash pooling, outstanding at the end of the year, the following table provides information on the sensitivity of the Company's pre-tax profit and equity to changes in the US dollar exchange rate, all other variables remaining the same.

	(%)	(thousand of euro)	(thousand of euro)
	Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	5.00%	(5)	-4
	-5.00%	6	4
2021	5.00%	0	0
	-5.00%	0	0

For forward sales contracts on the dollar still outstanding at the end of the year, the following table provides details of the sensitivity of the pre-tax profit before tax and of the equity in the hypothesis of stability of all the other variables, as the exchange rate changes.

	(%)	(thousand of euro)	(thousand of euro)
	Increase / Decrease	Effect on pre-tax profit	Effect on profit for the year and equity
2022	0.50%	229	174
	-0.50%	288	219
2021	0.50%	(17)	(13)
	-0.50%	34	26

Commodity risk

The Company's exposure to commodity price risk 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 its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling the commodity price volatility.

During 2022, as a result of the conflict in Ukraine, there was a temporary increase in the prices of some raw materials (for example, nickel, palladium and argon); these increases, where possible, were passed on to the prices agreed with customers.

The Company monitors the trends of the main commodities subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions in derivative instruments with the aim of neutralising the price volatility of its commodities.

Credit risk

Credit risk represents the Company's exposure to potential losses resulting from the non-fulfilment of obligations undertaken by commercial and financial counterparties. The Company deals mainly with well-known, 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 amounts receivable is constantly monitored so as to minimise the risk of potential losses, particularly given the current difficult macroeconomic and geopolitical situation.

The credit risk associated with other financial assets, including cash and cash equivalents and securities in the portfolio, is not significant due to the nature of the counterparties: the Company places such assets exclusively in bank deposits held with leading Italian banks.

Even with reference to the securities portfolio, investments are made with leading operators in the industry, 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 inability to obtain the necessary financial resources to grant the continuity of the Company's operations.

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

- constantly monitors financial requirements in order to obtain the credit lines needed to meet its requirements;
- optimises the liquidity management through a system for the centralised management of available liquidity (cash pooling);
- manages the correct balance between short-term financing and medium/long-term financing depending on the expected generation of cash flows from operating activities.

For more information on the Company's financial liabilities as at December 31, 2022 and on the contractual maturity dates of these liabilities, please refer to Note No. 25, while for contractual flows by maturity relating to trade payables and lease liabilities, please refer to Note No. 29 (trade payables ageing) and Note No. 26 (cash flows for non-discounted leases).

At December 31, 2022, the Company 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 on the latter please refer to Note No. 23.

Equity management

The objective pursued by the Company 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 2022.

39. PUBLIC GRANTS – DISCLOSURE PURSUANT TO ARTICLE 1, LAW NO. 124/2017

Article 1, paragraph 125, of Law no. 124 of August 4, 2017 introduced the obligation for companies that receive grants from the Public Administrations to publish the amounts of the grants received during the year in the notes to the financial statements and any consolidated financial statements. The following table shows the information regarding the disbursements received by the Company from Italian public agencies and entities. The disbursements are identified according to the cash criterion and are reported only if they exceed 10 thousand euros.

(thousand of euro)

Granting body	Reason for the grant	Amount received in 2022
INPS	Grants for employment disadvantaged areas - "Decontribuzione Sud" (articolo 27 del D.L. 104/2020)	735
MISE	Tax credit for research and development	292

For the purposes of the aforementioned obligations, in relation to any other grants received that fall within the specified cases, please refer to the National Register of State Aids, which can be publicly consulted.

40. COMPANY WORKFORCE

The following table shows the number of employees by category:

Company's employees	December 31, 2022	December 31, 2021	Average 2022	Average 2021
Managers	46	47	46	46
White-collars and junior managers	215	200	208	198
Blue-collars	194	185	195	186
Total	455	432	449	431

This figure does not include the personnel working for the Company with contract types other than employment agreements equal to 7 units (17 units at December 31, 2021).

41. FEES TO THE INDEPENDENT AUDITORS AND TO ENTITIES BELONGING TO ITS NETWORK

Pursuant to Article 149-*duodecies* "Disclosure of fees" of the Issuers' Regulations, introduced by CONSOB with resolution 15915 of May 3, 2007, the fees that the independent auditors and the entities belonging to its network have received, separately, for audits and for the provision of other services, indicated by type or category, are summarised in the table below:

(thousand of euro)

Services	Subject who provided the service	Recipient	Fee
Audit	Parent Company auditor	SAES Getters S.p.A.	152
Other audit services (*)	Parent Company auditor	SAES Getters S.p.A.	18

(*) Certification of the tax credit recognised on investments in research and development (Law no. 160 of December 29, 2019, article 1, paragraphs from 198 to 209).

42. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On January 9, 2023, the Company signed a **binding agreement with the US company Resonetics for the sale to the latter of the Nitinol business and, in particular, the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.** The scope of the sale includes the entire production

process of SAES in the aforementioned market, vertically integrated (from the melting of the Nitinol alloy to the production of components) and located entirely in the USA. The Company's activity in the sector of shape memory alloys for industrial applications (*SMA Materials* Business, within the SAES Industrial Division) which is not carried out by the two US investees subject to the sale and which will continue to be managed by SAES Getters S.p.A., remains excluded from the scope of the sale. To this end, a specific contract will be signed for the supply by Resonetics to SAES Getters S.p.A. of the raw material in Nitinol necessary for the Company to continue its industrial SMA business. The risks underlying the Company's business continuity in the event of failure to finalise the agreement are almost nil, for two reasons. In the first place, in the event of closing, the signing of the supply contract is a "fulfilment at closing" and therefore not subject to any risk. Secondly, the contract is useful for SAES to continue to procure Nitinol, a material instrumental to the SMA Industrial business, one of the numerous businesses of SAES that will remain post-sale. The Company's medical business, which uses Nitinol trained wires and Nitinol-based thermostatic actuators (already classified in the *SMA Materials* Business, within the SAES Industrial Division), remains excluded from the scope of the sale. The agreed sale price is 900 million dollars (*cash/debt free* amount), corresponding to approximately 17 times the adjusted gross operating profit relating to the scope of the sale in the period October 1, 2021 - September 30, 2022. The final price will be subject to possible adjustments, according to a calculation mechanism typical of this type of transaction and linked to the actual working capital and net financial position of the companies subject to sale at the closing date.

The conclusion of the transaction is subject to the receipt of the usual regulatory authorisations for this type of transaction, including authorisation by the Antitrust Authorities concerned. Also in light of this, following an in-depth assessment, as at December 31, 2022 Management considered that the conditions set forth in IFRS 5 had not been met for the equity investment pertaining to the medical business subject to disposal to be classified as an "asset held for sale".

In order to preserve the proceeds in dollars envisaged by this sale transaction, on February 15, 2023 SAES Getters S.p.A. signed a contingent derivative contract with a notional value of 415 million dollars with a maximum €/€ forward exchange rate of 1.1037 against the euro. The last possible date of exercise of the derivative is expected to be January 8, 2024 (Long Stop Date).

The exact forward exchange rate within the reference contractual range will be determined on the basis of the effective date of any approval by the US Antitrust Authority. If, by the Long Stop Date, the latter expresses a negative opinion on the completion of the sale of the Nitinol business, the derivative would lapse without producing any effect on the Company's separate financial statements.

If the transaction is not completed due to another contractual requirement or valuation not attributable to a negative opinion of the US Antitrust Authority, the derivative would remain active, with accounting effect on the Company's separate financial statements which at today's date is estimated to be equal to approximately -5.6 million euros.

With regard to the **investment completed in the EUREKA! venture capital fund**, on January 16, 2023 a **payment of 139 thousand euros** was made, including both the portion of the costs of the fund and the portion of the continuation of the investment in the companies Caracol S.r.l. and Inta System S.r.l., start-ups that operate in the fields of additive manufacturing and lab-on-chip production, respectively.

On February 1, 2023, following the resignation presented by Director Adriano De Maio as a member of **the Remuneration and Appointments Committee**, the Board of Directors appointed **Alessandra Della Porta** as a member of the aforementioned Committee to replace Director De Maio.

On February 22, 2023, SAES Getters S.p.A. obtained the extension to December 31, 2023 of the revolving cash credit facility for 30 million euros, signed with Unicredit S.p.A. on March 6, 2020 and with original maturity on March 6, 2023.

On February 27, 2023, the Board of Directors of SAES Getters S.p.A. proposed the **inclusion of the newly acquired SAES RIAL Vacuum S.r.l. in the scope of the national tax consolidation**, together with the other SAES Group companies that are already part of it. The respective Boards of Directors approved this inclusion between the end of February and the beginning of March. Therefore, SAES RIAL Vacuum S.r.l. will be part of the national tax consolidation scheme with retrospective effect starting from January 1, 2023.

On March 1, 2023, SAES Getters S.p.A., as Sole quotaholder, approved the total waiver of the right to the amounts owed to it at the end of 2022 by SAES Nitinol S.r.l., of 233 thousand euros. At the same time, **the Company approved a capital injection of 28 thousand euros in favour of SAES Nitinol S.r.l. by way of quotaholder payment to cover losses**, with the aim of replenishing the quota Capital eroded by the losses for 2022. Finally, SAES Getters S.p.A. approved the disbursement of an additional amount, equal to 900 thousand euros, to be allocated within the equity item available reserves of SAES Nitinol S.r.l., in order to provide the subsidiary with the necessary provisions to guarantee its business continuity.

On March 6, 2023, the Independent Director **Luciana Sara Rovelli resigned** due to significant differences in strategic vision. Therefore, as of March 6, 2023, Luciana Rovelli ceased to hold all the offices assigned to her and in particular: Chairperson of **the Remuneration and Appointments Committee**; Member of **the Control, Risk and Sustainability Committee**; Chairperson of the **Supervisory Body**, as well as Member of **the Related Party Transactions Committee**.

On March 7, 2023, the Board of Directors appointed, to replace Luciana Rovelli, the Independent Director Stefano Proverbio, as a member of **the Remuneration and Appointments Committee**, assigning him the role of Chairperson, and assigned to the Director Stefano Proverbio the office of Chairperson of the **Supervisory Body**, of which he is already a member.

The appointment of a new Director will be proposed on the agenda of the next Ordinary Shareholders' Meeting. The mandate of this Director will last for the entire term of office of the current Board of Directors, i.e. until the approval of the financial statements at December 31, 2023.

The **performance of the securities portfolio** of SAES Getters S.p.A., consisting of Credit Linked Certificates, during the first two months of 2023 was positive and amounted to approximately +3.09%.

Lainate (MI), March 14, 2023

on behalf of the Board of Directors
Massimo della Porta
Chairman

SUMMARY TABLE OF THE KEY FIGURES OF THE FINANCIAL STATEMENTS OF THE SUBSIDIARIES

Statement of Financial Position as at December 31, 2022						
	<i>SAES Nitinol S.r.l.</i>	<i>SAES Coated Films S.p.A.</i>	<i>Strumenti Scientifici Cinel S.r.l.</i>	<i>SAES RIAL Vacuum S.r.l (*)</i>	<i>Memry Corporation</i>	<i>SAES Smart Materials, Inc.</i>
	<i>(thousand of euro)</i>	<i>(thousand of euro)</i>	<i>(thousand of euro)</i>	<i>(thousand of euro)</i>	<i>(US Dollar)</i>	<i>(US Dollar)</i>
Property, plant and equipment, net	0	4,622	216	572	25,717,752	14,903,973
Intangible assets, net	0	194	77	35	34,366,639	11,641,502
Other non-current assets	1,400	476	605	267	4,165,722	2,481
Current assets	14	5,475	7,745	3,474	40,285,976	11,960,987
Total Assets	1,414	10,767	8,643	4,347	104,536,089	38,508,942
Equity	(252)	2,000	3,157	2,490	85,242,676	33,352,325
Non-current liabilities	0	929	1,423	402	3,198,600	2,727,378
Current liabilities	1,665	7,839	4,062	1,455	16,094,813	2,429,240
Total liabilities and equity	1,413	10,768	8,643	4,347	104,536,089	38,508,942
2022 Statement of Profit or Loss						
	<i>SAES Nitinol S.r.l.</i>	<i>SAES Coated Films S.p.A.</i>	<i>Strumenti Scientifici Cinel S.r.l.</i>	<i>SAES RIAL Vacuum S.r.l (*)</i>	<i>Memry Corporation</i>	<i>SAES Smart Materials, Inc.</i>
	<i>(thousand of euro)</i>	<i>(thousand of euro)</i>	<i>(thousand of euro)</i>	<i>(thousand of euro)</i>	<i>(US Dollar)</i>	<i>(US Dollar)</i>
Total net sales	0	10,641	5,866	3,974	119,038,230	21,376,986
Cost of sales	0	(9,211)	(3,846)	(3,250)	(67,882,179)	(12,658,626)
Gross profit	0	1,430	2,020	724	51,156,051	8,718,360
Research & development expenses	0	(248)	(68)	(56)	(2,088,616)	(570,655)
Selling expenses	0	(1,174)	(634)	(149)	(6,508,299)	(503,558)
General & administrative expenses	(33)	(621)	(567)	(214)	(3,733,304)	(975,864)
Total operating costs	(33)	(2,044)	(1,269)	(419)	(12,330,219)	(2,050,077)
Other income (expense), net	(8)	(443)	(323)	(81)	(1,745,741)	(422,479)
Operating profit (loss)	(42)	(1,057)	428	223	37,080,092	6,245,803
Interest and other financial income (expense), net	(600)	(112)	(28)	(18)	(307,510)	38,157
Exchange gains (losses), net	0	2	10	(36)	(31,068)	(2,169)
Pre-tax profit (loss)	(641)	(1,167)	410	169	36,741,513	6,281,792
Income taxes	(35)	4	(96)	(33)	(8,534,148)	(1,007,979)
Profit (loss) from continuing operations	(677)	(1,163)	314	136	28,207,365	5,273,813
Profit (loss) from discounting operations	0	0	0	0	0	0
Profit (loss) for the year	(677)	(1,163)	314	136	28,207,365	5,273,813

(*) Statement of profit or loss amounts referring to the period between the date of acquisition of SAES RIAL Vacuum S.r.l. and December 31, 2022

Statement of Financial Position as at December 31, 2022

	<i>SAES Getters/U.S.A., Inc.</i>	<i>SAES Getters Korea Corporation in liquidation</i>	<i>SAES Investments S.A.</i>	<i>SAES Getters (Nanjing) Co., Ltd.</i>	<i>SAES Getters Export, Corp.</i>	<i>SAES Innovative Packaging S.r.l.</i>
	<i>(US Dollar)</i>	<i>(thousand of Won)</i>	<i>(thousand of euro)</i>	<i>(Chinese Renminbi)</i>	<i>(US Dollar)</i>	<i>(thousand of euro)</i>
Property, plant and equipment, net	3,061,234	0	0	82,891	0	0
Intangible assets, net	23,524,008	0	0	0	0	0
Other non-current assets	19,258,697	203,606	24	6,694	0	0
Current assets	13,798,308	953,362	124,887	109,769,284	9,227,183	2,700
Total Assets	59,642,248	1,156,968	124,911	109,858,869	9,227,183	2,700
Equity	40,064,623	262,203	24,071	103,328,903	4,716,321	2,696
Non-current liabilities	9,607,854	24,189	11	0	0	0
Current liabilities	9,969,771	870,576	100,829	6,529,966	4,510,862	4
Total liabilities and equity	59,642,247	1,156,968	124,911	109,858,869	9,227,183	2,700

2022 Statement of Profit or Loss

	<i>SAES Getters/U.S.A., Inc.</i>	<i>SAES Getters Korea Corporation in liquidation</i>	<i>SAES Investments S.A.</i>	<i>SAES Getters (Nanjing) Co., Ltd.</i>	<i>SAES Getters Export, Corp.</i>	<i>SAES Innovative Packaging S.r.l.</i>
	<i>(US Dollar)</i>	<i>(thousand of Won)</i>	<i>(thousand of euro)</i>	<i>(Chinese Renminbi)</i>	<i>(US Dollar)</i>	<i>(thousand of euro)</i>
Total net sales	26,547,889	2,286,976	0	19,369,633	0	0
Cost of sales	(13,949,428)	(1,763,018)	0	(13,271,959)	0	0
Gross profit	12,598,461	523,958	0	6,097,674	0	0
Research & development expenses	(96,304)	0	0	0	0	0
Selling expenses	(2,811,162)	(318,524)	0	(2,322,992)	3,853,107	0
General & administrative expenses	(1,618,806)	(1,142,346)	(63)	(1,892,573)	0	(31)
Total operating costs	(4,526,271)	(1,460,870)	(63)	(4,215,565)	3,853,107	(31)
Other income (expense), net	(562,546)	1,013,876	(3)	(405,962)	1,103,374	(7)
Operating profit (loss)	7,509,643	76,964	(67)	1,476,147	4,956,481	(38)
Interest and other financial income (expense), net	1,538,531	(1,322)	(12,092)	1,712,105	(5,697)	5
Exchange gains (losses), net	14,728	(15,743)	0	126,004	0	0
Pre-tax profit (loss)	9,062,902	59,899	(12,159)	3,314,256	4,950,784	(33)
Income taxes	(1,998,279)	(73)	1,050	(845,333)	0	1
Profit (loss) from continuing operations	7,064,623	59,826	(11,109)	2,468,923	4,950,784	(32)
Profit (loss) from discounting operations	0	0	0	0	0	0
Profit (loss) for the year	7,064,623	59,826	(11,109)	2,468,923	4,950,784	(32)

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS OF SAES GETTERS S.p.A.

pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999 as amended

The undersigned Giulio Canale, as Vice Chairman, Managing Director and Manager in charge of financial reporting, of SAES Getters S.p.A., hereby certifies, also in compliance with the provisions of article 154-*bis*, paragraphs 3 and 4, of Italian 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 for the preparation of annual financial statements, in the period January 1 - December 31, 2022.

2. To that end, note the following:

2.1 The Administrative-Accounting Control Model of the SAES Group

- On December 20, 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative-Accounting Control Model, issued on May 14, 2007, the adoption of which seeks to guarantee the alignment of SAES with the provisions introduced by Italian Law no. 262 of December 28, 2005 (hereinafter also the “Law on Savings”) implemented in December 2006 with the approval of Italian Legislative Decree no. 303/06, with specific reference to obligations regarding the preparation of company accounting documents, as well as any document or disclosure of a financial nature released to the market.
- The Control Model, with reference to the organisational chart of the SAES Group:
 - defines the roles and the responsibilities of the individuals involved at various levels in the process of preparation and/or control of the financial disclosures of the SAES Group, introducing the figure of the Manager in charge of financial reporting (hereinafter the “Manager in Charge”);
 - illustrates the elements comprising the administrative-accounting control system, referred to the general control environment underlying the Internal Control System of the SAES Group, as well as specific components relating to administrative-accounting disclosures;
 - with specific reference to the latter aspect, envisages the integration of the Group Accounting Policies and the IFRS Operating Procedures with a system of administrative-accounting control matrices, which describe the control activities implemented in each process;
 - defines procedures and the frequency of the administrative-accounting risk assessment process, to identify the most relevant processes for the purposes of accounting and financial disclosures.

2.2. Administrative-accounting control matrices in SAES Getters S.p.A.

- On December 20, 2012, administrative-accounting control matrices were issued, relating to the most significant processes of SAES Getters S.p.A., selected following the risk assessment conducted on the basis of the 2011 separate financial statements.
- The controls described in the above-mentioned matrices were discussed with the managers – according to the organisational chart – of processes that are controlled, and a process of continuous verification and alignment of the matrices to the actual operations was set in place, requiring each manager to check the application of the controls and to confirm the adequacy and effectiveness, or to report non-operational or inadequate controls, or those rendered obsolete due to changes in the internal organisation. This process, implemented in 2017, with reference to the results of the audit activities for the purposes of the 2016 separate financial statements and the 2016 consolidated financial statements, has continued in

subsequent years, including the year to which this document refers, involving the periodic and timely updating of controls in order to reflect what is envisaged in operations.

2.3. Results of the internal certification process of SAES Getters S.p.A.

- The process managers have signed and sent the Manager in Charge their “internal letters of certification”, in which they confirm that they have checked the activities/processes subject to control within their scope of responsibility and that they consider them to be suitable and operationally effective to guarantee the reliability of the corresponding information flows and the processing of the relative data in accordance with the administrative-accounting procedures adopted by SAES Getters S.p.A.;
- at today’s date, the Manager in Charge, with the assistance of the Head of the Administrative Office of SAES Getters S.p.A., has received all 27 letters of certification required of the process managers of SAES Getters S.p.A.;
- The result of the process was positive, no significant irregularities were identified.

2.4. Results of audits conducted by the Internal Audit Function relating to SAES Getters S.p.A.

- The Manager in Charge requested the assistance of the Internal Audit Function for a further check of part of the controls included in the administrative-accounting matrices by an independent function with respect to the offices responsible for said controls.
- Regarding such verification, the Internal Audit Function checked several of the administrative-accounting processes during the year and verified the correct implementation of the controls to oversee the processes in question with the relative managers, collecting supporting documents where necessary. The activity had a positive outcome, as shown in the report drawn up by the head of the Internal Audit Function.

3. The following is also confirmed:

3.1. The separate financial statements at December 31, 2022:

- a) have been prepared in compliance with the applicable International Financial Reporting Standards recognised by the European Community in (EC) regulation no. 1606/2002 of the European Parliament and Council;
- b) correspond to the accounting books and records;
- c) are suitable to represent the financial position, financial performance and cash flows of the issuer in a truthful and correct manner.

3.2. The Report on Operations contains a reliable analysis of performance and of the profit/loss of operations, as well as the issuer’s situation, together with a description of the main risks and uncertainties to which it is exposed.

Lainate (MI), March 14, 2023

The Deputy Chairman and Managing Director and
Manager in charge of financial reporting
Giulio Canale

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SAES Getters S.p.A.

Viale Italia, 77 - 20045 Lainate (MI), Italia - Tel. + 39 02 931 78 1 - Fax + 39 02 931 78 250

www.saesgetters.com