

**INTERIM
CONSOLIDATED
FINANCIAL
STATEMENTS**

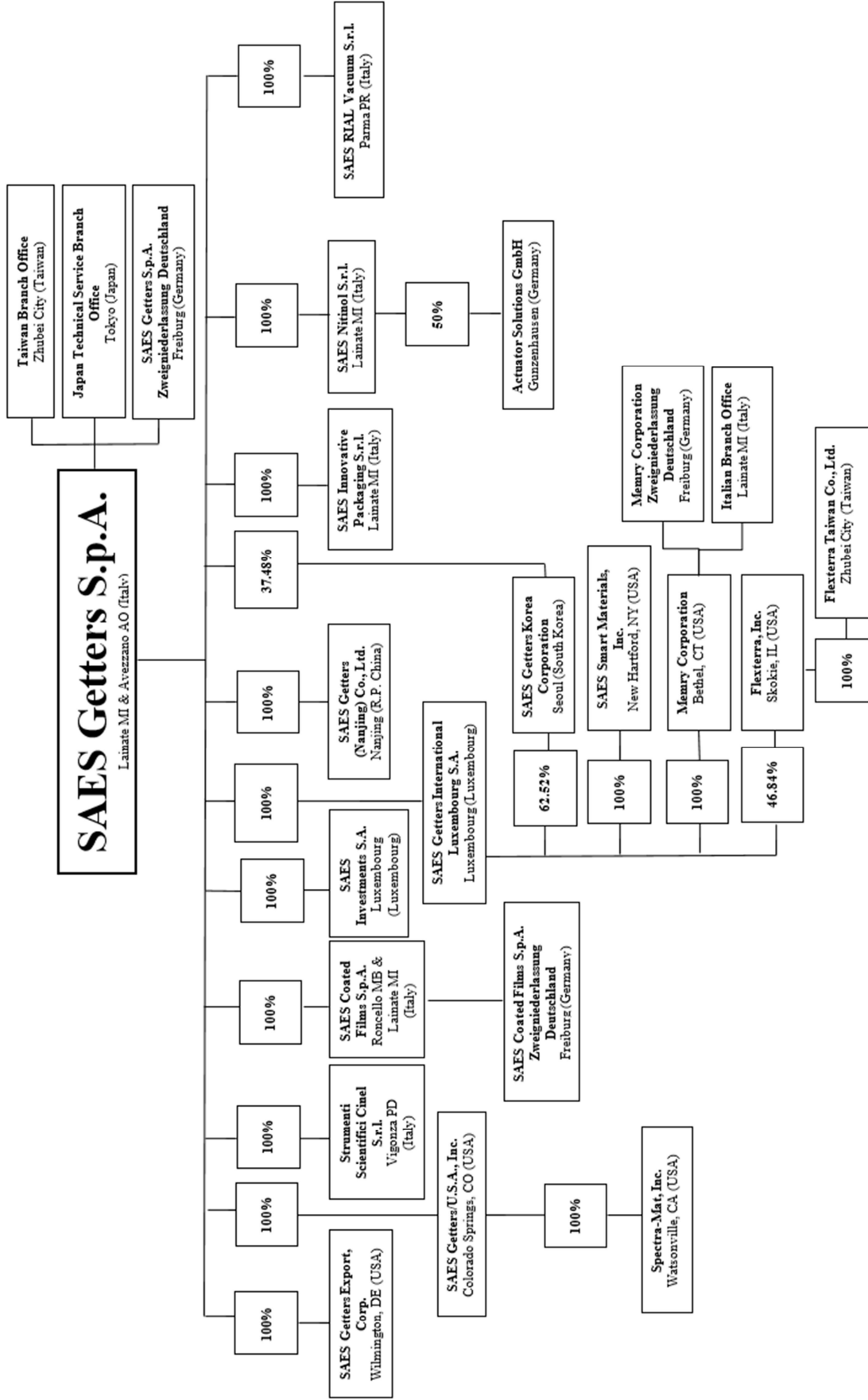
SAES Getters S.p.A.

2022



making
innovation
happen,
together

saes





Interim Report to the Consolidated Financial Statements as at June 30, 2022

The present Interim Consolidated Financial Statements represents the English translation of the Italian official document. For any difference between the two texts, the Italian text shall prevail.

Saes Getters S.p.A.

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

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

Registered with the Milan Court Companies Register no.
00774910152

Board of Directors

Chairman

Massimo della Porta

Deputy Chairman and Managing Director

Giulio Canale

Directors

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

Chairman

Vincenzo Donnamaria

Statutory Auditors

Maurizio Civardi
Sara Anita Speranza (8)

Alternate Statutory Auditors

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 Code of Corporate Governance of the Italian Stock Exchange and according to article 147-ter, paragraph 4 and Article 148, paragraph 3 of Legislative Decree 58/1998
 - (3) Independent Director, pursuant to the combined provisions of article 147-ter, paragraph 4, and article 148, paragraph 3, of Legislative Decree 58/1998
 - (4) Member of the Remuneration and Appointment Committee
 - (5) Member of the Audit and Risk and Sustainability Committee
 - (6) Member of the Committee for Transactions with Related Parties
 - (7) Lead Independent Director
 - (8) Member of the Supervisory Body
 - (9) Appointed for the years 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) Lawyer, Ms Mara Luisa Sartori communicated her resignation with effect from June 1, 2022 from the office of alternate auditor, due to professional commitments. The integration of the Board of Statutory Auditors will take place in accordance with the law and the Articles of Association, at the next Shareholders' Meeting
-

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

Powers of the company bodies

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

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

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

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GROUP FINANCIAL HIGHLIGHTS

Income statement figures (thousands of euro)	1H 2022	1H 2021 (1)	Difference	Difference %
REVENUE				
- SAES Industrial	35,680	31,267	4,413	14.1%
- SAES High Vacuum	13,209	8,645	4,564	52.8%
- SAES Medical Nitinol	56,522	38,522	18,000	46.7%
- SAES Chemicals	7,447	4,539	2,908	64.1%
- SAES Packaging	7,366	2,912	4,454	153.0%
- Not Allocated (2)	8	0	8	n.a
Total	120,232	85,885	34,347	40.0%
GROSS PROFIT				
- SAES Industrial	18,232	16,411	1,821	11.1%
- SAES High Vacuum	6,264	4,629	1,635	35.3%
- SAES Medical Nitinol	25,705	13,607	12,098	88.9%
- SAES Chemicals	1,823	949	874	92.1%
- SAES Packaging	1,326	118	1,208	1023.7%
- Not Allocated (3)	(92)	(334)	242	-72.5%
Total	53,258	35,380	17,878	50.5%
	<i>% on revenue</i>	<i>44.3%</i>	<i>41.2%</i>	
EBITDA	27,378	13,217	14,161	107.1%
	<i>% on revenue</i>	<i>22.8%</i>	<i>15.4%</i>	
OPERATING PROFIT	20,308	7,544	12,764	169.2%
	<i>% on revenue</i>	<i>16.9%</i>	<i>8.8%</i>	
PRE-TAX PROFIT (LOSS)	6,401	8,660	(2,259)	-26.1%
	<i>% on revenue</i>	<i>5.3%</i>	<i>10.1%</i>	
PROFIT (LOSS) OF THE PERIOD	(349)	4,189	(4,538)	-108.3%
	<i>% on revenue</i>	<i>-0.3%</i>	<i>4.9%</i>	
Statement of financial position figures (thousands of euro)				
	June 30, 2022	December 31, 2021 (4)	Difference	Difference %
Property, plant and equipment	90,034	84,549	5,485	6.5%
Equity attributable to the owners of the parent	255,749	253,520	2,229	0.9%
Net financial position	53,066	74,801	(21,735)	-29.1%
Other information				
	1H 2022	1H 2021	Difference	Difference %
(thousands of euro)				
Cash flows from operating activities	10,550	429	10,121	2359.2%
Research and development expenses	6,183	5,665	518	9.1%
Personnel expense	48,001	39,661	8,340	21.0%
Acquisition of property, plan and equipment	(6,147)	(8,137)	1,990	-24.5%
(number)				
Employees as at June 30 (5)	1,251	1,120	131	11.7%

(1) Some comparative amounts do not coincide with what is reported in the 2021 Interim Financial Report as they reflect the reclassifications resulting from the change in the organisational structure by

Division. These reclassifications are detailed in Note no. 13 of the Interim Consolidated Financial Statements as at June 30, 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) Some comparative amounts have been restated with respect to the amounts in the 2021 Annual Financial Report, 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", of the Interim Consolidated Financial Statements as at June 30, 2022.

(5) The item as at June 30, 2022 includes:

- 1,165 employees (1,022 employees as at June 30, 2021);
- personnel employed in the Group's companies with contract types other than employment agreements, equal to 86 units (98 units as at June 30, 2021).

This figure does not include the personnel (employees and temporary workers) of the joint ventures amounting, according to the percentage of ownership held by the Group, to 22 units as at June 30, 2022 (50 units at the end of the first half of the previous year, again according to the percentage of ownership held by the Group).

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". At the bottom of the same, 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

(thousands of euro)

	1H 2022	1H 2021
Revenue	120,232	85,885
Raw materials	(19,709)	(14,491)
Direct labour	(18,366)	(14,204)
Manufacturing overheads	(29,775)	(23,743)
Variation of work in progress and finished goods	876	1,933
Cost of sales	(66,974)	(50,505)
Gross profit	53,258	35,380
Gross profit margin	44.3%	41.2%

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

(thousands of euro)

	1H 2022	1H 2021
Revenue	120,232	85,885
Profit (loss) of the period	(349)	4,189
Income taxes	(6,750)	(4,471)
Exchange gains (losses)	(507)	(72)
Share of profit of equity-accounted investees	167	53
Impairment losses of financial receivables and other financial assets	(275)	(174)
Interest and other financial income (expenses)	(13,292)	1,309
Operating profit	20,308	7,544
Depreciation of property, plant and equipment and ammortisation of intangible assets	(5,570)	(4,564)
Depreciation of right-of-use assets	(1,272)	(1,103)
Impairment losses of property, plant and equipment and intangible assets	(228)	(6)
EBITDA	27,378	13,217
<i>Percentage EBITDA</i>	<i>22.8%</i>	<i>15.4%</i>

EBITDA is not deemed an accounting measure under International Financial Reporting Standards (IFRSs); however, it is believed that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be the same as that adopted by other Groups. EBITDA is calculated as "Pre-tax profit (loss) for the period, net exchange gains (losses), share of profit (loss) of equity-accounted investees, net financial income (expenses), impairment losses 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.

(thousands of euro)

	June 30, 2022	March 31, 2022	December 31, 2021
Cash	8	9	9
Cash equivalents	35,127	35,569	29,509
Cash and cash equivalents	35,135	35,578	29,518
Financial assets due from related parties	0	0	1
Securities	85,761	90,256	94,655
Derivative financial instruments	0	0	9
Current financial assets	85,761	90,256	94,665
Bank loans and borrowings	(77,530)	(68,577)	(63,935)
Current portion of non-current financial liabilities	(99)	(102)	(109)
Derivative financial instruments	(354)	(109)	0
Other financial liabilities	(7)	(13)	(20)
Lease liabilities	(2,233)	(2,275)	(2,409)
Current financial debt	(80,223)	(71,076)	(66,473)
Current net financial position	40,673	54,758	57,710
Financial assets due from related parties	0	0	49
Other financial assets from third parties	1,618	1,595	1,424
Securities	67,072	70,555	71,887
Non-current financial assets	68,690	72,150	73,360
Financial liabilities	(52,171)	(52,182)	(52,199)
Lease liabilities	(3,669)	(3,712)	(4,070)
Other financial liabilities	(457)	0	0
Non-current financial debt	(56,297)	(55,894)	(56,269)
Non current net financial position	12,393	16,256	17,091
Net financial position	53,066	71,014	74,801

Below is the statement on Total Financial Debt, 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.

(thousands of euro)

	Notes	June 30, 2022	December 31, 2021
A. Cash	29	35,135	29,518
B. Cash equivalents		0	0
C. Other current financial assets	20	85,761	94,665
D. Cash and cash equivalents (A + B + C)		120,896	124,183
E. Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial liabilities)	35/40/41	(77,891)	(63,955)
F. Current portion of non-current financial liabilities	(*) 31/32	(2,332)	(2,518)
G. Current financial debt (E + F)		(80,223)	(66,473)
H. Current net financial position (G + D)		40,673	57,710
I. Non-current financial liabilities (excluding the current portion and debt instruments)	(**) 31/32/35	(56,297)	(56,269)
J. Debt instruments		0	0
K. Trade payables and other non-current payables		0	0
L. Non-current financial liabilities (I + J + K)		(56,297)	(56,269)
M. Total financial debt (H + L)		(15,624)	1,441

(*) Of which 2,233 thousands of euro relating to current lease liabilities.

(**) Of which 3,669 thousands of euro relating to non-current lease liabilities.

(thousands of euro)

	June 30, 2022	March 31, 2022	December 31, 2021
Total financial debt - in accordance to ESMA guidance	(15,624)	(1,136)	1,441
Non-current financial assets due from related parties	0	0	49
Other non-current financial assets due from third parties	1,618	1,595	1,424
Securities - non-current assets	67,072	70,555	71,887
Net financial position - included in Report on Operations	53,066	71,014	74,801

Net Working Capital (NWC)

Net Working Capital is shown in the table below.

(thousands of euro)

	June 30, 2022	March 31, 2022	December 31, 2021
Inventories	44,104	36,911	35,392
Trade receivables	39,114	37,482	29,614
Trade payables	(17,077)	(13,285)	(13,280)
Net Working Capital	66,141	61,108	51,726

Exchange rate effect and organic change

It should be noted that the **exchange rate effect** reported in the comments on the various items of the statement of profit and 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 revenues and costs incurred by Group companies. In particular, to obtain the **organic change**, the costs and revenues in currencies of the current period, net of the difference attributable to **changes in the scope of consolidation**, are reconverted into euros at the progressive average exchange rate of the compared period and subsequently compared with those in euros of the previous period. 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 scope of consolidation) and the organic change.

INTERIM REPORT ON OPERATIONS OF SAES GROUP

REPORT ON OPERATIONS

A pioneer in the development of getter technology, the Company SAES Getters S.p.A., together with its subsidiaries, (hereinafter "SAES[®] Group" or "SAES" or "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 it acquired in the special metallurgy and material science field, the SAES Group extended its business into the advanced material market, and the market of shape memory alloys in particular, a family of advanced materials characterised by super-elasticity and their ability to assume predefined forms when heated. These special alloys, which today are mainly applied in the biomedical sector, are also perfectly suited to the production of actuator devices for the industrial sector (home automation, white goods industry, consumer electronics, healthcare, automotive and luxury sector).

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

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.¹, 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 2021 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.

Group structure

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.

¹ As at June 30, 2022, S.G.G. Holding held 34.44% of the ordinary shares of SAES Getters S.p.A. and had 51.15% of the voting rights (percentage calculated by taking into account that 5,018,486 ordinary shares held by S.G.G. Holdings S.p.A. have accrued increased voting rights, as well as the voting rights of the treasury shares held by SAES Getters S.p.A.).

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

SAES Industrial Division	
Getters & Dispensers	Traditional getters and dispensers, based on metal alloys, with various industrial applications (vacuum electronic devices for application in the security and defence sector, MEMS, X-ray tubes for diagnostic imaging systems, lighting and insulation thermal products, etc.), as well as dispensable getters based on functionalised polymers (OLED applications for consumer electronics, optoelectronics and advanced photonics market)
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	
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 coincides 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) move 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 High Vacuum Division is unchanged and coinciding 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 technological platforms of SAES functional materials).

Finally, it should be noted that 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").

The amounts for the first half of 2021 were reclassified according to the new operating structure so they are comparable with the 2022 figures.

Main events in the half-year period (January 1 – June 30, 2022)

The first six months of 2022 were characterised by a **strong increase in revenues** compared to previous periods, mainly due to the increase in volumes and also favoured by the favourable trend of the euro-dollar exchange rate, despite the uncertainties present in the global economic scenario. All Divisions are growing, especially the **Medical Nitinol Division**, thanks to the post-COVID recovery and the progressive elimination of the delays accumulated during the acute phase of the pandemic for the postponement of elective therapies. The **High Vacuum Division** also grew strongly, thanks both to the change in scope due to recent acquisitions², and to higher sales of vacuum pumps in all segments (particle accelerators, research institutes and industry). Finally, it is worth noting the strong increase in the **Packaging Division**, which saw the consolidation of the growth signals already seen at the end of 2021, both for the expansion of the customer portfolio, and for the cyclical unavailability of some plastic raw materials and the consequent greater penetration of SAES products which constitute an alternative. The **Chemicals Division** was favoured by the increase in demand in the consumer electronics market, while the **Industrial Division** was driven by higher sales of **SMA Industrial** in the luxury sector and by those of **sintered materials** for both defence and medical applications.

Revenue for the first half amounted to 120.2 million of euros, up 40% compared to 85.9 million euros in the corresponding half of 2021. Excluding the **positive exchange rate effect** (+8.8%) and the **change in the scope of consolidation** (+4%), **revenue grew organically** by 27.2% (+23.4 million euros).

Total revenue, including the total revenue from the joint ventures³, amounted to 123 million euros, compared to 90.6 million euros in the first six months of 2021. The increase, equal to +35.9%, is exclusively due to the aforementioned increase in consolidated revenues.

Even excluding the positive exchange rate effect, the Group's margins grew strongly, driven by the excellent operating performance in all Divisions. In particular, all the **operating indicators** show a strong improvement compared to the first half of 2021, with the **consolidated percentage EBITDA** going from 15.4% to 22.8%.

Despite the excellent operating performance, the first half of 2022 closed with a **consolidated result** in substantial breakeven (-0.3 million euros), heavily penalised by the decrease in the value of the securities portfolio, due to conflict in Ukraine and consequent international tensions (-13.1 million euros was the loss related to securities in the first half of 2022) and an unbalanced tax burden (the tax rate as at June 30, 2022 amounted to 105.5%).

The main events that occurred in the first half of 2022 are set out below.

On January 24, 2022, with a notary filing deed no. 996/671, **the Italian Branch of Memry Corporation** was constituted, based in Lainate, which, together with the already operational German Branch, facilitates Memry Corporation's commercial expansion on the European market, also with a scouting function, with the aim of increasing penetration of the Group in the healthcare sector.

On January 31, 2022 the **EUREKA Fund! - Technology Transfer** ended its fundraising activity with total funds raised of 62,675,500 euros. On February 16, 2022, following the sixth and final Closing, the Parent

² 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.

³ Actuator Solutions GmbH (50%), SAES RIAL Vacuum S.r.l. (49%) in relation to the period January 1 - May 25, 2022 and Flexterra (46.84%). As of May 25, 2022, the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l. was acquired by the Group and the company was fully consolidated.

obtained a **reimbursement** related to both the costs and the investments of the fund, **amounting to 5 euros** and SAES' investment was diluted from 4.81% to 4.79%.

On March 7, 2022, SAES Getters S.p.A. made a **payment of 49 thousand of euro**, 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 of euro** 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 Concept (POC) in collaboration with the National Research Council, the Polytechnic of Turin and the Italian Institute of Technology.

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 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 shareholder SAES Getters S.p.A.** (principal equal to 49 thousand of euro). On the same date, the loan granted by the shareholder, Rodofil S.r.l. (principal equal to 51 thousand of euro) 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 interim consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) was already fully impaired as at December 31, 2021, as it was deemed difficult to recover.

Since with the approval of the Consolidated Financial Statements at December 31, 2021 the statutory audit assignment 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 mandate 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. In particular, 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 is characterised by a highly innovative design and colours and by the use of entirely green plastics and materials.

On May 25, 2022, SAES Getters S.p.A. **finalised the purchase of an additional 51% of the share capital of SAES RIAL Vacuum S.r.l.**, of which it previously held 49%, implementing the agreements reached between the parties on October 25, 2021 and subsequently formalised.

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%).

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.

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.

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 of euro**. A first tranche, equal to 4,750 thousand of euro, was paid by SAES on May 25, 2022 with its own funds; the remainder, equal to 500 thousand of euro, was withheld as a guarantee and will be paid, again from its own means, in three successive annual instalments of the equal amount (166.7 thousand of euro each), starting from the third anniversary following the closing date (May 25, 2022).

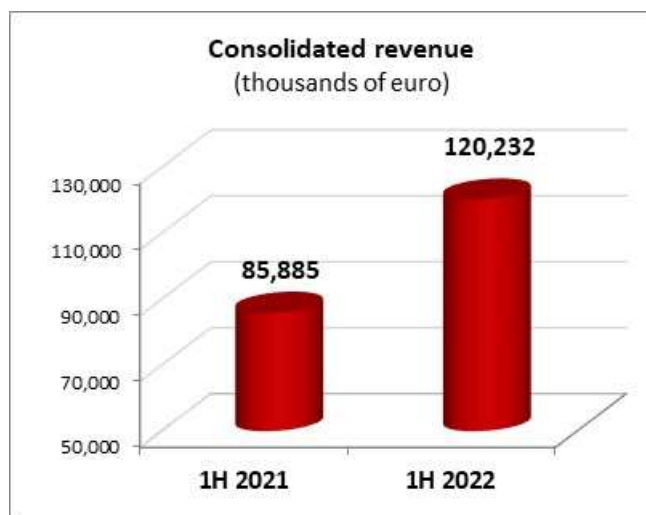
On May 31, 2022, the Board of Directors of SAES Getters S.p.A. acknowledged that, due to professional commitments - Lawyer, Ms Mara Luisa Sartori communicated her **resignation** with effect from June 1, 2022 **from the office of Alternate Statutory Auditor** of the Company. The integration of the Board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

We inform you that the SAES Group has decided to **donate the amount of 100 thousand of euro to support Ukraine**. In particular, 70 thousand of euro was given to a local volunteer network, in connection with the Ukrainian Embassy in Italy, and the remaining share was assigned to an Italian refugee assistance organisation.

During the first half of 2022, **the investment** of SAES Getters International Luxembourg S.A. in **Cambridge Mechatronics Limited was diluted from 0.86% to 0.83%**, following:

- issue of new preferred ordinary shares in March 2022 after the completion of a new financing round;
- issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

Revenue and results for the first half of 2022

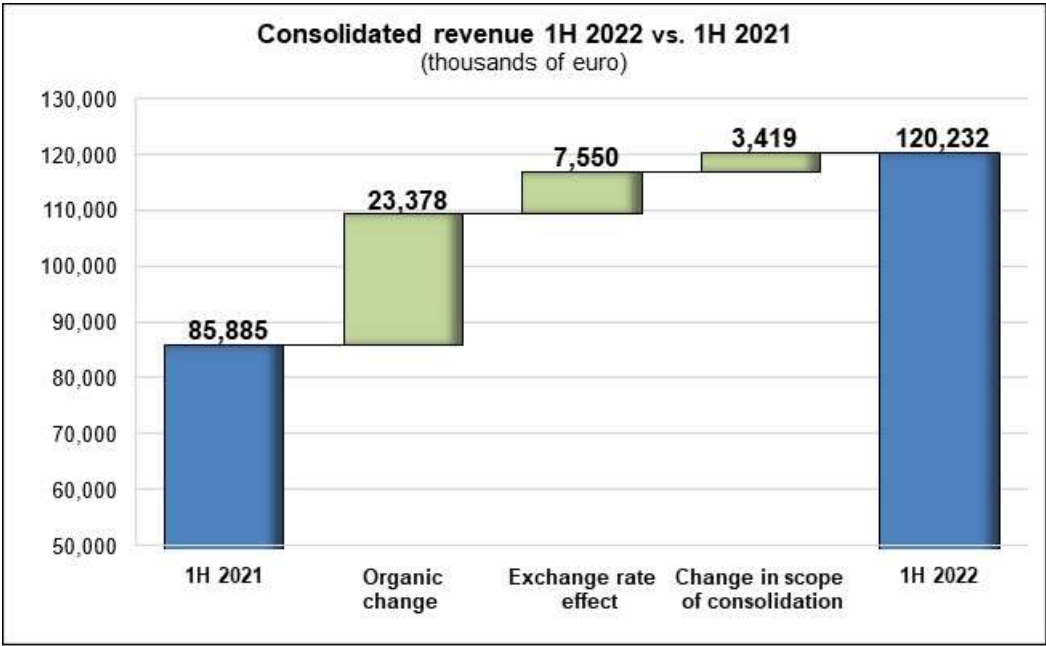


In the first half of 2022, the SAES Group achieved **consolidated revenue** of 120,232 thousand of euro, up by 40% compared to 85,885 thousand of euro in the corresponding period of 2021. Removing both the **positive exchange rate effect** (+8.8%, equal to 7,550 thousand of euro), almost completely due to the appreciation of the US dollar against the euro, and the **effect attributable to the change in the scope of consolidation**⁶ (+4 %, equal to 3,419 thousand of euro), consolidated revenue **grew organically** by 27.2% (23,378 thousand of euro).

⁶ Sales relating to the first half of 2022 of Strumenti Scientifici Cinel S.r.l. and revenue from May 25, to June 30, 2022 of SAES RIAL Vacuum S.r.l.

All Divisions are showing organic growth. In particular, the **Medical Nitinol Division** (+33.2%, equal to 12,788 thousand of euro): while highlighting that the two reporting periods are not perfectly comparable due to the persistence of the COVID effect in the first months of 2021, the resumption of elective therapies, the need to recoup deferred operations and the related restocking actions, together with the physiological growth of the market, favoured revenues in the first six months of the current year. There was also strong organic growth in the **Packaging Division** (+153%, equal to 4,454 thousand of euro), which saw the strengthening of the growth signals already seen at the end of 2021, both for the expansion of the customer portfolio and for the cyclical unavailability of some plastic raw materials and the consequent greater penetration of SAES products which constitute an alternative. Organic growth was also recorded by the **Chemicals Division** (+64.1%, equal to 2,908 thousand of euro), thanks to the continuous increase in demand in the consumer electronics market; the **Industrial Division** (+7.5%, equal to 2,354 thousand of euro), driven by higher sales of **SMA Industrial** in the luxury sector and by those of **sintered materials** in both the heat sink and electron emitters business; the **High Vacuum Division** (+10.1%, equal to 866 thousand of euro), thanks to higher sales of vacuum pumps in all segments (particle accelerators, research institutes and industries, to which revenue was added in the field of experimental nuclear fusion).

The following chart shows the consolidated revenue for the first half of 2022, compared with the corresponding period of 2021, highlighting the **effect of exchange rates**, the growth related to the **change in the scope of consolidation** and the variation due to the changes in selling prices and sales volumes (**organic change**).



Consolidated revenue, including the portion of revenue from the joint ventures⁷, amounted to 123,036 thousand of euro, compared to 90,564 thousand of euro in the first six months of 2021. The increase, equal to +35.9%, is exclusively due to the increase in consolidated revenues, also favoured by the aforementioned positive exchange rate effect and the change in the scope of consolidation. Neither the revenue of the joint venture Actuator Solutions GmbH nor that of SAES RIAL Vacuum S.r.l. are comparable in the two periods: the first due to a different business model (in particular, the sale of two automotive production lines in the third quarter of 2021) and the latter due to the change in the consolidation method

⁷ Actuator Solutions GmbH (50%), SAES RIAL Vacuum S.r.l. (49%) in relation to the period January 1 - May 25, 2022 and Flexterra (46.84%). As of May 25, 2022, the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l. was acquired by the Group and the company was fully consolidated.

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 the first half of 2022”).

(thousands of euro)

	1H 2022	1H 2021	Total difference	Total difference %
Consolidated revenue	120,232	85,885	34,347	40.0%
50% revenue of the joint venture Actuator Solutions GmbH	1,549	3,575	(2,026)	-56.7%
49% revenue of the joint venture SAES RIAL Vacuum S.r.l. (*)	1,429	1,532	(103)	-6.7%
Revenue of the joint venture Flexterra (**)	0	2	(2)	-100.0%
Intercompany eliminations (***)	(164)	(485)	321	-66.2%
Other adjustments	(10)	55	(65)	-118.2%
Total revenue of the Group	123,036	90,564	32,472	35.9%

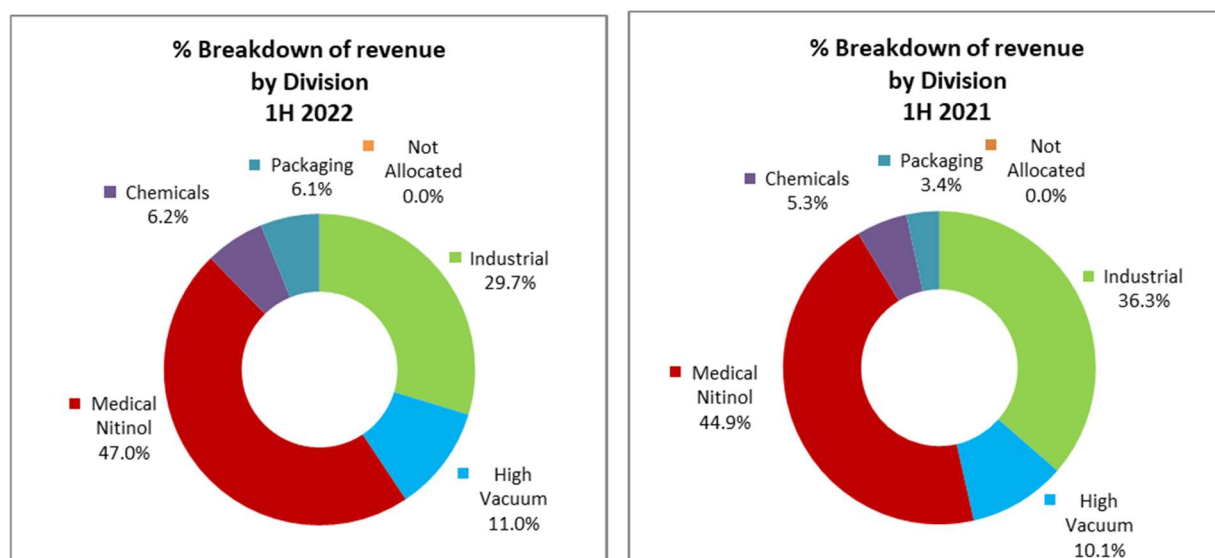
(*) SAES RIAL Vacuum S.r.l.'s revenue are referred to the period January 1 - May 25, 2022.

(**) The investment of SAES Getters International Luxembourg S.A., equal to 46.73% in the first nine months of 2021, increased to 46.84% starting from October 2021.

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

The graphs below show the **percentage weight of the revenue for each Division** for the first half of 2022 and for the corresponding period of 2021.

The strong growth in the percentage incidence of consolidated revenues of the **Medical Nitinol** and **Packaging Divisions**, characterised in the first half of 2022 by a significant increase in sales in absolute value, should be noted. The **High Vacuum** and **Chemicals Divisions** also recorded growth, but more contained. Lastly, the **Industrial Division**, which recorded a lower percentage increase in sales than the other Divisions, saw its incidence on total sales reduced.



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

(thousands of euro)

Divions and Businesses	1H 2022	1H 2021	Total difference	Total difference %	Exchange rate effect %	Organic change %	Change in consolidation scope %
Getters & Dispensers	23,292	21,978	1,314	6.0%	5.9%	0.1%	0.0%
Sintered Materials	5,590	4,012	1,578	39.3%	12.9%	26.4%	0.0%
SMA Materials	6,798	5,277	1,521	28.8%	4.5%	24.3%	0.0%
SAES Industrial	35,680	31,267	4,413	14.1%	6.6%	7.5%	0.0%
High Vacuum Solutions	13,209	8,645	4,564	52.8%	3.2%	10.1%	39.5%
SAES High Vacuum	13,209	8,645	4,564	52.8%	3.2%	10.1%	39.5%
Medical Nitinol	56,522	38,522	18,000	46.7%	13.5%	33.2%	0.0%
SAES Medical Nitinol	56,522	38,522	18,000	46.7%	13.5%	33.2%	0.0%
Chemicals	7,447	4,539	2,908	64.1%	0.0%	64.1%	0.0%
SAES Chemicals	7,447	4,539	2,908	64.1%	0.0%	64.1%	0.0%
Packaging Solutions	7,366	2,912	4,454	153.0%	0.0%	153.0%	0.0%
SAES Packaging	7,366	2,912	4,454	153.0%	0.0%	153.0%	0.0%
Not Allocated	8	0	8	0.0%	0.0%	0.0%	0.0%
Consolidated revenue	120,232	85,885	34,347	40.0%	8.8%	27.2%	4.0%

The consolidated revenue of the **Industrial Division** in the first half of 2022 amounted to 35,680 thousand of euro, up by 14.1% compared to 31,267 thousand of euro in the corresponding half-year period of 2021. The performance of the euros against the major foreign currencies led to a positive exchange rate effect equal to +6.6%, net of which revenue organically grew by 7.5%.

The organic increase is concentrated in the **Sintered Materials** sector (+26.4%, equal to 1,059 thousand of euro, thanks to the increase in demand, both in the heat sink and electron emitters segment, and to the greater production capacity, which allowed for better management of processes) and in the **SMA Materials** sector (+24.3%, equal to 1,285 thousand of euro, mainly thanks to the luxury sector and to a lesser extent to the aerospace and medical drug dispensing businesses). The **Getters & Dispensers** sector is substantially organic: the increase in sales in the medical diagnostics and electronic devices market was offset by the slight decline in the other businesses.

The consolidated revenues of the **High Vacuum Division** in the first half of 2022 amounted to 13,209 thousand of euro, a significant growth (+52.8%) compared to 8,645 thousand of euro in the corresponding period of 2021. The exchange rate effect was positive and equal to +3.2%, while revenue grew organically by 10.1%. Lastly, the change in the scope of consolidation attributable to both the acquisition of Strumenti Scientifici Cinel S.r.l. completed in July 2021 and the acquisition of 100% of the quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022, resulted in an increase of turnover of 3,419 thousand of euro (+39.5%).

The excellent result is due to the higher sales of NEG vacuum pumps in all segments (particle accelerators, research institutes and industry), to which are added the revenue pertaining to the supply of vacuum systems to the RFX Consortium of Padua, active in experimental nuclear fusion.

The consolidated revenues of the **Nitinol Medical Division** in the first half of 2022 amounted to 56,522 thousand of euro, grew by 46.7% compared to 38,522 thousand of euro in the corresponding period of 2021. Net of the positive exchange rate effect (+13.5%), sales increased organically by 33.2%. 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 the first six months of the current year.

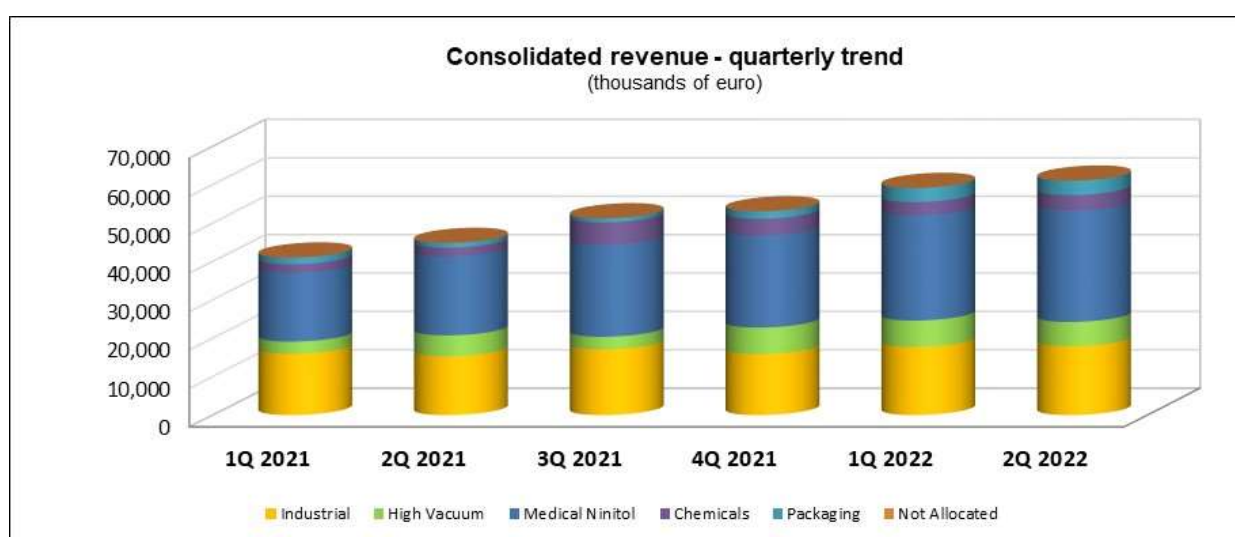
The consolidated revenue of the **Chemicals Division** in the first half of 2022 amounted to 7,447 thousand of euro, up (+64.1%) compared to 4,539 thousand of euro in the corresponding period of 2021. The exchange rate effect was nil, as the sales were denominated exclusively in euros.

The continued strong growth in sales of advanced materials for the consumer electronics segment, which already occurred in the first months of the year and consequent to the strong demand in the end market compared to the first six months of 2021, should be noted.

The consolidated revenue of the **Packaging Division** in the first half of 2022 amounted to 7,366 thousand of euro, more than doubled (+153%) compared to 2,912 thousand of euro in the corresponding period of 2021. Sales are exclusively denominated in euro.

The excellent result is due to the strengthening of the growth already recorded at the end of 2021. 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.

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



(thousands of euro)

Divions and Businesses	2Q 2022	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021
Getters & Dispensers	11,554	11,738	11,124	11,892	10,761	11,217
Sintered Materials	3,030	2,560	2,323	2,229	2,112	1,900
SMA Materials	3,357	3,441	2,447	2,986	2,431	2,846
SAES Industrial	17,941	17,739	15,894	17,107	15,304	15,963
High Vacuum Solutions	6,322	6,887	6,901	3,293	5,463	3,182
SAES High Vacuum	6,322	6,887	6,901	3,293	5,463	3,182
Medical Nitinol	29,053	27,469	23,978	23,922	20,537	17,985
SAES Medical Nitinol	29,053	27,469	23,978	23,922	20,537	17,985
Chemicals	4,024	3,423	4,376	5,881	2,330	2,209
SAES Chemicals	4,024	3,423	4,376	5,881	2,330	2,209
Packaging Solutions	3,728	3,638	1,909	1,052	1,213	1,699
SAES Packaging	3,728	3,638	1,909	1,052	1,213	1,699
Not Allocated	8	0	0	0	0	0
Consolidated revenue	61,076	59,156	53,058	51,255	44,847	41,038

The **gradual growth in quarterly revenue** should be noted. In particular, the **Medical Nitinol Division**, after a first quarter of 2021 still characterised by the negative effects of the pandemic, in the second quarter of 2021 returned to pre-COVID levels and then recorded continuous growth, favoured by the resumption of elective therapies and the need for part of the hospitals to recoup the operations deferred

during the pandemic. The **Packaging Division** began to grow in the last months of 2021 and maintained high revenues in both quarters of 2022, also favoured by the cyclical unavailability of some plastic raw materials, to which the products of SAES Coated Films S.p.A. represent an alternative. The **Chemicals** and **High Vacuum Divisions** also confirmed growth, the first with physiologically more concentrated revenue in the second half of the year and the second with quarterly fluctuations in revenue linked to the performance of large projects. Within the **Industrial Division**, in the face of a generalised stability of the traditional business of getters and dispensers (**Getters & Dispensers**), the progressive growth of the sintered materials sector (**Sintered Materials**) should be noted, also favoured by the increase in production capacity, which allowed for better management of market demand. Shape memory alloys for industrial applications (**SMA Materials**), after the sharp decline in sales in the telecom sector due to international tensions, showed a recovery starting from the beginning of 2022, mainly driven by the luxury sector.

The following table shows the details of the various business sectors of **consolidated revenue in the first two quarters of the current year**, highlighting the organic change, the exchange rate effect and the change attributable to the different scope of consolidation (in particular, direct revenue of SAES RIAL Vacuum S.r.l. from May 25 to June 30, 2022, net of the intragroup revenues of the other companies to SAES RIAL Vacuum S.r.l.).

(thousands of euro)

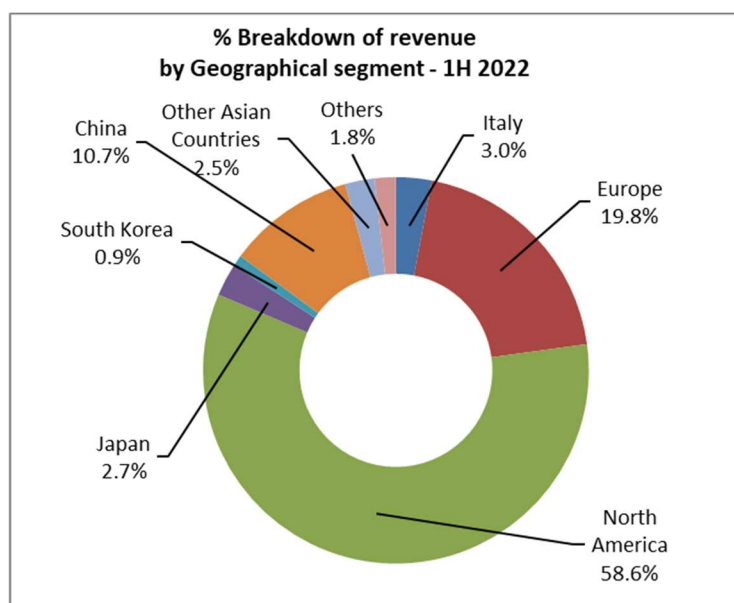
Divisions and Businesses	2Q 2022	1Q 2022	Total difference	Total difference %	Exchange rate effect %	Organic change %	Change in consolidation scope %
Getters & Dispensers	11,554	11,738	(184)	-1.6%	2.7%	-4.3%	0.0%
Sintered Materials	3,030	2,560	470	18.4%	6.0%	12.4%	0.0%
SMA Materials	3,357	3,441	(84)	-2.4%	2.0%	-4.4%	0.0%
SAES Industrial	17,941	17,739	202	1.1%	3.1%	-2.0%	0.0%
High Vacuum Solutions	6,322	6,887	(565)	-8.2%	0.6%	-16.3%	7.5%
SAES High Vacuum	6,322	6,887	(565)	-8.2%	0.6%	-16.3%	7.5%
Medical Nitinol	29,053	27,469	1,584	5.8%	5.4%	0.4%	0.0%
SAES Medical Nitinol	29,053	27,469	1,584	5.8%	5.4%	0.4%	0.0%
Chemicals	4,024	3,423	601	17.6%	0.0%	17.6%	0.0%
SAES Chemicals	4,024	3,423	601	17.6%	0.0%	17.6%	0.0%
Packaging Solutions	3,728	3,638	90	2.5%	0.0%	2.5%	0.0%
SAES Packaging	3,728	3,638	90	2.5%	0.0%	2.5%	0.0%
Not Allocated	8	0	8	0.0%	0.0%	0.0%	0.0%
Consolidated revenue	61,076	59,156	1,920	3.2%	3.5%	-1.1%	0.9%

Comparing the first two quarters of the current year, revenues grew by 3.2%. This growth is mainly attributable to the **exchange rate effect** (+3.5%, equal to 2,054 thousand of euro) and, to a lesser extent, to the **consolidation of the revenues of SAES RIAL Vacuum S.r.l.** starting from May 25, 2022 (+0.9%, equal to 519 thousand of euro). The **organic change** is slightly down (-1.1%, equal to -653 thousand of euro). The physiological increase in the **Chemicals Division** (organic growth of +17.6%) was offset by the decrease in the **High Vacuum Division** (organic decrease of -16.3% due to a slowdown in the Consorzio RFX di Padova order, which saw the postponement to 2023 of the project end date), against a substantial organic stability of **all the other Divisions**. In particular, it should be noted, in the **Packaging Division**, the consolidation of the market position of SAES Coated Films S.p.A., thanks to regular customers and constant purchase volumes. In the **Medical Nitinol Division**, growth is driven almost exclusively by the effect of exchange rates, while in the **Industrial Division**, albeit in the face of an organic decline (-2%), the growth in volumes in the **Sintered Materials** sector should be noted.

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

(thousands of euro)

Geographical segment	1H 2022		1H 2021		Total difference	Total difference %	of which: Change in consolidation scope
		%		%			
Italy	3,592	3.0%	2,432	2.8%	1,160	47.7%	813
Europe	23,864	19.8%	14,580	17.0%	9,284	63.7%	1,766
North America	70,428	58.6%	50,168	58.4%	20,260	40.4%	511
Japan	3,298	2.7%	4,967	5.8%	(1,669)	-33.6%	0
South Korea	1,115	0.9%	1,210	1.4%	(95)	-7.9%	0
China	12,836	10.7%	9,298	10.8%	3,538	38.1%	0
Other Asian countries	2,956	2.5%	2,549	3.0%	407	16.0%	0
Others	2,143	1.8%	681	0.8%	1,462	214.7%	329
Consolidated revenue	120,232	100.0%	85,885	100.0%	34,347	40.0%	3,419



With regard to the **geographical distribution of consolidated revenue**, the first half of 2022 shows a strong increase in sales in **North America**, mainly driven by the Medical Nitinol Division and to a lesser extent by the vacuum pump and sintered materials businesses for both medical and defence applications. Sales in **Europe** are also growing, mostly driven by the high vacuum division, also favoured by the change in the scope of consolidation, and by that of packaging, the latter also growing in **Italy** and in **the rest of the world** (in particular, South Africa). The **Chinese market** is also seeing growth, thanks above all to sales of advanced solutions for the consumer electronics market (Chemicals Division). Only revenues in **Japan** decreased, due to the different geographical distribution of vacuum pump revenues (higher sales in Europe and North America, but lower sales in Japan).

The **consolidated gross profit** was positive and equal to 53,258 thousand of euro in the first half of 2022, showing strong growth (+50.5%) compared to 35,380 thousand of euro in the corresponding period of 2021, despite the penalising effect of the energy expenditure in the Italian plants. All Divisions are growing, mainly driven by the **Medical Nitinol** sector. Furthermore, the strong percentage growth in the gross profit of the **Packaging Division** should be noted, favoured by the increase in revenues and the consequent greater saturation of the production lines. In the **High Vacuum Division**, the acquisition of Strumenti Scientifici Cinel S.r.l., together with the purchase of the entire quota capital of SAES RIAL Vacuum S.r.l., contributed to the increase of the gross profit for 1,162 thousand of euro. Within the **Industrial Division**, the growth of gross profit is mainly driven by the **SMA Materials** and **Sintered Materials** sectors, in turn favoured by higher revenues, while the more traditional sector of **Getters & Dispensers** components remains stable, albeit with a gross profit margin more than 50% and higher than

the rest of the Group. Finally, the **Chemicals Division** almost doubled its gross profit, thanks to the increase in volumes sold.

The exchange rate effect was positive and equal to 3,442 thousand of euro.

The **consolidated gross profit margin** grew from 41.2% in the first half of 2021 to 44.3% in the current period, mainly driven by the **Medical Nitinol Division**. It should also be noted that the gross profit margin has greatly improved in the **Packaging Division** and, to a lesser extent, in the **Chemicals Division**, in both cases due to an increase in volumes and greater economies of scale. The **Industrial Division** recorded a substantially stable gross profit margin exceeding 50%, while the decline in the **High Vacuum Division** is mainly attributable to the change in the scope of consolidation.

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

(thousands of euro)

Divisions	1H 2022	1H 2021	Total difference	Difference %	of which:
					Change in consolidation scope
SAES Industrial	18,232	16,411	1,821	11.1%	0
<i>% on the Division revenue</i>	<i>51.1%</i>	<i>52.5%</i>			<i>n.a.</i>
SAES High Vacuum	6,264	4,629	1,635	35.3%	1,162
<i>% on the Division revenue</i>	<i>47.4%</i>	<i>53.5%</i>			<i>34.0%</i>
SAES Medical Nitinol	25,705	13,607	12,098	88.9%	0
<i>% on the Division revenue</i>	<i>45.5%</i>	<i>35.3%</i>			<i>n.a.</i>
SAES Chemicals	1,823	949	874	92.1%	0
<i>% on the Division revenue</i>	<i>24.5%</i>	<i>20.9%</i>			<i>n.a.</i>
SAES Packaging	1,326	118	1,208	1023.7%	0
<i>% on the Division revenue</i>	<i>18.0%</i>	<i>4.1%</i>			<i>n.a.</i>
Not Allocated	(92)	(334)	242	-72.5%	0
<i>% on the Division revenue</i>	<i>n.a.</i>	<i>n.a.</i>			<i>n.a.</i>
Gross profit	53,258	35,380	17,878	50.5%	1,162
<i>Gross profit margin</i>	<i>44.3%</i>	<i>41.2%</i>			<i>34.0%</i>

In the **Industrial Division**, gross profit was 18,232 thousand of euro, up 11.1% compared to 16,411 thousand of euro in the first half of 2021, thanks to higher revenues, 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 the increase in energy costs in the Italian plants. The Division's overall gross profit margin is substantially stable (from 52.5% to 51.1%), penalised by the aforementioned rise in energy costs and the different product mix, despite the increase in sales.

In the **High Vacuum Division**, gross profit amounted to 6,264 thousand of euro in the first half of 2022, up by 35.3% compared to 4,629 thousand of euro in the corresponding period of 2021: the growth is mainly attributable to the change in 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 +1,162 thousand of euro. Gross profit margins fell from 53.5% to 47.4% mainly due to the diluting effect of the change in scope (excluding the latter, the gross profit margin would have been substantially stable, equal to 52.1%).

In the **Medical Nitinol Division**, gross profit was equal to 25,705 thousand of euro, almost doubled compared to 13,607 thousand of euro in the first half of 2021, while the gross profit margin went from 35.3% to 45.5%: the Division's excellent performance is due both to the increase in revenue and related

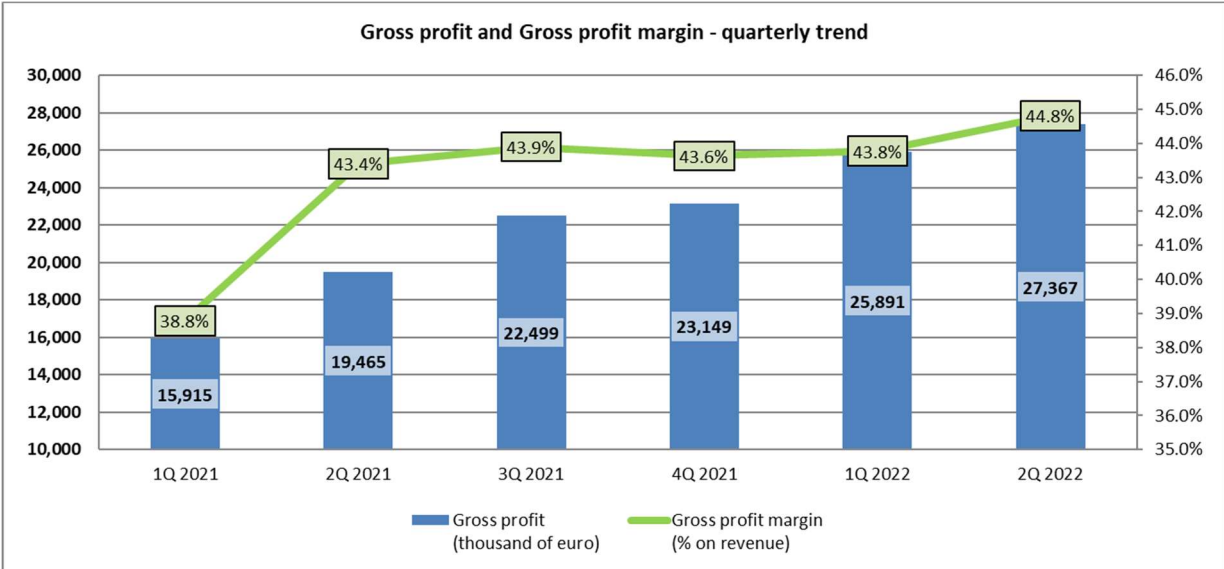
economies of scale, and to the progressive improvement in the production yield of the new tube department.

The **Chemicals Division** closed the first half of 2022 with a gross profit of 1,823 thousand of euro, almost doubled compared to 949 thousand of euro in the first half of 2021, while the gross profit margin grew from 20.9% to 24.5%: both indicators were favoured by higher sales volumes.

The **Packaging Division** closed the first half of 2022 with a gross profit of 1,326 thousand of euro (18% of revenue), compared to 118 thousand of euro (4.1% of revenue) in the corresponding period of 2021, driven by the increase of revenue and greater economies of scale, despite the new lacquering line not yet working at full capacity.

The **unallocated gross profit result**, negative for -92 thousand of euro in the first half of 2022, refers exclusively to the new BIPOD project developed by the SAES Design House, whose commercial launch took place at the end of April 2022. In the first six months of the previous year, the unallocated cost of sales was equal to -334 thousand of euro, referring 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 the first half of 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 a progressive growth, which was further consolidated during the current period (the first half of 2022), mainly driven by the Medical Nitinol Division, in turn favoured by the resumption of elective therapies.

The **consolidated operating result** for the period was positive and equal to 20,308 thousand of euro (16.9% of consolidated revenues), almost tripled compared to 7,544 thousand of euro in the same period of the previous year (8.8% of consolidated revenues). This difference is justified, in addition to the positive exchange rate effect (+2,717 thousand of euro), by the change in the scope of consolidation⁸ (+459 thousand of euro) and the better industrial performance in all Divisions, despite the increase operating expenses (mainly personnel expenses due to the increase in the average workforce, especially in Italy and

⁸ 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.

consultancy and marketing costs mainly related to the launch of the new B!POD project). For details on operating expenses, please refer to the specific comment paragraph.

Finally, it should be noted that in the current year the item “Other expenses” includes donations to support Ukraine for a total of 100 thousand of euro.

The following table shows the **consolidated operating profit** for the first half of 2022 **by Division**, compared with the corresponding period of the previous year.

(thousands of euro)

Divisions	1H 2022		Total difference	Difference %	of which:
	1H 2021	1H 2022			Change in consolidation scope
SAES Industrial	11,061	10,713	348	3.2%	0
SAES High Vacuum	2,923	2,409	514	21.3%	459
SAES Medical Nitinol	20,968	9,403	11,565	123.0%	0
SAES Chemicals	853	426	427	100.2%	0
SAES Packaging	(409)	(1,630)	1,221	-74.9%	0
Not Allocated	(15,088)	(13,777)	(1,311)	9.5%	0
Operating profit (loss)	20,308	7,544	12,764	169.2%	459
<i>Operating margin</i>	<i>16.9%</i>	<i>8.8%</i>			<i>13.4%</i>

Consolidated operating costs amounted to 32,799 thousand of euro (27.3% of revenues), compared to 27,733 thousand of euro (32.3% of revenues) in the corresponding period of 2021. Excluding the exchange rate effect (which increased operating costs by +732 thousand of euro) and that linked to the change in the scope of consolidation⁹ (+690 thousand of euro), operating costs increased by 3,644 thousand of euro: the increase is spread across all destinations and, in absolute value, is mainly concentrated in **selling expenses**¹⁰ (higher personnel expenses for both the Parent and the related company Memry Corporation, as well as higher consulting and marketing costs associated with the launch of the B!POD project and higher transport costs related to the increase in sales in the packaging business) and, to a lesser extent, in **general and administrative expenses** (salary increases mainly of the Parent and higher variable remuneration linked to the good performance trend, as well as higher insurance costs). **Research and development expenses**, on the other hand, are substantially unchanged, again net of the effect of the exchange rate and the change in consolidation scope (there was only a slight increase in the expenses of personnel employed in research at the Parent, as well as expenses related to the restructuring of the laboratories of Lainate).

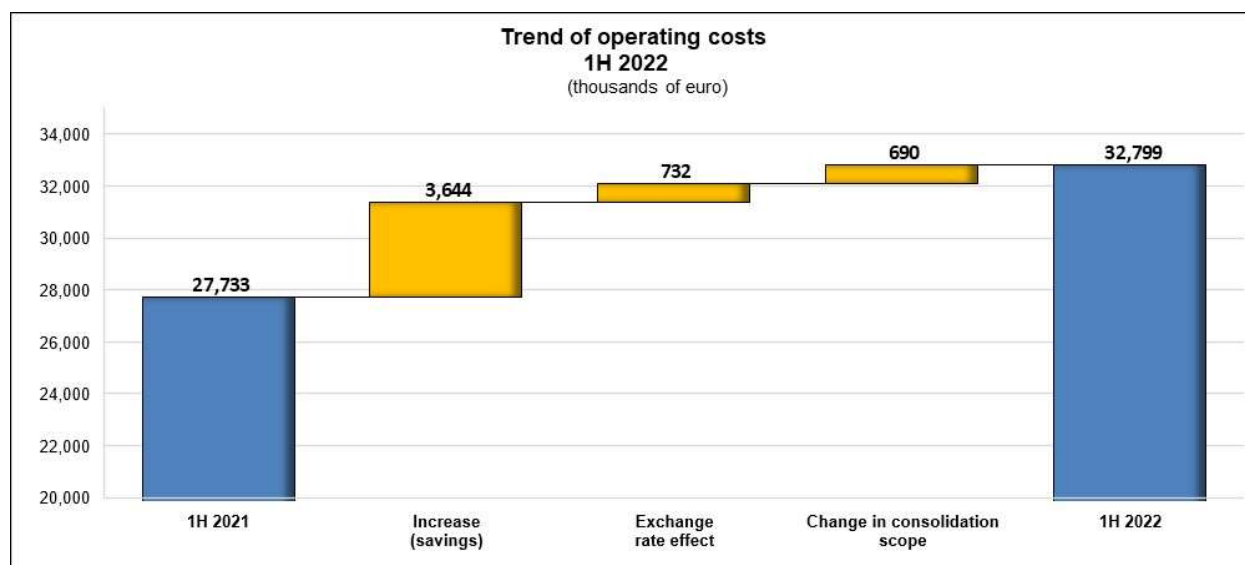
(thousands of euro)

	1H 2022		Total difference	Difference %	of which:
	1H 2021	1H 2022			Change in consolidation scope
Research & development expenses	(6,183)	(5,665)	(518)	9.1%	(39)
Selling expenses	(8,842)	(6,061)	(2,781)	45.9%	(228)
General & administrative expenses	(17,574)	(15,993)	(1,581)	9.9%	(355)
Impairment losses of trade receivables	(200)	(14)	(186)	1328.6%	(68)
Total operating costs	(32,799)	(27,733)	(5,066)	18.3%	(690)
<i>% on revenue</i>	<i>27.3%</i>	<i>32.3%</i>			<i>20.2%</i>

⁹ 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.

¹⁰ Inclusive of impairment losses on trade receivables (200 thousand of euro as at June 30, 2022, compared to 14 thousand of euro as at June 30, 2021).

The chart below shows the **trend of consolidated operating costs** in the first half of 2022, highlighting the effect attributable to exchange rates and organic changes, as well as the difference linked 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.



Overall, **personnel expenses** increased by 48,001 thousand of euro, compared to 39,661 thousand of euro in the same period in the previous year: excluding the exchange rate effect (+2,470 thousand of euro) and the effect of the change in consolidation scope¹¹ (+1,310 thousand of euro), the increase (+4,560 thousand of euro) 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). Lastly, the higher allocation for bonuses, related to the improvement in operating performance, should be noted.

The greater use of temporary workers at the Parent's Avezzano plant and at SAES Smart Materials, Inc. was almost completely offset by less recourse to temporary workers at Memry Corporation. Costs for outgoing personnel for the half year amounted to 55 thousand of euro, compared to 426 thousand of euro as at June 30, 2021.

The result for the half year takes into account the **amortisation/depreciation** of both **property, plant and equipment** and **intangible assets**, and **right-of-use** assets equal to 6,842 thousand of euro, compared to 5,667 thousand of euro in the corresponding period of the previous year: the increase is mainly explained, in addition to the exchange rate effect (+287 thousand of euro) and the effect of change in consolidation scope (+165 thousand of euro), by the higher depreciation of Memry Corporation (in particular, depreciation of new plant and equipment expansion of the existing production capacity, both for the new tube department in Bethel) and of the Parent (mainly as a result of the restructuring of the laboratories and some areas for office use). In addition, the higher depreciation of tangible and intangible assets identified in relation to the business combination of Strumenti Scientifici Cinel S.r.l., in compliance with the provisions of IFRS 3 (387 thousand of euro), should also be noted.

Consolidated EBITDA was equal to 27,378 thousand of euro (22.8% of consolidated revenue) in the first half of 2022, compared to 13,217 thousand of euro (15.4% of consolidated revenue) in the same period of 2021. It should be noted the positive exchange rate effect for +3,025 thousand of euro and the effect

¹¹ 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.

of change in consolidation scope for +624 thousand of euro, net of which the organic increase was equal to 10,512 thousand of euro (+79.5%) in line with the organic increase in the operating result and driven by the growth in performance in all Divisions, in particular in the Medical Nitinol division.

The following table shows the **reconciliation between EBITDA and operating profit** in the first half of 2022, compared with the corresponding period of the previous year.

(thousands of euro)					<i>of which:</i>
	1H 2022	1H 2021	Total difference	Difference %	Change in consolidation scope
Operating income	20,308	7,544	12,764	169.2%	459
Depreciation of property, plant and equipment and amortisation of intangible assets	(5,570)	(4,564)	(1,006)	22.0%	(41)
Depreciation of right-of-use assets	(1,272)	(1,103)	(169)	15.3%	(124)
Impairment losses of property, plant and equipment and intangible assets	(228)	(6)	(222)	3700.0%	0
EBITDA	27,378	13,217	14,161	107.1%	624
<i>% on revenue</i>	<i>22.8%</i>	<i>15.4%</i>			<i>18.3%</i>

The net balance of **other income and expenses** was negative and equal to -151 thousand of euro in the first half of 2022, compared to a negative balance of -103 thousand of euro in the corresponding period of 2021. Within the current half-year amount, the cost for donations to support Ukraine, equal to 100 thousand of euro (70 thousand of euro given to a local volunteer network in connection with the Ukrainian Embassy in Italy and 30 thousand of euro assigned to an Italian refugee assistance organisation).

The net balance of **interests and other financial income (expenses)** was negative for -13,567 thousand of euro, compared to a positive balance of +1,135 thousand of euro in the corresponding period of 2021. The loss in the current half year is almost exclusively attributable to the reduction in the fair value of the securities in the portfolio following the crisis in Ukraine and the international tensions (-13,738 thousand of euro), partially offset by the proceeds realised on the same securities (975 thousand of euro for coupon collections, net of -255 thousand of euro for net charges for the divestment of securities and -95 thousand of euro for management fees). There are also interests on both short and long-term loans and bank commissions for a total of -424 thousand of euro.

In the first half of 2021 the net balance of securities management was positive for +2,041 thousand of euro (of which +1,413 for changes in fair value and +1,319 for coupons, net of commissions for -127 thousand of euro and net disposal costs for -564 thousand of euro), while the interest on loans and commissions had been a total of -845 thousand of euro: the sharp decrease in interest in the current period is attributable to the early repayment of the Parent of almost all the outstanding loans at the end of December 2021, replaced by a new Lombard loan signed by SAES Investments S.A., precisely with the aim of reducing the financial pressure on economic results.

The **impairment losses of financial receivables and other financial assets** amounted to -273 thousand of euro, compared to -179 thousand of euro in the corresponding period of 2021. Both amounts are made up of the impairment losses of receivables related to the interests 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. In the current period, the increase in the impairment loss, which is offset by higher interest set aside under the item "Financial income", is due to the payment of a second convertible loan to Flexterra for a total value of 2 million of euro dollars in the second half of 2021.

The **share of profit of equity-accounted investees** was +167 thousand of euro, compared to +53 thousand of euro in the first half of 2021. In both years the amount is attributable exclusively to the SAES RIAL

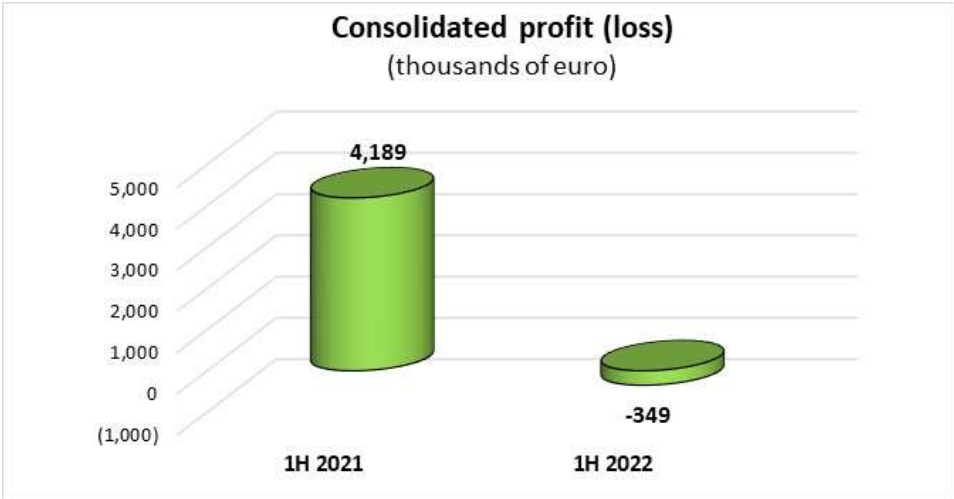
Vacuum S.r.l. joint venture, with the difference that the 2022 value, instead of referring to the entire half-year, relates to the period January 1 - May 25, 2022 (date of the closing of the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. by the SAES Group). For further details on the breakdown of these amounts, please refer to the paragraph "Performance of the joint ventures in the first half of 2022" and to Notes no. 9 and no. 18 of the Interim Consolidated Financial Statements as at June 30, 2022. It should be noted that the share of the loss realised by the joint ventures Actuator Solutions GmbH and Flexterra has not been recognised, as SAES's investment has already been completely impaired and there is no legal or implicit obligation for recapitalisation by the Group to date.

Foreign exchange gains and losses recorded a negative net balance of -507 thousand of euro in the first six months of 2022, compared to a slightly negative balance of -72 thousand of euro in the first half of 2021. The negative change is mainly due to the losses on forward contracts entered into to hedge commercial transactions in dollars in 2022 (both realised losses and deriving from the fair value measurement of these contracts).

The **pre-tax result** was 6,401 thousand of euro, compared to a pre-tax profit of 8,660 thousand of euro in the first half of 2021: the decrease is exclusively attributable to the reduction in the value of the securities portfolio, due to conflict in Ukraine and consequent international tensions, despite the excellent performance of operations (operating profit for the period almost tripled in 2022).

Income taxes in the half year amounted to 6,750 thousand of euro, compared to 4,471 thousand of euro in the corresponding period of 2021 and mainly include the taxes of manufacturing companies in the USA; the increase in absolute value is attributable to the higher taxable income realised by the latter, compared to the corresponding period of the previous year.

The Group's tax rate went from 51.6% to 105.5%: the worsening is due to the fact that SAES Investments S.A. closed the current half year with a negative taxable base¹², prudently not recognised as a deferred tax asset.



The **consolidated result** for the first half of 2022 was slightly negative for -349 thousand of euro (-0.3% consolidated revenues) compared to a profit of +4,189 thousand of euro (4.9% on consolidated revenues). Also in this case, the excellent performance of operations was penalised by the aforementioned loss on securities.

Financial position – Investments – Other information

¹² Loss caused by the negative performance of the securities portfolio held by the company as a result of the crisis in Ukraine and the resulting international tensions.

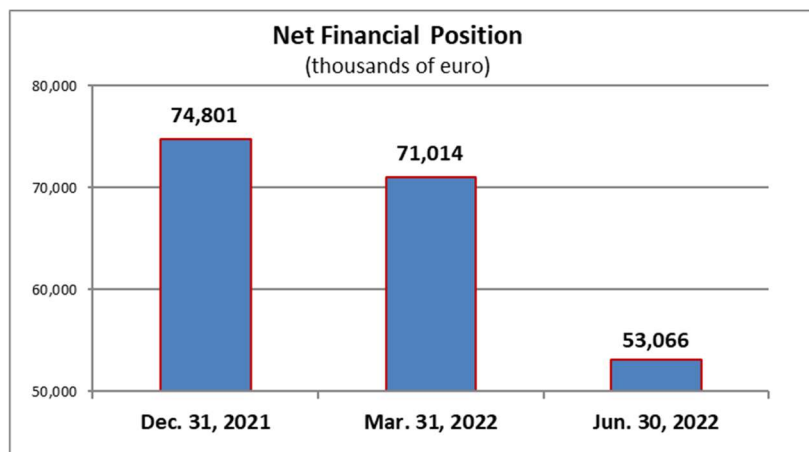
A breakdown of the items making up the consolidated net financial position is provided below.

(thousands of euro)

	June 30, 2022	March 31, 2022	December 31, 2021
Cash	8	9	9
Cash equivalents	35,127	35,569	29,509
Cash and cash equivalents	35,135	35,578	29,518
Financial assets due from related parties	0	0	1
Securities	85,761	90,256	94,655
Derivative financial instruments	0	0	9
Current financial assets	85,761	90,256	94,665
Bank loans and borrowings	(77,530)	(68,577)	(63,935)
Current portion of non-current liabilities	(99)	(102)	(109)
Derivative financial instruments	(354)	(109)	0
Other financial liabilities	(7)	(13)	(20)
Lease liabilities	(2,233)	(2,275)	(2,409)
Current financial liabilities	(80,223)	(71,076)	(66,473)
Current financial debt	40,673	54,758	57,710
Financial assets due from related parties	0	0	49
Other financial assets due from third parties	1,618	1,595	1,424
Securities	67,072	70,555	71,887
Non-current financial assets	68,690	72,150	73,360
Financial liabilities	(52,171)	(52,182)	(52,199)
Lease liabilities	(3,669)	(3,712)	(4,070)
Other financial liabilities	(457)	0	0
Non-current financial debt	(56,297)	(55,894)	(56,269)
Non-current net financial position	12,393	16,256	17,091
Net financial position	53,066	71,014	74,801

It should be noted that the Net Financial Position figure does not coincide with the Total Financial Debt 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** as at June 30, 2022 was positive for 53,066 thousand of euro (cash and cash equivalents for 35,135 thousand of euro and securities for 152,833 thousand of euro, against net financial liabilities for 134,902 thousand of euro) and compares with financial position of 74,801 thousand of euro at December 31, 2021 (cash and cash equivalents for 29,518 thousand of euro, securities in portfolio for 166,542 thousand of euro, against net financial liabilities for 121,259 thousand of euro).



Compared to December 31, 2021, the decrease in the net financial position (-21,735 thousand of euro), despite the excellent operating profit (+10,550 thousand of euro), although penalised by the increase in net working capital, is mainly attributable to negative performance of securities (-13,113 thousand of euro), to which must be added the disbursement for the dividends for 2021, paid at the end of April 2022 (-8,530 thousand of euro) and that for the purchase of the residual 51% of the quota capital of SAES RIAL Vacuum S.r.l. (-5,454 thousand of euro¹³), as well as net investments in property, plant and equipment and intangible assets (-6,391 thousand of euro).

With regard to **operating activities** (positive in the amount of 10,550 thousand of euro), the self-financing of the half-year was partially absorbed by the increase in net working capital, in particular an increase in trade receivables (as a result of higher sales in the first half of 2022, compared to the last months of 2021) and inventory (in anticipation of higher future sales). Lastly, there were payments of benefits to employees for 5,251 thousand of euro¹⁴ and disbursements for taxes for 6,579 thousand of euro.

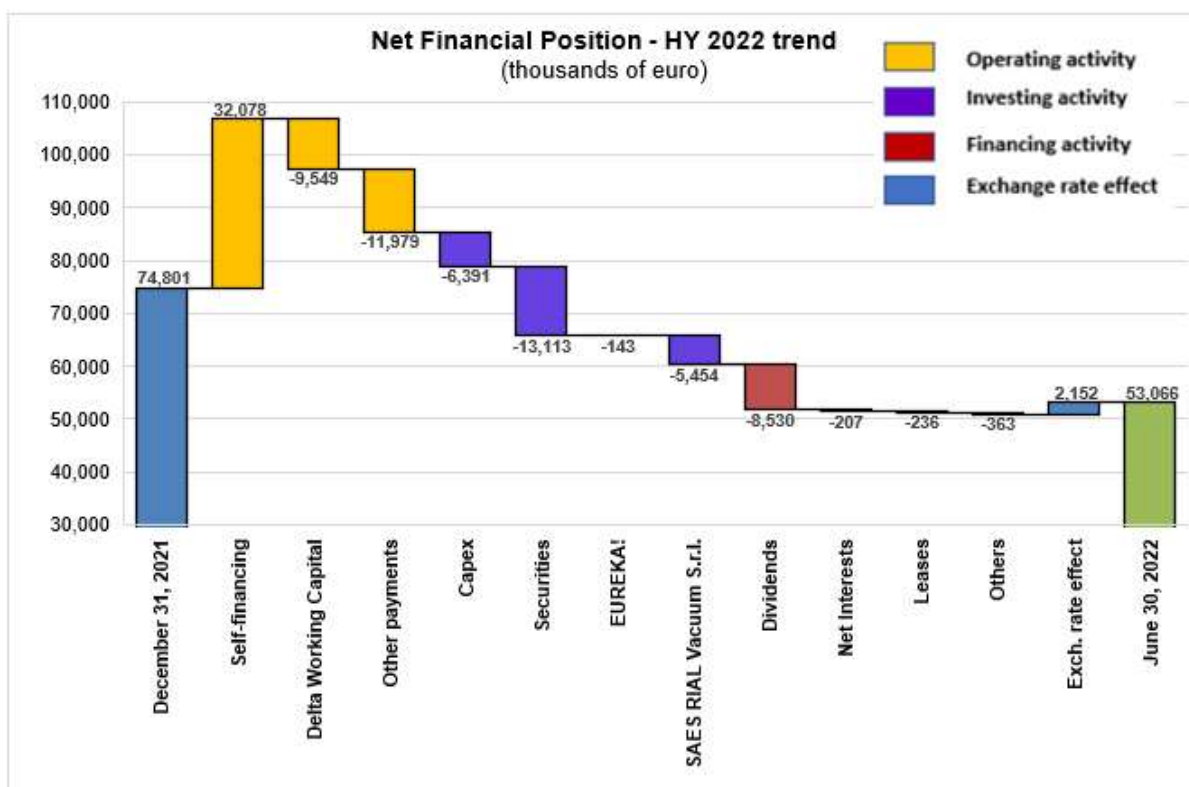
As regards **investing activities**, in addition to what has been highlighted above (i.e., capex, securities performance and non-recurring transaction on the quota capital of SAES RIAL Vacuum S.r.l.), net investments of 143 thousand of euro in the EUREKA! venture capital fund are worth mentioning.

Finally, within the **financing activities**, we also highlight the financial liabilities for new lease contracts or for contracts renewed in the half year (including interest accrued in the period) totalling 236 thousand of euro, as well as net interest accrued on loans of 207 thousand of euro, as well as higher liabilities for derivative financial instruments of 363 thousand of euro.

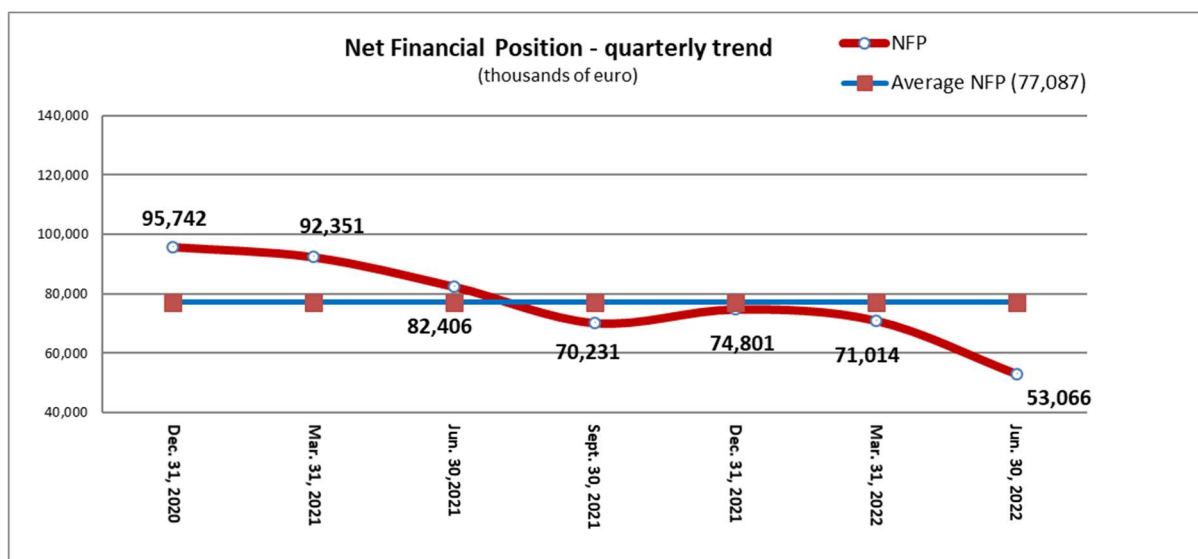
The **exchange rate effect** was positive (+2.2 million of euro), mainly due to the impact of the higher value of both the renminbi and the dollar as at June 30, 2022, compared to the end of 2021, on cash and cash equivalents in these currencies held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and the US subsidiaries.

¹³ The amount includes, in addition to the amount paid by the Group at the closing date (4,750 thousand of euro), the present value of the financial liability for the deferred consideration (456 thousand of euro), in addition to the net debt of SAES RIAL Vacuum S.r.l. as of May 25, 2022 (248 thousand of euro).

¹⁴ Mostly payments for bonuses for the year 2021.



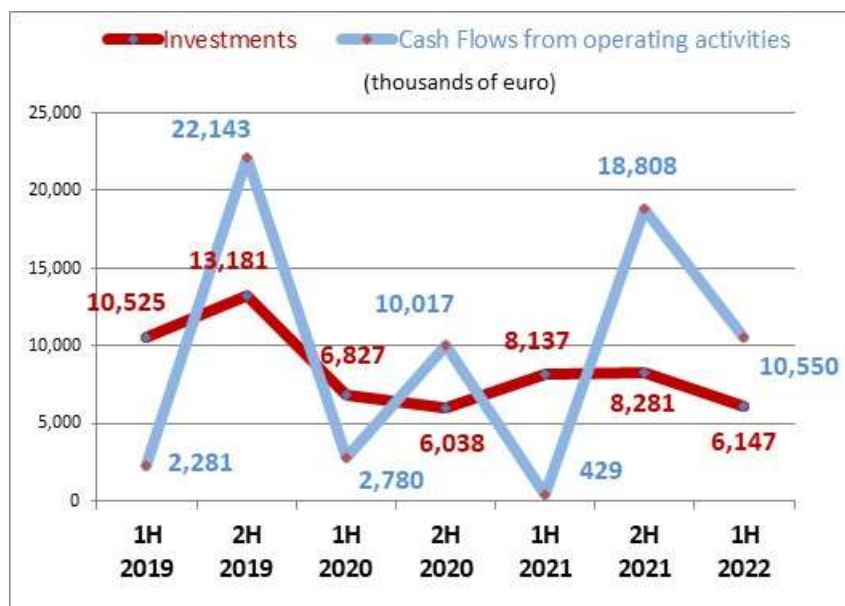
The chart below shows the **quarterly trend of the net financial position** during the last two years.



The net financial position in the **first quarter of 2022** was penalised by the decrease in the fair value of the securities following the Ukraine-Russia conflict (-5,524 thousand of euro for the performance of the securities as at March 31, 2022), despite a good operating profit from operations (+3,874 thousand of euro), although penalised by the increase in net working capital. In the **second quarter of 2022**, dividends were paid (-8,530 thousand of euro), as well as negative flows related to both the securities portfolio (-7,589 thousand of euro) and the acquisition of SAES RIAL Vacuum S.r.l. (-5,454 thousand of euro).

The net financial position in the **first quarter of 2021** was negatively impacted above all by the increase in net working capital, which caused a negative closure of 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 cash flows **from operating activities** was positive in the first-half of 2022 for +10,550 thousand of euro a sharp increase compared to +429 thousand of euro in the corresponding period of the previous year: this increase in self-financing, in line with the trend of EBITDA, was only partially offset by higher tax payments, mainly related to higher taxable income of US companies.

With regard to **net working capital**, in the first half of 2022 there was an **increase in trade receivables** (as a result of higher sales in the Medical Nitinol and Packaging Divisions in the first half of 2022, compared to the last months of 2021) and the **increase in inventories** concentrated both at the Parent (launch of the new B!POD project in Lainate and increased stocks of Chemicals and High Vacuum finished products in the Avezzano production unit, to face future sales, also in light of the production stoppage in the summer period), and at SAES Coated Films S.p.A. (higher stocks of raw materials following an increase in demand).

On the other hand, the increase in current assets was partially offset by the **increase in trade payables**, mainly attributable to higher purchases of raw materials, in anticipation of future sales and strategic stocks of materials, as well as trade payables related to the launch of the new B!POD project.

In the first half of 2022 the cash outlay for **investments in property, plant and equipment** was equal to 6,147 thousand of euro (8,137 thousand of euro in the corresponding period of 2021); on the other hand, **investments in intangible assets** were not significant (248 thousand of euro compared to 116 thousand of euro as at June 30, 2021).

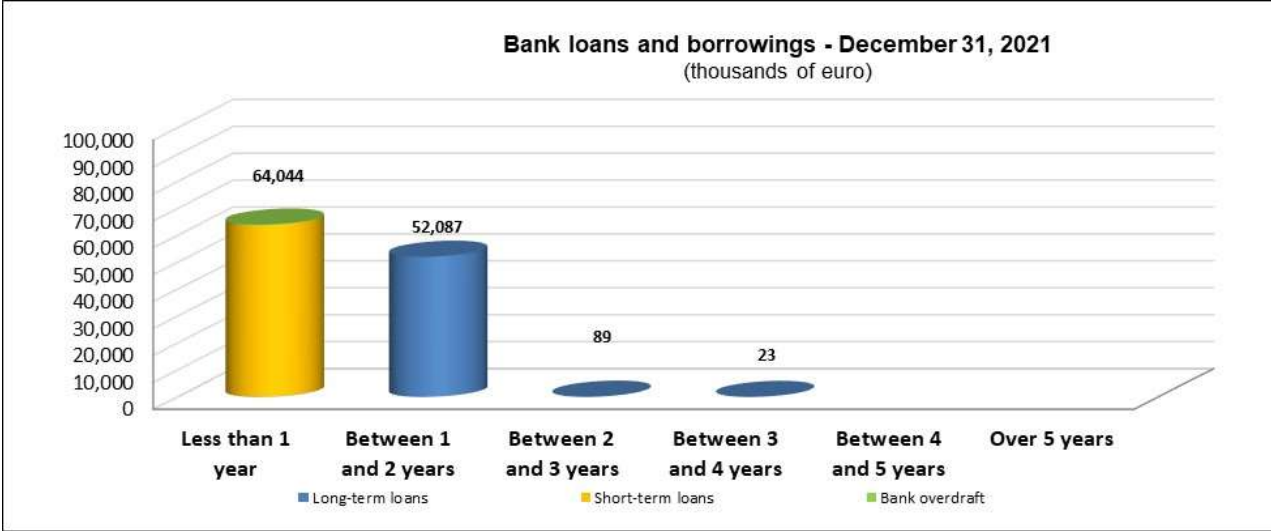
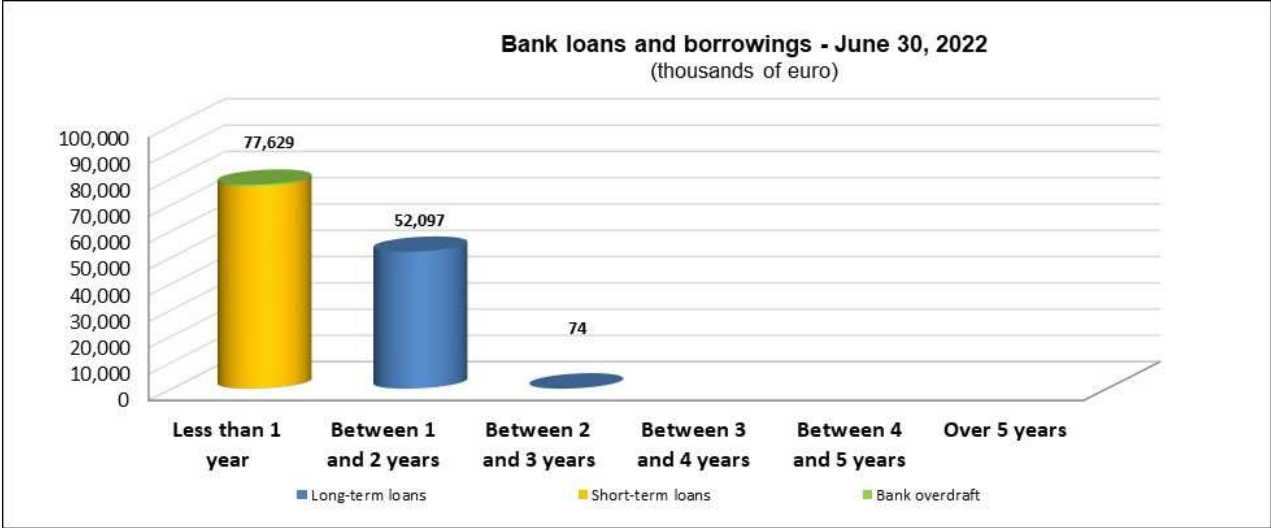
Capex in the first half of 2022 includes investments related with the finalisation of a new department to manufacture Nitinol tubes at the Bethel plant, as well as those aimed at the expansion of the production capacity of a number of existing lines, again in the medical business. Please also note the expansion works of the building of the subsidiary SAES Smart Materials, Inc. The remaining part of the investments was made mainly by the Parent and refers to the purchase of equipment for the High Vacuum, SMA Industrial and related productions to the new B!POD project, as well as the purchase of the emulsification pilot plant and other specific instrumentation for R&D laboratories, as well as investments for the renovation and modernisation of the corporate labs in Lainate.

The increases in intangible assets mainly refer to capitalisable costs related to the development phase¹⁵ of the new website for the B!Pod project.

For further details on the capex, please refer to Notes no. 14 and no. 15 of the Interim Consolidated Financial Statements as at June 30, 2022.

With regard to the **disposals of fixed assets**, the collections for the disposal of assets were of an immaterial amount in both the current half-year (+4 thousand of euro) and in the first half of 2021(+6 thousand of euro).

The following chart shows the **maturity profile** as at June 30, 2022 **of the consolidated bank loans and borrowings** compared with December 31, 2021.

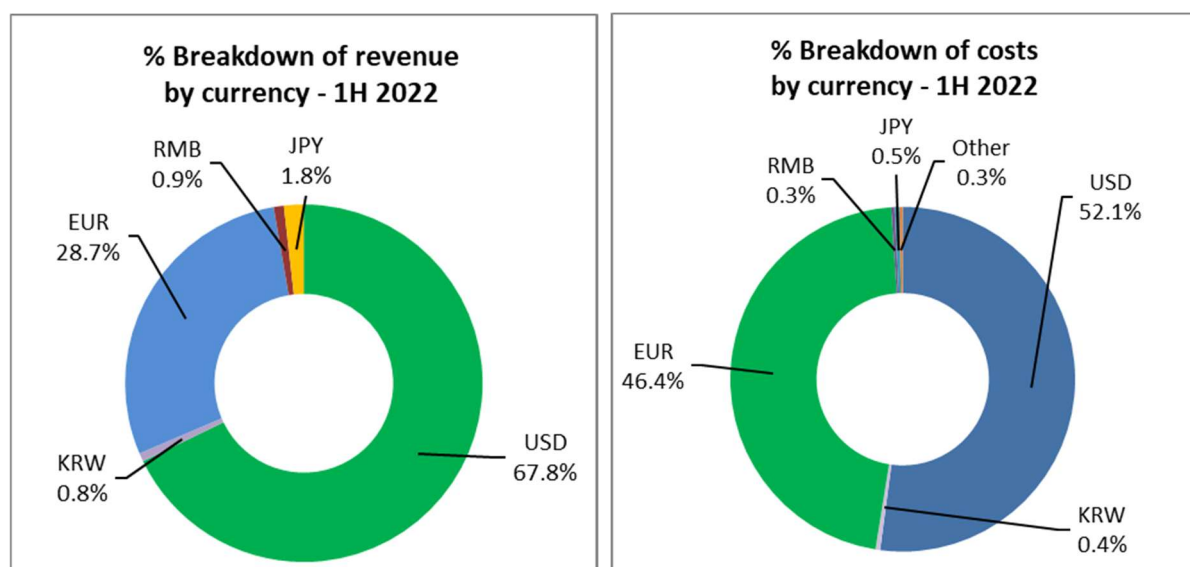


It should be noted that the Group is re-negotiating the renewal of the expiring RCF credit lines with lenders.

Revenue and costs by currency

¹⁵ In accordance with the provisions of SIC 32, the expenses incurred in the development phase of the content is excluded from capitalisation.

The **breakdown of revenue and costs** (cost of sales and operating expenses) in the first half of 2022 **by currency** is provided below:



Performance of the Parent and its subsidiaries in the first half of 2022

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

In the first half of 2022 the Parent recognised revenues of 36,906 thousand of euro, up by 17.5% compared to 31,397 thousand of euro in the same period of the previous year, mainly driven by the Chemicals Division (strong growth in sales of advanced materials for the consumer electronics segment due to the strong demand in the final market) and from the business of shape memory alloys for industrial applications of the Industrial Division (mainly thanks to the luxury sector and, to a lesser extent, to the aerospace and medical drug dispensing businesses).

The Parent closed the current half-year with a profit of 8,996 thousand of euro, compared to a substantially breakeven result for the period ended as at June 30, 2021 (+67 thousand of euro): despite a more unfavourable sales mix (the gross profit margin decreases from 44.1% to 42.8%), the increase in operating expenses (+3 million of euro approximately, mainly higher personnel expenses resulting from both the increase in the workforce and salary increases, and marketing and consultancy costs related to new B!POD project, as well as an increase in energy and insurance costs) and the reduction in the fair value of the securities in the portfolio due to the crisis in Ukraine (-2.6 million of euro in the current half-year), the higher dividends received from the subsidiaries¹⁶ made it possible to close the half year with strong growth in profits.

SAES GETTERS/USA, Inc. – Colorado Springs, CO (USA);

In the first half of 2022, the company reported consolidated revenues of 19,495 thousand of dollars (17,830 thousand of euro at the average exchange rate of the first half of 2022), compared to 17,818 thousand of dollars (14,783 thousand of euro at the average exchange rate in the first half of 2021) in the corresponding period of the previous year, and consolidated profit of 4,009 thousand of dollars (3,667 thousand of euro), compared to consolidated profit of 3,630 thousand of dollar (3,012 thousand of euro) in the first half of 2021.

¹⁶ In particular, dividends received from SAES Getters International Luxembourg S.A., which in the year 2021 had not distributed dividends to the Parent.

Further notes are provided below.

The US parent **SAES Getters/U.S.A., Inc.**, Colorado Springs, CO (USA), which operates primarily in the Metallurgy Division, particularly in security and defence, recorded revenues of 13,384 thousand of dollars (12,241 thousand of euro) compared to 12,984 thousand of dollars (10,772 thousand of euro) in the first half of the previous year: this slight increase (+3.1%) is mainly concentrated in the high vacuum business, thanks to the overcoming of the pandemic crisis and the return to activity of universities and research centres.

The company closed the current half-year with a profit of 4,009 thousand of dollars (equal to 3,667 thousand of euro), up by 10.4% compared to a profit of 3,630 thousand of dollars (equal to 3,012 thousand of euro) in the first half of the previous year, thanks to the higher income deriving from the equity measurement of the investment in Spectra-Mat, Inc., while the increase in gross profit margin as a result of higher revenues was offset by the increase in general and administrative expenses (in particular, higher personnel-related expense).

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Sintered Components for Electronic Devices & Lasers Business, achieved revenue of 6,111 thousand of dollars (5,589 thousand of euro) in the first half of 2022, a growth of 26.4% compared to the 4,834 thousand of dollars (4,011 thousand of euro) in the corresponding period of the previous year, due to increased demand in both the heat sink and electron emitter segments and increased production capacity, which enabled better process management.

The company closed the current half-year with a profit of 848 thousand of dollars (775 thousand of euro), up (+44.9%) compared to 585 thousand of dollars (485 thousand of euro) as at June 30, 2021 thanks to higher revenues and related economies of scale, only partially offset by an increase in operating expenses (in particular, higher commissions on foreign sales recognised to the related company SAES Getters Export, Corp.).

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

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

In the first half of 2022, it recognised a profit of 2,739 thousand of dollars (2,505 thousand of euro), almost doubled compared to the corresponding period of 2021 (1,502 thousand of dollars, equal to 1,246 thousand of euro) due to the higher commissions received by all the US companies, particularly by the related company Memry Corporation, which saw an increase in sales in the first half of the year due to the recovery of deferred hospital operations, together with the physiological growth of the market

SAES GETTERS (NANJING) Co., Ltd. - Nanjing (People's Republic of China)

The company manages the commercial activities of the Group in the People's Republic of China. SAES Getters (Nanjing) Co., Ltd. closed the first half of 2022 with revenues of 8,903 thousand RMB (1,257 thousand of euro), down from 11,514 thousand RMB (1,477 thousand of euro) as at June 30, 2021, penalised by the "zero-COVID" policy adopted by China, which led to the Shanghai lockdown between April and May 2022 and the temporary closure of the Beijing airport.

The company closed the current half year with a profit of 739 thousand RMB (104 thousand of euro), aligned with 727 thousand RMB (93 thousand of euro) as at June 30, 2021: the decline in revenues was offset by a mix of more favourable sales and the contraction of operating expenses (generalised drop on almost all cost types and consequence of the new restrictions imposed by the pandemic).

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

The company, which manufactured and sold 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 Group¹⁷ in October 2017, was wound up in July 2021. Memry GmbH closed the first half of 2021 with a loss of 17 thousand of euro, due to certain residual costs (mainly consulting) in preparation for the winding up.

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

The company has as its business object the design, production and sale of shape memory alloy instruments and actuators, getters and any other equipment for the creation of high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, on July 5, 2011, the company established the joint venture Actuator Solutions GmbH (for further details on the joint venture, please refer to the Notes no. 9 and no. 18 of the Interim Consolidated Financial Statements as at June 30, 2022).

SAES Nitinol S.r.l. ended the first half of 2022 substantially at break-even (negative result for the period of -34 thousand of euro, mainly consisting of consultancy costs related to accounting and tax compliance), compared to a positive result of 272 thousand of euro as at June 30, 2021 (the positive result was a consequence of the release of the residual risk provision of 300 thousand of euro, recorded as at December 31, 2019¹⁸ in relation to the equity investment in Actuator Solutions GmbH, following the improvement of the financial situation of the joint venture).

The result of both half-years includes the impairment loss (79 thousand of euro in both periods) of the financial asset corresponding to the interest income accrued on the loans granted to Actuator Solutions GmbH, fully impaired because it is not considered recoverable.

Finally, it should be noted that 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 of euro. This waiver, in addition to that of 500 thousand of euro finalised in June 2021, had no effect on the results of the company as at June 30, 2022, as the financial receivable related to the interest-bearing loans (both principal and interest) was already fully impaired as at December 31, 2021, as it was deemed 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. 22 of the Interim Consolidated Financial Statements as at June 30, 2022.

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

The company's business object is allow the company to directly or indirectly take on investments or shareholdings in the packaging sector and to scout for new technologies in that sector.

The company, which is currently non-operational, closed the first half of 2022 with a loss of -16 thousand of euro (mainly consulting costs related to accounting and tax compliance), compared to a loss of -1 thousand of euro in the corresponding period of the previous year.

SAES COATED FILMS S.p.A. – Roncello, MB & Lainate¹⁹, 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

¹⁷ Memry Corporation, SAES Smart Materials, Inc. and SAES Getters S.p.A. (Avezzano plant).

¹⁸ It should be noted that the provision for risks allocated as at December 31, 2019, equal to a total of 600 thousand of euro, had already been released for half of its amount (300 thousand of euro) during the second half of 2020.

¹⁹ Local unit in Lainate, at the headquarters of the Parent Company.

plastics, that are characterized by transparency, recyclability or composability, 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 the first half of 2022 SAES Coated Films S.p.A. recognised revenue of 7,367 thousand of euro, more than doubled compared to 2,901 thousand of euro in the corresponding period of 2021: the current period saw the strengthening of the signs of growth already seen at the end of the previous year, both due to the expansion of the customer portfolio and the short-term unavailability of some plastic raw materials and the consequent greater penetration of SAES Coated Films S.p.A. products which constitute an alternative.

The increase in sales made it possible to achieve greater economies of scale and greater saturation of the second lacquering line and the current half-year closed with a slight profit (+55 thousand of euro), compared to a loss equal to -1,100 thousand of euro as at June 30, 2021.

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 entirety of the company's quota capital was acquired by the Parent on July 7, 2021, with the aim to strengthen SAES' competitive position in the vacuum sector, with an entirely Italian expansion of the product range for particle accelerators and synchrotrons at the forefront on a global scale.

Strumenti Scientifici Cinel S.r.l. as at June 30, 2022 achieved revenues of 2,915 thousand of euro, penalised by the difficulties encountered by the company in the procurement of raw materials and other key components for the production activity. The current half year closed with a gross profit of 36.3% and a profit of 173 thousand of euro.

Finally, it should be noted that, at the beginning of 2022, Strumenti Scientifici Cinel S.r.l. was included in the scope of the national tax consolidation, with retroactive effect starting 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 25 May 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.

In the period May 25 - June 30, 2022 SAES RIAL Vacuum S.r.l. recognised revenue of 571 thousand of euro and a profit of 49 thousand of euro; similar to Strumenti Scientifici Cinel S.r.l., SAES RIAL Vacuum S.r.l. also encountered some difficulties in 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 Group cash from the sale of the purification business finalised in 2018 with the goal of maintaining the capital in view of potential future commitments.

The company closed the first half of 2022 with a negative result of 10,038 thousand of euro, compared with a profit of 1,176 thousand of euro in the corresponding period of 2021: the negative

difference is mainly attributable to the reduction in the fair value of the securities held, due to conflict in Ukraine and consequent international tensions (for further details on the securities held and their measurement as at June 30, 2022, please refer to Note no. 20 of the Interim Consolidated Financial Statements as at June 30, 2022).

SAES GETTERS INTERNATIONAL LUXEMBOURG S.A. - Luxembourg (Luxembourg)

The main objectives of SAES Getters International Luxembourg S.A. are the management and the acquisition of investments, the optimal cash management, the grant of intra-group loans and the coordination of the Group services.

The company closed the first half of 2022 in substantial break-even (loss of -19 thousand of euro), against a profit of 3,865 thousand of euro in the corresponding period of the previous year: the negative difference is mainly due to the fact that in the current half year SAES Getters International Luxembourg S.A. has not yet received dividends from its US subsidiaries, while in the first half of 2021 it had received dividends of 4.1 million of euro from Memry Corporation.

Finally, it should be noted that the result of both half-years includes impairment of the financial receivable related to the interest accrued on the convertible loans granted to the joint venture Flexterra, Inc. (in the first half of 2022, impairment loss of 194 thousand of euro; in the first six months of 2021, impairment loss of 100 thousand of euro²⁰). For further details, please refer to Notes no. 8 and no. 22 of the Interim Consolidated Financial Statements as at June 30, 2022.

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

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

In the first half of 2022 the company recorded revenues of 1,246 million of euro KRW (924 thousand of euro), up (+20.2%) compared to 1,036 million of euro KRW (769 thousand of euro) in the corresponding period of 2021, due to the higher sales in the high vacuum systems field.

Despite the increase in revenues, due to a more favourable sales mix, the period ended with a loss of 160 million of euro KRW (-119 thousand of euro), slightly higher than the loss of 122 million of euro KRW (-91 thousand of euro) as at June 30, 2021.

SAES Smart Materials, Inc., based in New Hartford, NY (USA), active in the development, production and sale of Nitinol semi-finished products, recorded revenues equal to 10,586 thousand of dollars (9,682 thousand of euro) in the current half-year period, up 23.2% on the figure of 8,591 thousand USD (7,128 thousand of euro) in the corresponding period of the previous year, thanks to post-COVID recovery and the gradual elimination of delays accumulated during the acute phase of the pandemic due to the postponement of elective therapies. The increase in revenues, only partially offset by higher operating expenses (higher provisions for bonuses following the recovery of the business, as well as higher commissions on foreign sales paid to the related company SAES Getters Export, Corp. and impairment losses consequent to the works for the extension of the building), made it possible to close the current half year with a profit of 1,974 thousand of dollars (1,805 thousand of euro), up by 26.9% compared to 1,556 thousand of dollars (1,291 thousand of euro) in the first semester 2021.

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

²⁰ The increase in the current half year is mainly attributable to the interest on the second convertible note granted to Flexterra, Inc. in the second half of 2021, not present as at June 30, 2021.

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.

In the first half of 2022, the company recognised revenue of 58,261 thousand of dollars (53,285 thousand of euro), an increase of 33.7% compared to 43,573 thousand of dollars (36,152 thousand of euro) in the corresponding period of the previous year, thanks 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 revenues and the related economies of scale, as well as the progressive improvement in the production yield of the new pipe department, made it possible to close the current half year with a profit of 12,862 thousand of dollars (11,764 thousand of euro), doubled compared to 6,368 thousand USD (5,284 thousand of euro) in the first half of 2021.

Performance of the joint ventures in the first half of 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. It should be noted that the Alfmeier Präzision Group, of which SMA Holding is a part, is in the process of being sold²¹ to the Gentherm Group, with the exclusion of SMA Holding from the scope of the transaction. Therefore the composition of the share capital of Actuator Solution GmbH 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 recognised **revenue** equal to 3,097 thousand of euro in the first half of 2022, compared to 7,151 thousand of euro in the corresponding period of 2021. The two half-year periods are incomparable because at the beginning of the third quarter of 2021 Actuator Solutions sold a two production lines of actuators for the automotive seat comfort business to Alfmeier Präzision²², renouncing sales, but receiving in exchange a commission on them equal to the profit that would have been realized if the production activity had continued. This transaction therefore reduced the revenue in absolute value for the current period, making the two half-year periods incomparable. Actuator Solutions GmbH's latest automotive seat comfort line is expected to be relocated by the end of 2022.

Generally speaking, pro-forming the revenue of the two periods and excluding the outsourcing of production, we note the decline in automotive sales, penalised by uncertainties on the supply chain, due to the conflict in Ukraine and the recent lockdowns in China, due to COVID. With regard to the fees generated by the application developments in the actuator sector, the increase in initial sales destined for the "smart" mattresses sector and the first sales to the SAES Group of components for the B!POD project, were not sufficient, however, to compensate for the decline in revenues from COVID-19 rapid diagnostic test devices with the easing of the pandemic emergency.

The drop in sales led to a contraction in **gross profit** (from 2,121 thousand of euro in the first half of 2021 to 800 thousand of euro in the current half-year) and an **operating result** at a loss (-592 thousand of euro, compared to an operating income equal to 888 thousand of euro in the first half of 2021) with slightly higher operating expenses (from 1,262 thousand of euro to 1,393 thousand of euro) because they were penalised by non-recurring severance costs (77 thousand of euro).

The first half of 2022 closes with a negative **result for the period** of -384 thousand of euro, although improved with respect to the operating loss (-592 thousand of euro) as at 30 June 2022, thanks to the

²¹ The sale transaction was finalised on July 29, 2022.

²² Gentherm Group starting from July 29, 2022.

non-recurring income, equal to 300 thousand of euro, generated by the partial waiver by the SAES Group of the interest accrued on the loans granted to Actuator Solutions GmbH.

(thousands of euro)

Actuator Solutions GmbH	1H 2022	1H 2021
	100%	100%
Revenue	3,097	7,151
Cost of sales	(2,297)	(5,030)
Gross profit	800	2,121
<i>% on revenue</i>	<i>25.8%</i>	<i>29.7%</i>
Total operating costs	(1,393)	(1,262)
Other income (expenses)	1	29
Operating profit (loss)	(592)	888
<i>% on revenue</i>	<i>-19.1%</i>	<i>12.4%</i>
Interests and other financial income	201	377
Exchange gains (losses)	2	(9)
Income taxes	5	(3)
Profit (loss) for the period	(384)	1,253

The SAES Group's share in the joint venture's loss for the first half of 2022 amounted to -192 thousand of euro (+626 thousand of euro share of profit for the first half of 2021) was not recognised by the Group, as SAES's investment had already been completely impaired and there was no legal or implicit obligation for recapitalisation by SAES to date, despite the joint venture's negative equity of just over 2 million of euro²³.

Lastly, note that in the first half of 2022 the financial asset related to the interest accrued in the period on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture in previous years, amounting to 79 thousand of euro, was impaired as it was considered unlikely to be recovered (a similar impairment, also of 79 thousand of euro was made in the first half of 2021).

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 May25, 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 income statement of the joint venture from January 1 to May 25, 2022.

²³ Consolidated pro rata at 50%.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	January 31 - May 25, 2022	1H 2021
	100%	100%
Revenue	2,916	3,127
Cost of sales	(2,176)	(2,743)
Gross profit	740	384
<i>% on revenue</i>	<i>25.4%</i>	<i>12.3%</i>
Total operating costs	(265)	(341)
Other income (expenses)	16	107
Operating profit (loss)	491	150
<i>% on revenue</i>	<i>16.8%</i>	<i>4.8%</i>
Interests and other financial income	(10)	(12)
Exchange gains (losses)	(6)	(6)
Income taxes	(133)	(23)
Profit (loss) for the period	342	109

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

It should be noted that 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 partners, SAES Getters S.p.A. (quota capital equal to 49 thousand of euro) and Rodofil S.r.l. (quota capital equal to 51 thousand of euro).

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 stake 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.

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 the first half of 2022 with a consolidated operating loss of -1,382 million of euro, significantly lower than the operating loss of the corresponding period of 2021, equal to -1,991 thousand of euro, despite the penalising effect on operating costs of the dollar revaluation (mainly, lower costs for employees employed in research and in general and administrative activities, lower costs for materials used in development, as well as lower costs related to the management of patents and lower consultancy costs).

The first half of 2022 closed with a **consolidated loss for the period** of -1,969 thousand of euro, compared to a loss of -2,102 thousand of euro in the corresponding period of 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 Group²⁴ and by the exchange losses of the subsidiary Flexterra Taiwan Co., Ltd.

²⁴ It should be remembered that a second convertible loan, for a total value of 2 million of dollars, was granted during the second half of 2021, in addition to the first loan of 3 million of dollars, granted in July 2020.

(thousands of euro)

Flexterra	1H 2022	1H 2021
	100%	100%
Revenue	0	3
Cost of sales	0	(1)
Gross profit	0	2
<i>% on revenue</i>	<i>0.0%</i>	<i>66.7%</i>
Total operating costs	(1,382)	(2,010)
Other income (expenses)	0	17
Operating profit (loss)	(1,382)	(1,991)
<i>% on revenue</i>	<i>n.a.</i>	<i>n.a.</i>
Interests and other financial income	(196)	(111)
Exchange gains (losses)	(409)	32
Income taxes	18	(32)
Profit (loss) for the period	(1,969)	(2,102)

The share pertaining to the SAES Group in the loss of the first half of 2022 of the joint venture amounted to -922 thousand of euro (a loss of -982 thousand of euro in the first half of 2021); however, similar to last year, as the SAES' equity investment in Flexterra has already been impaired in full and as there are to date no legal or implicit obligations for recapitalisation by the Group, SAES' liability for the share of the loss as at June 30, 2022 was not recognised by the Group, in accordance with IAS 28.

It should be noted that the financial receivable related to interest accrued in the first half of 2022 on convertible loans granted to the joint venture in the two previous years, amounting to 194 thousand of euro, was impaired because it was deemed unlikely to be recoverable (a similar impairment loss in the previous year had amounted to 100 thousand of euro).

Finally, on June 3, 2022, a new investor, external to the SAES Group, took out an additional convertible loan in favour of the Flexterra, Inc. joint venture for a value of 1 million of euro 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% and maturity date of November 18, 2022).

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**.²⁵

²⁵ 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.

1H 2022								
(thousands of euro)	Statement of profit or loss	50% Actuator Solutions GmbH	Infragorup eliminations & other adjustments	49% SAES RIAL Vacuum S.r.l. (*)	Infragorup eliminations & other adjustments	46.84% Flexterra	Infragorup eliminations & other adjustments	Total profit or loss of the Group
Revenue	120,232	1,549	(61)	1,429	(113)	0		123,036
Cost of sales	(66,974)	(1,149)	61	(1,066)	113	0		(69,015)
Gross profit	53,258	400	0	363	0	0		54,021
	<i>% on revenue</i>							
Total operating costs	(32,799)	(698)	0	(130)	0	(646)	38	(34,235)
Other income (expenses)	(151)	1		8		0		(142)
Operating profit (loss)	20,308	(297)	0	241	0	(646)	38	19,644
	<i>% on revenue</i>							
Interest and other financial income	(13,567)	101	(111)	(5)	0	(92)	91	(13,583)
Share of profit of equity-accounted investees	167		0		(167)		0	0
Exchange gains (losses)	(507)	1		(4)		(192)		(702)
Pre-tax profit (loss)	6,401	(195)	(111)	232	(167)	(930)	129	5,359
Income taxes	(6,750)	3		(65)		8		(6,804)
Profit (loss) from continued operations	(349)	(192)	(111)	167	(167)	(922)	129	(1,445)
Profit (loss) from discontinued operations	0	0		0		0		0
Profit (loss) for the period	(349)	(192)	(111)	167	(167)	(922)	129	(1,445)
<i>attributable to:</i>								
- the owners of the parent	(349)							(1,445)
- 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.

Research, Development and Innovation

R&D expenses in the first half of 2022 amounted to a total of 6,183 thousand of euro (5.1% of consolidated revenue), substantially in line with 5,665 thousand of euro (6.6% of consolidated revenues) in the corresponding period of the previous year.

The activities of the **Group Research Labs** focused on radical innovation projects through the continuous development of the technological platforms of the SAES Group, in particular **Specialty Zeolites, Beads & Capsules, Packaging Solutions, Getter Dispensable Solutions and Innovative Alloys**.

In order to adopt more effective development processes and enable collaboration activities with external companies, a profound restructuring of both the laboratories and the areas dedicated to the R&D offices was completed. The works were completed in June 2022 and covered the entire area of the Group Research Labs. In the first half of the year, the digitalisation of the laboratory paper notebooks was also implemented, in order to make all the knowledge developed in previous years usable in digital format through a new document management system. This action completed the digitization process started in 2021 with the migration from paper notebooks to electronic notebooks and with the adoption of a management process for the daily generation of laboratory technical notes in electronic format.

As far as the development of innovative materials is concerned, two major projects concerning the **Specialty Zeolites** technology platform were carried out during the first half of 2022.

After having completed in 2021 the tests for the validation according to ISO 22196: 2011 standards of the ZeoAid™ zeolites, capable of ensuring bactericidal and virucidal properties, as well as inhibiting the activity of SARS-CoV-2, the development activities have focused in the first half of 2022 on the standardisation of the zeolite preparation process, both for the purpose of optimising performance and to allow the integration of these zeolites in different product configurations, such as coatings and dispersions. Furthermore, in recent months, a patent application has been published aimed at obtaining protection in favour of SAES of the materials developed.

In parallel, the development of **optically active markers** for the tracking of polymeric formulations was completed. After focusing on compostable formulations during 2021, in the first half of 2022 the development was extended to the integration of markers in both natural and fossil-based polymeric formulations, to ensure a wider application of the developed systems. These markers, if subjected to radiation of suitable wavelength, emit an optical signal thanks to which it is possible to uniquely identify

the formulations in which they have been integrated. In the last period, the preparation of two new patent applications has been completed to claim the developed systems in favor of SAES.

Another platform under development is represented by the technology of processes assisted by membrane emulsification, for the preparation of **capsules (Capsules) and organic spheres (Beads) with functional properties**. In the first half of 2022, the installation and validation phase of a pilot nanoprecipitation plant was completed at the Lainate site. This plant allows to develop organic spheres and core-shell structures with controlled size, from a few hundred nanometers to a few microns, and to enable the integration of new functional properties. One of the first products is represented by sub-micrometric polymeric spheres (dimensions less than 1µm) with high oxygen barrier properties for integration in water-based coatings capable of extending the life time of some food products, limiting the processes of degradation due to oxygen. For the use of these spheres in the flexible packaging sector, two collaboration agreements are being defined with companies active in the production of adhesives for flexible film lamination processes and in the creation of flexible packaging structures.

In parallel, a feasibility study was launched to evaluate the development of sub-micrometric and micrometric spheres made of natural materials, to be used for the replacement of microplastics in the cosmetic field. An agreement is in progress with a cosmetic company interested in activating a collaboration with SAES for the joint development of highly environmentally sustainable spheres.

With regard to the line of new **functional coatings (Packaging Solutions** technological platform), the SAES laboratories are developing green functional lacquers (water-based) for the creation of innovative coatings for food packaging applications. A collaboration project is being defined with an important converter for the development of new flexible packaging structures based on mono-material with oxygen barrier properties, such as to be used in pasteurisation and sterilisation processes. These characteristics would greatly expand the possibilities of use of SAES functional coatings based on Coathink® technology. At the same time, activities for the development of antioxidant coatings continue through the use of materials extracted from waste products from the fishing industry. SAES is one of the partners of the European project "Ecofishent" (www.cordis.europa.eu/project/id/101036428), funded by the European Commission, to develop new antioxidant coatings with circular economy approaches to be integrated into flexible food packaging structures through roll-to-roll processes.

Concerning **Dispensable Getter Solutions**, after the completed development in 2021 of a new dispensable getter for the combined control of the amount of moisture and volatile organic substances in photonic and optoelectronic devices, a development project for a reversible getter, which can be activated by means of a thermal process, was activated in the first half of 2022. This characteristic would make the getter for humidity suitable both for manufacturing processes of photonic and telecommunication devices, such as for example laser sealing, typically characterised by long exposure times in air, and for high temperature treatment processes. This new dispensable getter can also be used in the functionalisation of supports (lid) used in the packaging of electronic devices. In this application, the possibility of processing the supports in the air and activating the functionality of the getter (that is, the absorption capacity) only before the final assembly represents a significant simplification of the process.

As regards the **Innovative Alloys** technology, in the last period the possible approaches to scale the preparation of bio-absorbable materials have been investigated and the interaction with companies active in the production of orthopedic devices has been activated. Furthermore, the actions related to the extension process of the patent applications published in 2021 are being defined.

As regards the developments in the **Metallurgy** field, in the first half of 2022 a project was activated for the study of a new sintered getter material to be used in NEG pumps in the field of nuclear fusion research. At the same time, the scale-up activities of the smelting process continue for the production of **SMA alloy** wires capable of guaranteeing fatigue resistance ten to one hundred times higher than the reference values.

The R&D activities of **SAES Coated Films S.p.A.** concerned the continuous development of 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. In particular, in collaboration with the Group Research Labs, a new project has been activated 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.

At the same time, the number of actions aimed at obtaining the qualification and marketing of coating technology in new application sectors, such as those of chocolate, coffee pods, nutraceutical products and processed meat, is growing.

The **Flexterra joint venture** focused on optimising the synthesis procedures for obtaining dye to be used in colour filters for a new generation of thin displays. Activities were carried out in collaboration with the Group Research Labs in order to identify suitable procedures for the scale-up of the preparation processes of these materials. In parallel, the evaluation of materials developed by Flexterra in electrophoretic devices continued and a specific evaluation for the use of these materials in electronic labels was initiated.

The activities of the **Strategic Innovation Office** in the first half of 2022 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 and in this first month there has already been excellent feedback from brand awareness. Two new development projects are expected to start in the second half of the year, one of which is always related to the B!POD initiative.

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.

All official documentation (Termsheet, Regulations and Phase 1 and Phase 2 Contracts) has been finalised. 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 five themes of the first call for start-up have been identified (cosmetics, packaging, bio-materials, sensors and functional additives). The opening of the call is scheduled from the first week of July to the end of September 2022, with the aim of selecting the first start-ups with which to start operations starting from October.

With regard to the **search for new strategic and technological directions**, from the activation of the new management process of the analysis of potential opportunities for collaboration or partnership or M&A with start-ups, spin-offs and SMEs, called Venture Assessment Tool, the inbound (pre-selection) of eighteen companies and the skim (i.e., the first level of analysis) of eleven of these. Four companies have been brought to the first gate go/no go and two opportunities will be further explored (the first concerns a potential supplier of an advanced material, while the second concerns a company of which SAES could be the industrial partner, to allow scaling up of production).

Systematic **analysis of social and technological mega-trends and new emerging trends** is also continuing, to select future SAES innovation trajectories, so that they are as consistent as possible with the expected evolution at a global level. A systematic analysis of the opportunities for the SAES Chemicals Division in the cosmetics division was launched, which began thanks to the collaboration with an important prospect in the sector.

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

Impact of the conflict in Ukraine

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, do not allow us to provide reliable estimates on the impact of the future of this crisis. The expected results of ordinary operations remain conditioned by the evolution of the global macroeconomic context and the consequent repercussions on the cost of raw materials and energy.

However, it should be noted that the Group's **direct exposure** in Russia, Ukraine and Belarus is marginal. The turnover for the first half of 2022 in Russia was immaterial. The full-year 2022 forecasts, drawn up before the crisis, also confirm the immateriality of these markets. Furthermore, the Group has no suppliers from these countries and has in any case decided to cautiously suspend all commercial activities towards Russia²⁶.

In the first half of 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, considered in any case not material and partly already included in the forecasts. 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; increases which, in part, were transferred to the price agreed with the customer.

The aforementioned pressures on the prices of raw materials and energy did not have an impact on the profitability as at June 30, 2022 since the increase in cost was in any case not significant on the total cost of sales.

On the supply chain side, there are, especially in the High Vacuum Division and in particular in the subsidiary Scientific Instruments Cinel S.r.l., some **delays in the supply** of components, which are being addressed with better inventory management and with a diversification, including geographical, of supplies.

The only significant effect for SAES of the Russian-Ukrainian crisis on the current half-year is the instability on the international financial markets which, in turn, induced the negative performance on the **securities** held by the Group (-13.1 million of euro), with consequent impact on the half-year profit, substantially breaking even, despite the strong improvement in operating indicators.

Finally, we inform you that the SAES Group has **donated the amount of 100 thousand of euro to support Ukraine**. In particular, 70 thousand of euro 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.

Subsequent events

²⁶ The Group does not carry out any commercial activities with Belarus.

For events occurring after the end of the half year, please refer to Note no. 47 of the Interim Consolidated Financial Statements as at June 30, 2022, "Events after the reporting period".

Business outlook

To date, there are no signs of a slowdown, in an extremely uncertain international economic context.

Group's main risks and uncertainties

For the analysis of the Group's main risks and uncertainties and the priority mitigation actions to overcome these risks and uncertainties please refer to the in the Annual Financial Report for 2021.

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

- Interest-rate risk, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of investments in cash and cash equivalents and the securities held; This risk is also linked to the strategies implemented by governments and central banks to deal with the growing level of inflation;
- Currency risk, linked to the volatility of exchange rates, which may affect the relative value of the Group's costs and revenues according to the currencies in which the accounting transactions are denominated, as well as the amount of exchange differences, and may therefore have an impact on the Group's profit or loss. The amounts of the financial receivables/financial debts denominated in currencies other than the euro also depend on the exchange rate, so not only the economic result is affected, but also the value of net assets and the net financial position;
- Commodity risk, which may affect the Group's product margins if these changes are not charged to the price agreed upon with customers;
- Credit risk, associated with the solvency of customers and, in general, the ability to collect and measure financial receivables;
- Liquidity risk, associated with the Group's ability to raise funds to finance its operating activities or with the capacity of the sources of funding if the Group were to adopt strategic decisions involving some non-recurring expenditure (such as merger & acquisition transactions or organizational rationalization and restructuring activities).

In addition, there are the risks brought about by the persisting of the COVID-19 pandemic and the Ukrainian conflict, which can result in a decrease in revenue, a drop in profitability (due to rising commodity prices), an increase in the stocks of raw materials (to face the risk of a suspension in the provisioning process or other supply chain problem) or of finished products (due to a delay in customers' orders) as well as a lengthening of credit collection times, which would make it necessary to fund a stronger working capital. For the actions taken by the Group to mitigate these risks, please refer to what is already reported in the paragraph of this Report entitled "Impact of the conflict in Ukraine".

Interest rate risk

If 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.

In order to mitigate the risk deriving from the oscillations of interest rates and with the aim of improving the result of financial management, the long-term loans of the Group as at June 30, 2022 are mostly at a fixed rate; the only floating rate loan in place, held by Strumenti Scientifici Cinel S.r.l., will come to maturity by the end of the current financial year. For details of the contracts please refer to Note no. 31 of the Interim Consolidated Financial Statements as at June 30, 2022.

In addition, the Group constantly monitors the trend in interest rates in the event of the subscription of new loans, in order to choose the most convenient and most appropriate forms for the financial structure of SAES.

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.

With regard to securities, the Group'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.

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 the first half of 2022 around 71% of the Group's sales and only around 54% of the Group's operating costs were denominated in a currency other than the euro.

In order to manage the economic impact generated by the fluctuations in exchange rates versus the euro, primarily of the US dollar, the Group has in place hedging contracts, whose amounts are determined at the start of the financial year (or at the end of the previous one) by the Board of Directors according to the net currency cash flows expected to be generated by SAES Getters S.p.A.²⁷ The maturities of any hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

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

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

It should be noted that, on November 29, 2021, forward sales contracts on the US dollar were entered into for a notional value of 9 million of euro USD, with an average forward exchange rate of 1.1369 against the euro, hedging approximately 80% of the net flows in USD estimated for the Parent for the year 2022. Please refer to Note no. 40 of the Interim Consolidated Financial Statements for details on contracts not yet expired as at June 30, 2022. No new forward contracts were entered into after June 30, 2022.

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. In some specific cases, the increase in the cost of commodities can be transferred to the price agreed with the customer.

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 limiting the price volatility of its commodities.

Credit risk

²⁷ The other Group companies are not included in this valuation as they have operating revenues and costs mainly in the same functional currency of the financial statements and, therefore, are characterized by natural hedging.

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 incapacity to obtain the necessary financial resources to ensure the continuity of the Group's operations.

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

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

For further information about the Group's financial debts as at June 30, 2022 and about the maturity date of these debts please refer to Note no. 31 of the Interim Condensed Consolidated Financial Statements as at June 30, 2022.

As at June 30, 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 further details, please refer to Note no. 29 of the Interim Consolidated Financial Statements as at June 30, 2022.

Equity management

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

No changes were made to equity management objectives or policies during the first half of 2022.

Going concern

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, do not allow us to provide reliable estimates on the impact of the future of this crisis.

Despite this, the financial statements are prepared on a **going concern basis**, given that, despite a difficult and uncertain economic/financial and geopolitical environment in the light of the results achieved in the first half of 2022, there were 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 the group's ability to continue as a 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 market or standard conditions.

Complete disclosure on related party transactions incurred during the half year is provided in Note no. 46 of the Interim Consolidated Financial Statements as at June 30, 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.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2022

Half-yearly consolidated statement of profit (loss)

(thousands of euro)	Notes	1H 2022	1H 2021
Revenue	4	120,232	85,885
Cost of sales	5	(66,974)	(50,505)
Gross profit		53,258	35,380
Research & development expenses	6	(6,183)	(5,665)
Selling expenses	6	(8,842)	(6,061)
General & administrative expenses	6	(17,574)	(15,993)
Impairment of trade receivables	6	(200)	(14)
Total operating costs		(32,799)	(27,733)
Other income	7	218	158
Other expenses	7	(369)	(261)
Operating profit (loss)		20,308	7,544
Financial income	8	1,118	2,408
Financial expense	8	(14,410)	(1,099)
Impairment losses of financial receivables and other financial assets	8	(275)	(174)
Share of profit of equity-accounted investees	9	167	53
Exchange gains	10	522	346
Exchange losses	10	(1,029)	(418)
Pre-tax profit (loss)		6,401	8,660
Income taxes	11	(6,750)	(4,471)
Profit (loss) from continuing operations		(349)	4,189
Profit (loss) from discontinued operations		0	0
Profit (loss) for the period		(349)	4,189
<i>attributable to:</i>			
- the owners of the parent		(349)	4,189
- non-controlling interests		0	0
Basic/diluted earnings per ordinary share	12	(0.01923)	0.22404
Basic/diluted earnings per saving share	12	(0.01923)	0.24067

Consolidated Statement of profit (loss) and other components of the consolidated comprehensive income

(thousand of euro)	Notes	1H 2022	1H 2021
Profit (loss) for the period		(349)	4,189
Exchange differences from translation of financial statements in foreign currencies	30	11,166	3,863
Equity-accounted investees - share of the other components of the comprehensive income statement	30	0	0
Total other components of comprehensive income which are or may be subsequently reclassified into the profit (loss) for the period		11,166	3,863
Fair value variations on investments in other companies	30	(58)	(51)
Income taxes	30	0	0
Total other components of comprehensive income that will not be subsequently reclassified into the profit (loss) of the period		(58)	(51)
Total other comprehensive profit (loss), net of taxes		11,108	3,812
Total profit (loss) and other components of the comprehensive income statement for the period		10,759	8,001
<i>attributable to:</i>			
- the owners of the parent		10,759	8,001
- non-controlling interests		0	0

Half-yearly consolidated statement of financial position

(thousands of euro)	Notes	June 30, 2022	December 31, 2021 (*)
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	14	90,034	84,549
Intangible assets	15	10,753	11,183
Goodwill	16	57,233	48,631
Right-of-use assets	17	5,789	6,399
Equity-accounted investees	18	0	2,362
Investments in other companies	19	1,466	1,381
Securities	20	67,072	71,887
Deferred tax assets	21	9,243	9,243
Financial receivables from related parties	22	0	49
Other non-current assets	23	371	381
Other financial receivables from third parties	24	1,618	1,424
Total non-current assets		243,579	237,489
Current assets			
Inventories	25	44,104	35,392
Trade receivables	26	39,114	29,614
Other receivables and other current assets	27	3,154	3,455
Current tax assets	28	2,516	2,608
Derivative financial instruments	40	0	9
Financial receivables from related parties	22	0	1
Securities	20	85,761	94,655
Cash and cash equivalents	29	35,135	29,518
Total current assets		209,784	195,252
Total assets		453,363	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		309,092	293,717
Profit (loss) for the period		(349)	12,797
Equity attributable to the owners of the parent	30	255,749	253,520
Share capital and reserves attributable to non-current interests		0	0
Equity attributable to non-current interests	30	0	0
Total equity		255,749	253,520
Non-current liabilities			
Financial liabilities	31	52,171	52,199
Lease liabilities	32	3,669	4,070
Deferred tax liabilities	21	11,064	10,909
Severance indemnities and other employee benefits	33	12,555	10,555
Provisions for risks and charges	34	154	174
Other financial liabilities	35	457	0
Total non-current liabilities		80,070	77,907
Current liabilities			
Trade payables	36	17,077	13,280
Other payables	37	12,727	12,864
Current tax liabilities	38	406	790
Payables for employee benefits	39	3,266	5,092
Provisions for risks and charges	34	72	242
Derivative financial instruments	40	354	0
Current portion of non-current financial debts	31	99	109
Lease liabilities	32	2,233	2,409
Other financial liabilities	35	7	20
Bank loans and borrowings	41	77,530	63,935
Other current liabilities	42	3,773	2,573
Total current liabilities		117,544	101,314
Total equity and liabilities		453,363	432,741

(*) Some comparative amounts shown in the column have been restated with respect to the amounts of the consolidated financial statements as 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".

Half-yearly consolidated statement of cash flows

(thousands of euro)	Notes	1H 2022	1H 2021
Cash flows provided by (used by) operating activities			
Profit (loss) for the period		(349)	4,189
Income taxes	11	6,750	4,471
Depreciation of right-of-use assets	17	1,272	1,103
(Reversal of impairment losses) impairment losses on right-of-use assets	17	0	6
Depreciation of property, plant and equipment	14	4,798	3,898
(Reversal of impairment losses) impairment losses of property, plant and equipment	14	228	0
Amortisation of intangible assets	15	772	666
(Reversal of impairment losses) impairment losses of intangible assets	15	0	0
Gains (losses) on the disposal of property, plant and equipment and intangible assets		0	(1)
(Income) loss net financial charges		13,400	(1,188)
Impairment losses on trade receivables	26	200	14
Other non-monetary expense (income)		363	(18)
Other non-monetary variation of termination indemnities and similar obligations	33/39	4,859	3,680
Accrual (utilization) of provisions for risks and charges	34	(215)	(621)
		32,078	16,199
Change in operating assets and liabilities			
<i>Cash increase (decrease)</i>			
Trade receivables and other current assets	23/26/27	(7,859)	(6,169)
Inventories	25	(4,897)	(1,783)
Trade payables	36	2,778	1,181
Sundry payables and other current liabilities	37/42	429	(2,023)
		(9,549)	(8,794)
Payments of termination indemnities and similar obligations	33/39	(5,251)	(4,622)
Interests and other financial payments		(228)	(114)
Interests and other financial receipts		79	46
Taxes paid		(6,579)	(2,286)
Cash flows by (used by) operating activities		10,550	429
Cash flows provided by (used by) investing activities			
Acquisition of property, plant and equipment	14	(6,147)	(8,137)
Acquisition of intangible assets	15	(248)	(116)
Proceeds from the disposal of property, plant and equipment and intangible assets	14/15	4	6
Purchase of securities		(12,787)	(31,292)
Disinvestments of securities		12,504	31,448
Income from securities, net of management fees		870	1,187
Investments in other companies	19	(143)	(40)
Consideration paid for the purchase of subsidiaries, net of the cash and cash equivalents acquired		(4,287)	0
Financial liabilities repaid to (granted by) related parties	22	49	0
Interests receipts on financial receivables from related parties	22	1	1
Cash flows provided by (used by) investing activities		(10,184)	(6,943)
Cash flows provided by (used by) financing activities			
Proceeds from non-current financial liabilities, current portion included	31	0	0
Repayment of non-current financial liabilities	31	(63)	(2,603)
Interest paid on non-current financial liabilities	31	(58)	(587)
Proceeds from short term financial liabilities	41	251,047	105,400
Repayment of short term financial liabilities	41	(238,358)	(94,526)
Interests paid on short term financial liabilities	41	(198)	(140)
Dividends paid	30	(8,530)	(7,440)
Financial assets repaid to (granted by) third parties	24	(148)	0
Other costs paid		(3)	(13)
Repayment of lease liabilities	32	(1,240)	(1,074)
Interests paid on leases	32	(95)	(112)
Cash flows provided by (used by) financing activities		2,354	(1,095)
Increase (decrease) in cash and cash equivalents		2,720	(7,609)
Cash and cash equivalents at the beginning of the period		29,286	30,700
Effect of exchange rate changes on cash flows		2,393	1,203
Cash and cash equivalents at the end of the period		34,399	24,294

Half-yearly consolidated statement of changes in equity - June 30, 2022

(thousands of euro)	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other items of equity		Profit (loss) for the period	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 result							12,797	(12,797)		0
Dividends paid							(8,530)	(8,530)		(8,530)
Profit (loss) for the period							(349)	(349)	0	(349)
Other components of the consolidated comprehensive income statement					11,166	(58)		11,108		11,108
Total profit (loss) and other components of the comprehensive income statement for the period					11,166	(58)	(349)	10,759	0	10,759
June 30, 2022	12,220	25,724	(93,382)	2,444	23,470	285,622	(349)	255,749	0	255,749

(*) Opening balances have been restated with respect to the amounts of the consolidated financial statements as 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".

Half-yearly consolidated Statement of changes in equity - June 30, 2021

(thousands of euro)	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other items of equity		Profit (loss) for the period	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 result							4,787	(4,787)		0
Dividends paid							(7,440)	(7,440)		(7,440)
Profit (loss) for the period							4,189	4,189	0	4,189
Other components of the consolidated comprehensive income statement					3,863	(51)		3,812		3,812
Total profit (loss) and other components of the comprehensive income statement for the period					3,863	(51)	4,189	8,001	0	8,001
June 30, 2021	12,220	25,724	(93,382)	2,444	6,044	281,484	4,189	238,723	0	238,723

Explanatory notes

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

General information

SAES Getters S.p.A. is the entity that draws up the financial statements and has its registered office in Lainate, Viale Italia, 77.

The consolidated interim financial statements for the six months ended at June 30 include the financial statements of SAES Getters S.p.A. and its subsidiaries (hereinafter the "SAES Group" or "SAES" or "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, optoelectronic, photonics and telephony applications).

The current Interim Consolidated Financial Statements:

- is prepared in compliance with the IFRS issued by the International Accounting Standards Board ("IASB"), approved by the European Union ("IFRS") and in force at June 30, 2022, as well as in compliance with the provisions issued in implementation of Article 9 of Legislative Decree no. 38 of February 28, 2005, of Consob resolutions no. 15519 of July 27, 2006 and no. 17221 of March 12, 2010, of Consob communication no. DEM/6064293 of July 28, 2006 as well as Article 149-duodecies of the Issuers' Regulations;
- it has been prepared in compliance with the requirements of IAS 34 - Interim Financial Reporting and must, therefore, be read together with the latest consolidated financial statements of the SAES Group for the year ended December 31, 2021 ("last annual financial statements");
- it is prepared on a going concern basis;
- it is expressed in thousands of euro (functional currency and presentation currency of the Parent SAES Getters S.p.A.).

The Board of Directors approved and authorised the publication of the Interim Consolidated Financial Statements as at June 30, 2022 with the resolution passed on September 12, 2022.

SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A.²⁸, 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 2021 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.

This Interim Consolidated Financial Statements is subject to a limited review pursuant to Consob Communication no. DAC/RM/97001574 of February 20, 1997 and in accordance with the procedures and criteria defined in Consob Resolution no. 10867 of July 31, 1997 and subsequent amendments; the results of this activity, carried out by the independent auditor KPMG S.p.A., will be published together with this financial statements.

Form and Content of the Interim Consolidated Financial Statements

²⁸ As at June 30, 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 Interim Consolidated Financial Statements consist of:

- the consolidated statement of profit or loss, prepared by classifying operating expenses by allocation, inasmuch this form of disclosure is considered more suitable to represent the Group's specific business, complies with internal reporting procedures and is in line with standard industry practice;
- the consolidated Statement of profit (loss) and other components of the consolidated comprehensive income;
- the consolidated 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 period. 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 closing date of the period;
- the consolidated cash flows statement, in which the cash flows are presented according to the "indirect method";
- the consolidated statement of changes in equity;
- the explanatory notes to the interim consolidated financial statements, which, while not including all the information required for complete financial reporting according to IFRS, are intended to illustrate the events and transactions that are relevant to understand the economic, financial and equity performance of the Group compared to the last published annual report.

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

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

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

On the basis of Consob resolution no. 15519 of July 27, 2006, positions or transactions with related parties have been highlighted in the explanatory notes to the consolidated interim financial statements.

Going concern

The present interim consolidated financial statements are prepared on a going concern basis, given that, despite a difficult and uncertain economic/financial and geopolitical environment, in the light of the results achieved in the first half of 2022, there were 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 the group's ability to continue as a going concern.

Restatement of 2021 figures

The statement of financial position amounts relating to 2021, presented for comparative purposes, have been restated with respect to the amounts present in the Consolidated financial statements as at December 31, 2021, with an effect on the result and consolidated equity, to reflect the adjustments deriving from the completion of the provisional measurement of the business combination²⁹ of Strumenti Scientifici Cinel S.r.l., in compliance with the provisions of IFRS 3.

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

²⁹ Business combination completed on July 7, 2021.

Consolidated Statement of Financial Position

(thousands of euro)	December 31, 2021 published	Restatement of 2021 figures	December 31, 2021 restated
<u>ASSETS</u>			
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 receivables 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
Other receivables and other current assets	3,455	0	3,455
Current tax assets	2,608	0	2,608
Derivative financial instruments	9	0	9
Financial receivables from 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
<u>EQUITY AND LIABILITIES</u>			
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 (loss) for the period	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
Severance indemnities 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
Other payables	12,864	0	12,864
Current tax liabilities	790	0	790
Payables for 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 financial debts	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

Consolidated statement of profit or loss

(thousands of euro)	Decembre 31, 2021 published	Restatement of 2021 figures	December 31, 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 of 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 (loss)	22,639	(387)	22,252
Financial income	4,613	0	4,613
Financial expense	(2,594)	0	(2,594)
Impairment losses of financial receivables and other financial assets	(2,148)	0	(2,148)
Share of profit of equity-accounted investees	200	0	200
Exchange gains	895	0	895
Exchange losses	(1,125)	0	(1,125)
Pre-tax profit (loss)	22,480	(387)	22,093
Income taxes	(9,404)	108	(9,296)
Profit (loss) from continuing operations	13,076	(279)	12,797
Profit (loss) from discontinued operations	0	0	0
Profit (loss) for the period	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 period under review the name of some items in the financial statements was changed and, sometimes, new items were created to provide a greater breakdown. The comparative balances have been adjusted accordingly.

Operating segment information

The Group's operating segments are as follows:

- SAES Industrial;
- SAES High Vacuum;
- SAES Medical Nitinol;
- SAES Chemicals;
- SAES Packaging.

Compared to December 31, 2021, the structure by operating segment has the following changes:

- The SAES Industrial operating system coincides with the previous Metallurgy operating sector, with the addition of all products based on functionalised polymers that have a getter function - i.e. dispensable getters and dryers, barrier sealant with getter function and filler containing getter species - which move from the SAES Chemicals operating segment to the SAES Industrial for a 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 operating segment is unchanged and coincides with that previously named "Vacuum Technology";
- the SAES Medical Nitinol operating segment is unchanged and previously named "Medical";
- the SAES Packaging operating segment is also unchanged and previously named "Advanced Packaging";
- the SAES Chemicals operating segment includes both the "functional acoustic composites" business (functional composites for consumer electronics applications, previously classified in this operating segment), and the "functional additives" business (new products currently being validated by prospects and based on technological platforms of SAES functional materials).

Seasonality of revenues

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

Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as at June 30, 2022.

Company	Currency	Share capital	% of Ownership	
			Direct	Indirect
Directly-controlled subsidiaries:				
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	33,000,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	6,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	100.00	-
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
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	-
Indirectly-controlled subsidiaries:				
Through SAES Getters/U.S.A., Inc.:				
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
Through SAES Getters International Luxembourg S.A.:				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	524,895,000	37.48	62.52
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	-	100.00
Memry Corporation Bethel, CT (USA) & Freiburg (Germany) & Lainate, MI (Italy)	USD	30,000,000	-	100.00

* SAES RIAL Vacuum S.r.l. has been fully consolidated starting from May 25, 2022, the date on which SAES Getters S.p.A.'s stake in the company rose from 49% to 100%. Prior to that date, SAES RIAL Vacuum S.r.l. was included in the consolidation area using the equity method.

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

** % of indirect ownership held through 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.).

The following table shows the investments in other companies held at June 30, 2022, other than subsidiaries, associates or jointly controlled companies, which are measured at fair value, with a change in the latter recognised in the statement of profit or loss and other components of the consolidated comprehensive income statement.

Company	Currency	Share capital	% of Ownership	
			Direct	Indirect
EUREKA! Fund I - Technology Transfer Milan (Italy)	EUR	11,896,819*	4.79**	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	50,787***	-	0.83***

* This amount represents the capital injections made by investors as at June 30, 2022, against a total commitment of 62,675,700 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 of euro.

*** % of indirect ownership held through SAES Getters International Luxembourg S.A. Compared to December 31, 2021, the share capital of Cambridge Mechatronics Limited increased from GBP 49,514 to GBP 50,787, while the SAES equity investment was diluted from 0.86% to 0.83%, following the issue by the company of new preferred ordinary shares in March 2022, upon completion of a new financing round and following the issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

With reference to the changes in the scope of consolidation during the first half of 2022, it should be noted that:

- On May 25, 2022, SAES Getters S.p.A., finalised the **acquisition of the remaining 51% of the share 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 fully consolidated, rather than being included in the consolidation area using the equity method. It should be noted that the process of determining the current values of assets and liabilities acquired is still in progress and, as required by IFRS 3, will be completed within twelve months from the date of acquisition of control.

Please note that:

- on January 24, 2022, with a notary filing deed no. 996/671, the **Italian Branch of Memry Corporation** was constituted, based in Lainate, which, together with the already operational German Branch, will facilitate Memry Corporation's commercial expansion on the European market and will carry out a scouting function, with the aim of increasing penetration of the Group in the healthcare sector.

Lastly, note that in the first half of 2022 SAES Getters S.p.A. made **capital injections into the venture capital fund EUREKA! Fund I - Technology Transfer** for a total amount of 147 thousand of euro and received **repayments** of approximately 5 thousand of euro following the finalisation of the sixth and last closing by the same fund. As at June 30, 2022, against a total commitment of 3 million of euro, SAES Getters S.p.A. made capital injections into the EUREKA! totalling 569 thousand of euro³⁰ while the residual commitment is equal to 2,431 thousand of euro.

2. RELEVANT ACCOUNTING POLICIES

The accounting principles applied in these Interim Consolidated Financial Statements are the same as those applied in the Consolidated Financial Statements for the year ended as at December 31, 2021.

Basis of consolidation

Subsidiaries are fully consolidated if and only if the SAES Group has:

- power over the investee;
- exposure, or rights, to variable returns deriving from the relationship with the investee;
- ability to exercise its power over the investee to affect the amount of its returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the moment in which the Parent begins to exercise control until the date in which such control ceases.

Associated companies over which the Group exercises significant influence and joint ventures (generally corresponding to an equity investment between 20% and 50%) are accounted for using the equity method.

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.

Amendment "Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract"

The amendment defines the costs necessary for the fulfilment of a contract for the purpose of recognising an onerous contract, clarifying that they include all costs directly related to the contract, i.e. the incremental costs and a portion of the other costs, which although not incremental, are directly related to the contract.

Amendment "Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use"

The change relates to the accounting treatment of income deriving from the sale of goods produced with the use of an asset before it is available for use (testing phase). In particular, it clarifies that the proceeds deriving from the sale of goods produced during the testing phase of an asset must be recognised in profit or loss for the period.

Amendment "Amendments to IFRS 9 Financial instruments - Commissions included in the 10% test for the purpose of de-recognition of financial liabilities"

The amendment clarifies that a change in the contractual terms of a financial liability is substantial if the changed cash flows, including any fees paid net of any fees received, discounted using the original effective interest rate, differ by at least 10% from at the present value of the cash flows before the modification.

³⁰ Amounts net of the repayments recognized by the fund following the capital injections made by the new investors on occasions of closings after the first one.

Amendment "Amendments to illustrative examples of IFRS 16 Leasing - Leasing incentives"

The change removes from illustrative example no. 13 of IFRS 16 the accounting treatment in the lessee's financial statements of a reimbursement, received from the lessor, for improvements to the leased asset, as the conclusion of the example was not supported by an adequate explanation.

The modification is not an integral part of the standard and is not subject to approval by the EU.

Amendment "Amendments to IFRS 3 - Reference to the conceptual framework"

IFRS 3 requires compliance with the definitions included in the Conceptual Framework as a general condition for the recognition of the assets and liabilities of the acquiree. To identify the assets and liabilities of the acquiree, reference must be made to the new definitions of assets and liabilities of the new Conceptual Framework published in March 2018, with the sole exception of the liabilities assumed in the acquiree which, after the acquisition date, are accounted for in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets or IFRIC 21 - Levies. This exception has the objective of preventing an acquirer from recognising a liability or contingent liability on the basis of the new definition of the Conceptual Framework and then reversing it by applying the recognition criteria provided for by IAS 37 and IFRIC 21.

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

Accounting standards, amendments and interpretations endorsed by the European Union, but whose application is not yet mandatory and not adopted in advance by the Group

Below are the principles and amendments approved by the European Union but not yet mandatorily applicable and not adopted by the Group in advance at June 30, 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 criteria 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 net income (loss) of the period over the life of the contract), iii) new representation in the statement of profit or loss of the period was significantly different from the past and more in line with a "margin" logic.

Amendments to IAS 1 "disclosure on accounting standards"

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

The amendment clarifies that: i) an entity must describe in the notes to the financial statements only the relevant accounting principles ("material") and not all the significant accounting principles ("significant"); 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 principles 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 "amendments to accounting estimates"

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

The amendment introduces: i) new definition of accounting estimate: accounting estimates are monetary amounts recognised in the financial statements that have measurement uncertainty; ii) interrelation between accounting estimates and accounting principles: the accounting estimate is made to achieve the objective of the accounting principle, such as for example, the estimate of the fair value (IFRS 13), of the credit losses (IFRS 9), of the net book value of realisation (IAS 2) or of the useful life of property, plant and equipment (IAS 16); iii) techniques for evaluating accounting estimates: accounting estimates are the result of "measurement techniques" which, in addition to the inputs, include "estimation techniques", such as the measurement of credit losses on the basis of IFRS 9, and valuation techniques, such as the estimate of the fair value of real estate investments; iv) change in an accounting estimate: changes in an input or in a valuation technique as a result of the availability of new information, more experience or new developments are changes in accounting estimates, except in the case of a correction of errors from previous years.

Amendments to IAS 12 "Deferred taxes relating to assets and liabilities arising from a single transaction"

The objective of the project is to clarify the accounting treatment of deferred taxes ("DTA/DTL") relating to assets and liabilities recognised in the financial statements as a result of a single transaction, whose book values differ from the tax amounts. 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 book value 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.

Amendments to IAS 1 "Classification of liabilities as current or non-current"

The objective of the project is to clarify the apparently conflicting concepts of paragraphs 69 and 73 of IAS 1; in particular:

- IAS 1.69 (general criteria for the classification of a liability as current or non-current)

An entity must classify a liability as current when:

- a) it is expected that the liability will be extinguished in its normal operating cycle;
- b) owns it mainly for the purpose of negotiating it;
- c) the liability must be extinguished within twelve months from the closing date of the financial year;
- d) it does not have an unconditional right to defer settlement of the liability for at least twelve months from the closing date of the financial year.

An entity must classify all other liabilities as non-current.

- IAS 1.73 (example of application of the right to defer payment of the liability)

If an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months from the reporting date under an existing loan agreement, it classifies the obligation as non-current, even if it would have matured within a shorter period.

Under IAS 1.69, a liability is classified as non-current if the entity has an unconditional right to defer payment for at least 12 months from the reporting date. However, a first reading of IAS 1.73 could also lead to consider the intention of the company management to exercise this right or not.

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

Use of estimates and subjective assumptions

The preparation of the Interim Consolidated Financial Statements and of the relative notes in application of IFRSs, requires the use of estimates and assumptions by management that have an effect on the amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the reporting date. If such estimates and assumptions, which are based on the best evaluation currently available, should differ from the actual circumstances in the future, they will be modified accordingly during the period in which said circumstances change.

In particular, estimates and subjective assumptions are used to recognise impairment loss for credit losses and obsolete and slow-rotation inventory, depreciation and amortisation, deferred tax assets, restructuring provisions as well as other accruals and provisions. The estimates are also used to define the duration and interest rate of the transactions that relate to lease contracts. Estimates and assumptions are reviewed periodically and the effects of all changes are reflected prospectively on the statement of profit or loss.

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

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

At the reporting date of these consolidated financial statements there were no changes in the estimates and assumptions used during the closing process of the last annual financial statements.

Criteria for translating items expressed in foreign currencies

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

All of the assets and liabilities of foreign companies in currencies other than the euro that fall within the scope of consolidation are translated using the exchange rates in force as of the reporting date (current exchange rate method), whereas the associated income and expense are converted at the average exchange rates for the period. The exchange gains and losses resulting from the application of this method are recognised in the other components of the comprehensive income statement and reclassified in the profit (loss) for the period in the event of the sale of the investment. In preparing the consolidated cash flows statement, the cash flows of consolidated foreign companies expressed in currencies other than the euro are translated using the average exchange rates for the period.

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

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

expressed in foreign currency (per 1 euro)

Currency	June 30, 2022		June 30, 2021		December 31, 2021	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US dollar	1.0934	1.0387	1.2053	1.1884	1.1827	1.1326
Japanese yen	134.3071	141.5400	129.8681	131.4300	129.8767	130.3800
South Korean won	1,347.8363	1,351.6000	1,347.5387	1,341.4100	1,354.0570	1,346.3800
Renminbi (P.R. of China)	7.0823	6.9624	7.7960	7.6742	7.6282	7.1947
Taiwan dollar	31.3697	30.8788	33.7755	33.1584	33.0361	31.3671

3. BUSINESS COMBINATIONS

Acquisition of 100% of the share 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 share capital of Strumenti Scientifici Cinel S.r.l. an established international player in the sector of components and scientific instruments for particles 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 of euro, was set by calculating the equity value, by adding the enterprise value (equal to 8 times the EBITDA obtained as the arithmetic average of the EBITDA resulting from the financial statements approved for the years 2019 and 2020), the net financial position (NFP) at the closing date, as well as the difference between the net working capital (NWC) estimated at the closing date and the Company's net working capital (NWC) for the financial year ended as at December 31, 2020.

At the date of preparation of the 2021 annual financial statements, 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 financial statements as 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 the 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

(thousands of euro)

Strumenti Scientifici Cinel S.r.l.	Present value	Historical amount
	100%	100%
Property, plant and equipment	1,269	153
Intangible assets	6,978	8
Right-of-use assets	196	196
Deferred tax assets	53	53
Total non-current assets	8,496	410
Inventories	1,181	1,181
Trade receivables	909	909
Other receivables and other current assets	150	150
Cash and cash equivalents	3,490	3,490
Total current assets	5,730	5,730
Total assets	14,226	6,140
Lease liabilities	81	81
Deferred tax liabilities	2,256	0
Severance indemnities and other employee benefits	1,046	1,046
Total non-current liabilities	3,383	1,127
Trade payables	110	110
Other payables	340	340
Current tax liabilities	237	237
Other current liabilities	1,257	1,257
Lease liabilities	115	115
Current portion of non-current financial debts	38	38
Bank loans and borrowings	0	0
Total current liabilities	2,097	2,097
Total equity	8,746	2,916
Total equity and liabilities	14,226	6,140
Goodwill deriving from the transaction	10,501	16,331
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	Present value (thousands of euro)	Historical amount (thousands of euro)	Residual useful life (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 result 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%,³¹
- the fair value was increased by the tax savings deriving from the amortization 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 95% of the discounted cash flows in perpetuity.

It should be noted that the estimated value of the Customer List also includes the amount of the Company's Backlogs of July 7, 2021, which, on the basis of preliminary analyses, was found to be of an immaterial amount and, therefore, deemed irrelevant for being 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 discounting rate used for the valuation of the customer list (13.1%).

³¹ 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 amortization 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, an evaluation 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 valuation criterion adopted for the valuation of the brand was that of royalty (relief from royalty).

The royalty rate assigned to the Brand 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 discount rate of 13.1% (the same discount rate used for the Customer list and for the Know-how).

For the purposes of calculating the amortization, 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 revalued tangible assets are summarised below, with evidence of their fair value and their prior historical value, as well as their residual useful life (in months) at the date of acquisition.

Property, plant and equipment	Present value (thousands of euro)	Historical amount (thousands 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 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 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 revaluation 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 book values 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 current 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 of euro) were recognised.

The Purchase Price Allocation process resulted in a reduction in the amount of goodwill equal to 5,830 thousand of euro, while the effects on the consolidated result for the year 2021 are detailed in the table below.

(thousands of euro)	Period July 7 - December 31, 2021
Depreciation of property, plant and equipment	(110)
Amortisation of intangible assets	(277)
Effect on pre-tax result	(387)
Income from deferred taxes	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 share 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 share 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 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 the offer, 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 of the remaining 51% of the share capital was set at 5,250 thousand of euro and was calculated by adding algebraically to the enterprise value (equal to approximately 10 times the EBITDA for the year 2020, adjusted for non-recurring items) the net financial position as at December 31, 2020, also pro-formed of the one-off items. A first tranche, equal to 4,750 thousand of euro, was paid by

SAES on May 25, 2022 with its own funds; the remainder, equal to 500 thousand of euro, was withheld as a guarantee and will be paid, again by own means, in three successive annual instalments of the same amount (worth 166.7 thousand of euro each) starting from third anniversary following the closing date (i.e. May 25, 2022).

The following table summarises the fair value at the acquisition date of the main components of the transferred monetary consideration.

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

The following table shows the historical amounts as of May 25, 2022 of the assets and liabilities acquired.

(thousands of euro)	Amounts as of May 25, 2022
SAES RIAL Vacuum S.r.l.	Book Value
	100%
Property, plant and equipment	599
Intangible assets	2
Right-of-use assets	309
Deferred tax assets	5
Other non-current assets	1
Total non-current assets	916
Inventories	1,763
Trade receivables	1,457
Other receivables and other current assets	373
Cash and cash equivalents	463
Total current assets	4,056
Total assets	4,972
Lease liabilities	236
Deferred tax liabilities	0
Severance indemnities and other employee benefits	237
Total non-current liabilities	473
Trade payables	1,089
Other payables	382
Current tax liabilities	220
Other current liabilities	13
Lease liabilities	73
Current portion of non-current financial debts	0
Bank loans and borrowings	402
Total current liabilities	2,179
Total liabilities	2,652
Total net assets	2,320

The process of determining the present values of assets and liabilities acquired is still in progress and, as required by IFRS 3, will be completed within twelve months from the date of acquisition of control.

Consequently, please note that the assets and liabilities associated to SAES RIAL Vacuum S.r.l., fully consolidated in the Group's financial statements as at June 30, 2022, consist of the carrying amounts disclosed in the subsidiary's financial statements, adjusted according to international accounting standards, as of the date of the acquisition, including the changes occurred from May 25, 2022 to June 30, 2022.

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

(thousands of euro)

Total payment	5,206
Cash and cash equivalents acquired	463
Financial outlay, net of the cash and cash equivalents acquired	4,743

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

(thousands of euro)

Amount of the investment previously held by SAES (49%)	2,529
Net assets acquired	(2,320)
Total payment	5,206
Goodwill deriving from the operation	5,415

Goodwill mainly refers to skills and technical knowledge, as well as to the customer list and synergies that are expected to be obtained with the total integration of SAES RIAL Vacuum S.r.l. The goodwill as at June 30, 2022 was provisionally accounted for, pending the completion of the process of determining the present values of the assets and liabilities acquired and, as required by IFRS 3, the definitive treatment of this difference will be disciplined within twelve months from the date of acquisition of control.

In accordance with IFRS 3, the accessory charges to the acquisition were charged to the income statement.

4. REVENUE

In the first half of 2022, consolidated revenue was equal to 120,232 thousand of euro, a strong growth (+40% or +34,347 thousand of euro in absolute value) compared to 85,885 thousand of euro in the first half of 2021.

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

(thousands of euro)

Divisions and Businesses	1H 2022	1H 2021	Total difference	Total difference %	<i>of which:</i>
					Change in consolidation scope
Getters & Dispensers	23,292	21,978	1,314	6.0%	0
Sintered Materials	5,590	4,012	1,578	39.3%	0
SMA Materials	6,798	5,277	1,521	28.8%	0
SAES Industrial	35,680	31,267	4,413	14.1%	0
High Vacuum Solutions	13,209	8,645	4,564	52.8%	3,419
SAES High Vacuum	13,209	8,645	4,564	52.8%	3,419
Medical Nitinol	56,522	38,522	18,000	46.7%	0
SAES Medical Nitinol	56,522	38,522	18,000	46.7%	0
Chemicals	7,447	4,539	2,908	64.1%	0
SAES Chemicals	7,447	4,539	2,908	64.1%	0
Packaging Solutions	7,366	2,912	4,454	153.0%	0
SAES Packaging	7,366	2,912	4,454	153.0%	0
Not Allocated	8	0	8	0.0%	0
Consolidated revenue	120,232	85,885	34,347	40.0%	3,419

All operating segments are growing, in particular the **SAES Medical Nitinol** operating segment (+ 46.7%, equal to 18,000 thousand of euro³²): while highlighting that the two semesters are not perfectly comparable due to the persistence of the COVID effect in the first months of 2021, the resumption of elective therapies, the need to recover deferred interventions and the related restocking actions, together with the physiological growth of the market, favoured the revenues of the first six months of the current year.

Strong growth was also the **SAES Packaging** operating sector (+153%, equal to 4,454 thousand of euro), which saw the strengthening of the growth signals already observed at the end of 2021, both due to the expansion of the customer portfolio and due to the cyclical unavailability of some plastic raw materials and the consequent greater penetration of SAES products which constitute an alternative.

Also growing: the **SAES Chemicals** operating segment (+64.1%, equal to 2,908 thousand of euro), thanks to the continuous increase in demand in the consumer electronics market; the **SAES Industrial** operating segment (+14.1%, equal to 4,413 thousand of euro), driven by higher **SMA Industrial** sales in the luxury segment and by those of **sintered materials** in both the heat sink and electron emitter business; the **SAES High Vacuum** operating segment (+52.8%, equal to 4,564 thousand of euro), thanks to higher sales of vacuum pumps in all segments (particle accelerators, research institutes and industries, to which the revenues from experimental nuclear fusion), as well as favoured by the change in the scope of consolidation (acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire share capital of SAES RIAL Vacuum S.r.l. on May 25, 2022).

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

5. COST OF SALES

The cost of sales amounted to 66,974 thousand of euro in the first half of 2022, compared to 50,505 thousand of euro in the corresponding period of the previous year.

A **breakdown of the cost of sales by category** is provided below, compared with the actual figure of the first half of 2021.

(thousands of euro)				<i>of which:</i>
Cost of sales	1H 2022	1H 2021	Difference	Change in consolidation scope
Raw materials	19,709	14,491	5,218	987
Direct labour	18,366	14,204	4,162	696
Manufacturing overheads	29,775	23,743	6,032	923
Variation of work in progress and finished goods	(876)	(1,933)	1,057	(349)
Total cost of sales	66,974	50,505	16,469	2,257

By separating the effect attributable to the change in the consolidation scope (i.e., acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire share capital of SAES RIAL Vacuum S.r.l. in May 2022) on both consolidated revenues (amounting to 3,419 thousand of euro) and cost of sales (equal to 2,257 thousand of euro), the increase in cost of sales is substantially in line with that of revenue.

In particular, observing the individual components of the cost of goods sold, net of the effect of the change in the scope of consolidation, the **cost of direct labour** and **manufacturing overheads** increased by a lower percentage than the difference in revenue due to economies of scale achieved with the increase in volumes, especially in the medical and packaging sectors, as well as in the chemicals business. In the Medical Nitinol Division there is also the progressive improvement of the production yield of the new tube

³² Of which + 13.5%, equal to 5,212 thousand of euro, attributable to the exchange rate effect.

department, while in the Packaging Division the saturation of the new lacquering line has increased, despite the latter not yet working at full capacity.

The **cost of material** (also including the difference in inventories of semi-finished and finished products, as well as that of raw materials) instead recorded a greater percentage increase compared to the percentage change in revenue, due to the different sales mix and because it was penalised by the increase in volumes in the Packaging and Chemicals Divisions, characterised by a greater absorption of raw materials compared to the other businesses.

6. OPERATING COSTS

Operating costs in the first half of 2022 amounted to 32,799 thousand of euro compared to 27,733 thousand of euro in the same period of the previous year.

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

(thousands of euro)				<i>of which:</i>
Operating costs	1H 2022	1H 2021	Difference	Change in consolidation scope
Research & development expenses	6,183	5,665	518	39
Selling expenses (*)	9,042	6,075	2,967	296
General & administrative expenses	17,574	15,993	1,581	355
Total operating costs	32,799	27,733	5,066	690

(*) The item include Impairment losses of trade receivables (200 thousand of euro as at June 30, 2022 compared to 14 thousand of euro as at June 30, 2021).

Excluding the exchange rate effect (which increased operating costs by +732 thousand of euro) and that linked to the difference in the scope of consolidation³³ (+690 thousand of euro), operating costs increased by 3,644 thousand of euro: the increase is spread across all functions and, in absolute value, is mainly concentrated in **selling expenses** (higher personnel expense for both the Parent and the related company Memry Corporation, as well as higher consulting and marketing costs associated with the launch of the BIPOD project and higher transport costs related to the increase in sales in the packaging business) and, to a lesser extent, in **general and administrative expenses** (salary increases mainly of the Parent and higher variable remuneration linked to the good performance trend, as well as higher insurance costs). **Research and development expenses**, on the other hand, are substantially unchanged, again net of the exchange rate effect and the effect of the change in the consolidation scope (there is only a slight increase in the personnel expense employed in research at the Parent, as well as expenses related to the restructuring of the laboratories of Lainate).

A breakdown of **costs (costs of sales and operating costs) by nature** included in the cost of sales and operating expenses, compared with June 30, 2021, is given below, with evidence of the effect attributable to the fluctuation in exchange rates and the difference in the scope of consolidation.³⁴

³³ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire share capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

³⁴ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and acquisition of the entire share capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

(thousands of euro)

of which:

Total costs by nature	1H 2022	1H 2021	Difference	Change in consolidation scope	Exchange rate effect
Raw materials	19,709	14,491	5,218	987	1,067
Personnel expense	48,001	39,661	8,340	1,310	2,470
Corporate bodies	2,727	2,531	196	0	0
Travel expenses	318	113	205	4	15
Maintenance and repairs	2,436	2,365	71	62	86
Various materials	5,641	4,768	873	61	350
Transport	1,166	841	325	26	68
Commissions	137	95	42	31	8
Licenses and patents	385	383	2	1	17
Consultant fees and legal expenses	4,152	3,628	524	147	82
Audit fees	232	295	(63)	34	1
Rent and operating leases	352	335	17	17	8
Insurance	817	610	207	19	27
Advertising costs	1,036	132	904	3	12
Utilities	3,727	2,170	1,557	163	76
Telephones and faxes	185	163	22	4	12
General services (canteen, cleaning, security)	1,175	1,001	174	10	44
Training costs	137	129	5	1	3
Depreciation of property, plant and equipment	4,798	3,898	900	40	189
Ammortization of intangible assets	772	666	106	1	33
Depreciation of right-of-use assets	1,272	1,103	169	124	65
Impairment losses of property, plant and equipment and intangible assets	228	6	222	0	21
Impairment losses on trade receivables	200	14	186	68	11
Other	1,046	773	276	183	46
Total costs by nature	100,649	80,171	20,478	3,296	4,711
Variation in work in progress and finished goods	(876)	(1,933)	1,057	(349)	129
Total cost of sales and operating costs	99,773	78,238	21,535	2,947	4,840

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 scope of consolidation.

The items **"Raw materials"**, **"Various materials"** and **"Variation in work in progress and finished goods"**, which are directly linked to the production cycle, increased proportionally with the organic increase in sales.

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 phase) 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). Lastly, 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 almost completely offset by less recourse to temporary work at Memry Corporation. Costs for personnel leaving in the half year amounted to 55 thousand of euro, compare to 426 thousand of euro as at June 30, 2021.

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.

The increase in the items **"Consultant fees and legal expenses"** and **"Advertising costs"** is mainly related to the market launch of the first product (DRO! D) under the new B!POD project, developed by the Design House of SAES and aimed at using the Group's innovative technologies to improve food conservation and fight waste, reducing emission of CO₂.

The change in the item **"Utilities"** is related to the increase in both consumption and unit costs of energy in the Italian factories.

The increase in the items "**Depreciation of property, plant and equipment**" and "**Amortization of intangible assets**" is mainly explained by the higher depreciation of Memry Corporation (in particular, depreciation of new plant and equipment both for the expansion of existing production capacity, both for the new tube department in Bethel) and the Parent (mainly as a result of the restructuring of both the laboratories and some areas for office use). In addition, the higher amortisation and depreciation of tangible and intangible assets identified in relation to the business combination of Strumenti Scientifici Cinel S.r.l., in compliance with the provisions of IFRS 3 (387 thousand of euro), should also be noted.

The item "**Impairment losses of property, plant and equipment and intangible assets**", close to zero as at June 30, 2021, in the current half year includes the impairment losses resulting from the works for the expansion of the building of the US subsidiary SAES Smart Materials, Inc.

It should be noted that the item "**Impairment losses of trade receivables**" includes the generic impairment losses of trade receivables, including those not yet past due, in application of the Expected Credit Loss model envisaged by IFRS 9 (cost equal to -9 thousand of euro in the current half-year period, compared to -16 thousand of euro in the corresponding period of the previous year). The difference on June 30, 2022 is made up of the impairment of specific credit positions of the Parent and of Strumenti Scientifici Cinel S.r.l.

7. OTHER INCOME AND EXPENSES

The item "Other income" and "Other expenses" as at June 30, 2022 recorded a net negative balance of -151 thousand of euro compared to an again negative value equal to -103 thousand of euro in the corresponding period of the previous year.

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

(thousands of euro)	1H 2022	1H 2021	Difference	<i>of which:</i> Change in consolidation scope
Other income	218	158	60	10
Other expenses	(369)	(261)	(108)	(23)
Total other income (expenses)	(151)	(103)	(48)	(13)

The item "**Other income**" includes all revenue that does not fall within the ordinary operations of the Group, such as, for example, the proceeds from the sale of scrap materials, and it is in line with the first half of 2021.

The item "**Other expenses**", however, mainly includes the property taxes and other taxes, other than income taxes, mostly paid by the Group's Italian companies. The increase is mainly attributable to donations made in the current half year to support Ukraine (70 thousand of euro given to a local volunteer network in connection with the Ukrainian Embassy in Italy and 30 thousand of euro assigned to an Italian assistance organisation for refugees).

8. FINANCIAL INCOME AND IMPAIRMENT OF FINANCIAL RECEIVABLES AND OTHER FINANCIAL ASSETS

The following tables show the financial income and expenses breakdown in the first half of 2022, compared to the corresponding period of the previous year.

(thousands of euro)

	1H 2022	1H 2021	Difference	<i>of which:</i> Change in consolidation scope
Financial income				
Bank interest income	3	5	(2)	0
Other financial income	395	221	174	0
Gains from securities evaluated at fair value	0	1,413	(1,413)	0
Coupons and other <u>net</u> income realized on securities	720	755	(35)	0
Gains realized on derivative instruments	0	0	0	0
Gains from derivative instruments evaluated at fair value	0	14	(14)	0
Total financial income	1,118	2,408	(1,290)	0

(thousands of euro)

	1H 2022	1H 2021	Difference	<i>of which:</i> Change in consolidation scope
Financial expenses				
Bank interest and other bank expenses	424	845	(421)	22
Other financial expenses	58	2	56	0
Losses from securities evaluated at fair value	13,738	0	13,738	0
Commissions and other securities costs	95	127	(32)	0
Interest on lease liabilities	95	112	(17)	3
Realized losses on derivative instruments	0	13	(13)	0
Losses from derivative instruments evaluated at fair value	0	0	0	0
Total financial expenses	14,410	1,099	13,311	25
Impairment losses of financial receivables and other financial assets	275	174	101	0
Total financial expenses & impairment losses of financial receivables and other financial assets	14,685	1,273	13,412	25

The item "**Other financial income**" is mainly composed, of 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, had been granted in two equal instalments, paid in August and November 2021, respectively). See Note no. 22 for further details. The increase compared to the first half of 2021 is mainly attributable to the interest on the second convertible note granted to Flexterra, Inc., which was not present at June 30, 2021. Lastly, the item includes interest income on the convertible loan granted at the beginning of July 2021 to the German RapiTag GmbH (for further details, see Note no. 24), also not present in the first half of 2021.

The items "**Gains/Losses from securities evaluated at fair value**" are associated with the measurement at fair value of the securities subscribed³⁵ 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 in the first half of 2021 there was an increase in the fair value of the securities equal to +1,413 thousand of euro, the strong negative change at June 30, 2022, equal to -13,738 thousand of euro, is a consequence of the conflict in Ukraine and resulting international tensions.

Again in relation to the securities portfolio, the item "**Coupons and other net income realised on securities**", includes income from the collection of coupons (+975 thousand of euro in the first half of 2022, compared to +1,319 thousand of euro in 2021), as well as net charges deriving from the partial disinvestment of the bond portfolio, replaced by a Dynamic Multi-Asset (DMAS) management, with the aim of protecting the value of the invested capital in the current global macroeconomic and monetary framework (net charges equal to -255 thousand of euro in the first half of 2022, compared to -564 thousand of euro in the corresponding period of 2021).

³⁵ Securities subscribed by the Parent and by its Luxembourg subsidiary SAES Investments S.A.

Finally, the item "**Commissions and other securities costs**" consists of the management fees of the aforementioned securities portfolio and is in line with in both semesters (-95 thousand of euro as at June 30, 2022, compared to -127 thousand of euro as at June 30, 2021).

Please refer to Note no. 20 for further details on the securities subscribed.

The item "**Bank interest and other bank expenses**" included accrued interest expenses 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 period is attributable to the early repayment by the Parent of all the loans 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 pressure financial statement on economic results. For long-term loans outstanding as at June 30, 2022, please refer to Note no. 31, while for details on the early repayment transaction, please refer to the Consolidated Financial Statements as at December 31, 2021.

Interest on lease liabilities amounted 95 thousand of euro in the first half of 2022 (in line with 112 thousand of euro in the corresponding period of the previous year) and were a consequence of the application of the IFRS 16 standard.

In the first half of 2021, the item "**Income/Losses from derivative instruments evaluated at fair value**" represented the effect on the statement of profit or loss of the fair value measurement of the hedge contracts (also embedded in financing contracts) on the long-term variable rate loans subscribed by the Parent. The item "**Realized losses on derivative instruments**" included the interest differentials actually paid to credit institutes for those contracts. These items are both nil in the first half of 2022 because all the hedging contracts on the risk of differences in interest rates either were expired or terminated early at the end of last year, following the Parent's early repayment of the related variable-rate loans.

The item "**Impairment losses of financial receivables and other financial assets**" in both semesters includes the impairment losses on both the financial receivable (79 thousand of euro both in the first half of 2022 and in the corresponding period of the previous year) for accrued interest in the period on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH, and of that (194 thousand of euro in the first half of 2022, compared to 100 thousand of euro in the corresponding period of the previous year) for the interest accrued on convertible loans granted by SAES Getters International Luxembourg SA to Flexterra, Inc. Both receivables were impaired because they were deemed difficult to recover, based on the information available.

Finally, the item includes impairment losses of 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, the riskiness associated with some of the banks with which the Group does business decreased slightly, this calculation led to an increase in the expected losses on cash and cash equivalents of 2 thousand of euro, as a consequence of the increased cash and cash equivalents held by the Group (35.1 million euro as at June 30, 2022 compared to 29.5 million euro as at December 31, 2021). In the corresponding period of the previous year, expected losses had decreased by 5 thousand of euro compared to December 31, 2020.

9. SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEEES

The item "**Share of profit of equity-accounted investees**" includes the Group's share in the net profit of the joint ventures Actuator Solutions GmbH, SAES RIAL Vacuum S.r.l. and Flexterra, Inc.³⁶, consolidated with the equity method.

³⁶ Flexterra, Inc., in turn, consolidated the wholly owned subsidiary Flexterra Taiwan Co., Ltd. (established in January 2017).

(thousands of euro)

	1H 2022	1H 2021	Difference
Actuator Solutions GmbH	0	0	0
SAES RIAL Vacuum S.r.l.	(*) 167	53	114
Flexterra	0	0	0
Total Share of profits of equity-accounted investees	167	53	114

(*) Share of the result for the period January 1 - May 25, 2022, the date on which the purchase of the remaining 51% of the share capital of SAES RIAL Vacuum S.r.l. was completed by the SAES Group.

In both periods the amount is attributable exclusively to the SAES RIAL Vacuum S.r.l. joint venture, with the difference that the 2022 amount, instead of referring to the entire semester, relates to the period January 1 - May 25, 2022 (date of the closing of the acquisition of the entire share capital of SAES RIAL Vacuum S.r.l. by the SAES Group).

Actuator Solution GmbH

Actuator Solutions GmbH closed the first half of 2022 with a negative result for the period of -384 thousand of euro, as a result of operating costs (in particular, research and development expenses and general and administrative expenses), higher than the gross profit of the period. The Group's share of this loss (-192 thousand of euro) was not recognised by the Group, since the investment of SAES had already been fully impaired and since as of today there is no legal or implicit obligation for its recapitalisation of SAES. The first half of 2021 had closed with a profit of 1,253 thousand of euro, but again, SAES' share (+626 thousand of euro) was not recorded by the Group as the joint venture's equity was negative for around 2 million of euro³⁷, against a nil investment.

SAES RIAL Vacuum S.r.l.

SAES RIAL Vacuum S.r.l. closed the period January 1 - May 25, 2022 with a profit of 342 thousand of euro. The income recognised by the Group for measurement using the equity method was 167 thousand of euro.

Flexterra, Inc.

Flexterra, Inc., which wholly owns Flexterra Taiwan Co., Ltd., closed the first half of 2022 with a negative result for the period of -1,969 thousand of euro (mainly research and development expenses and, in absolute lower terms, general and administrative costs, as well as interest expense on convertible loans granted to the joint venture by both SAES and third-party investors, and exchange losses of the subsidiary Flexterra Taiwan Co., Ltd.).

Similarly to the previous year, the Group's share of this loss (-922 thousand of euro) was not recognised as a liability, since SAES's investment in Flexterra had already been fully impaired and there was no legal or implicit obligation for recapitalisation by SAES, the joint venture's equity at June 30, 2022 being positive by more than 3 million of euro³⁸.

For further details on the performance of equity-accounted investees, please refer to Note no. 18.

10. EXCHANGE GAINS AND LOSSES

In the first half of 2022, the exchange rates management recorded a negative balance of 507 thousand of euro with respect to a value that is always negative and equal to -72 thousand of euro in the corresponding

³⁷ Consolidated pro rata at 50%.

³⁸ Consolidated pro-rata at 46.84%.

period of the previous year. The negative difference is mainly due to losses on forward contracts entered into to hedge commercial transactions in dollars in 2022 (both realised losses and deriving from the fair value measurement of contracts not yet matured).

Details of the exchange gains and losses as at June 30, 2022 compared to the same period of 2021 are set out in the following table.

(thousands of euro)				<i>of which:</i>
Exchange differences	1H 2022	1H 2021	Difference	Change in consolidation scope
Exchange gains	522	331	191	44
Exchange losses	(525)	(398)	(127)	(35)
Total Exchange differences	(3)	(67)	64	9
Realized exchange gains on forward contracts	0	15	(15)	0
Realized exchange losses on forward contracts	(141)	0	(141)	0
Gains (losses) from forward contracts evaluated at fair value	(363)	(20)	(343)	0
Gains (losses) on forward contracts	(504)	(5)	(499)	0
Exchange gains (losses)	(507)	(72)	(435)	9

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 intercompany.

The item "**Realized exchange gains (losses) on forward contracts**" shows a negative balance of -504 thousand of euro in the first half of 2022 (to be compared with -5 thousand of euro as at June 30, 2021) and refers to the valuation of sales contracts forward on the dollar subscribed by SAES Getters S.p.A. at the end of November 2021, to hedge approximately 80% of the net commercial flows in dollars expected for the Parent for the year 2022. This item includes both the realisation (-141 thousand of euro) relating to forward contracts which expired during the current half-year, and the economic impacts deriving from the fair value measurement (-363 thousand of euro) of the contracts still outstanding as at June 30, 2022. For the details of these contracts, please refer to Note no. 40.

11. INCOME TAXES

As at June 30, 2022, **income taxes** amounted to 6,750 thousand of euro, compared to 4,471 thousand of euro in the corresponding period of the previous year.

The related details are provided below.

(thousands of euro)				<i>of which:</i>
	1H 2022	1H 2021	Difference	Change in consolidation scope
Current taxes	6,554	3,287	3,267	103
Deferred taxes	196	1,184	(988)	(16)
Total	6,750	4,471	2,279	87

In both half-year periods, the item mainly consisted of taxes of manufacturing companies in the US. The increase as at June 30, 2022, compared to the first six months of the previous year, is attributable to the higher taxable income realised by the latter, in the face of the recovery of the business.

The Group's tax rate went from 51.6% to 105.5%: the worsening is due to the fact that SAES Investments S.A. closed the current half year with a negative taxable base³⁹, prudently not recognised as a deferred tax asset.

As in the first half of 2021, no Group company recognised deferred tax income on the fiscal losses as at June 30, 2022. These tax losses totalled 14,180 thousand of euro and compare to fiscal losses of negative 9,665 thousand of euro in the first half of 2021. The increase is mainly due to the negative taxable amount of SAES Investments S.A., which closed the first half with a fiscal loss due to losses on securities resulting from the Ukraine crisis, and to the higher negative taxable amounts of the Parent, only partly offset by the decrease in fiscal losses of SAES Coated Films S.p.A.

12. 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.

Since the period ended with a loss, the latter was allocated equally to each type of shares.

If the period had ended in profit, in order to calculate the earnings per share, the amount of the preferred dividends contractually assigned to savings shares in the event of a theoretical distribution of that profit would be subtracted from the profit for the period. The value obtained would have been divided by the average number of outstanding shares in the semester.

The following table shows the result per share in the first half of 2022, compared with the figure for the corresponding value of the first half of 2021.

Basic/diluted earnings per share	1H 2022			1H 2021		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (thousands of euro)			(349)			4,189
Theoretical preference dividends (thousands of euro)		0	0		1,022	1,022
Profit (loss) attributable to the different categories of shares (thousands of euro)	(207)	(142)	(349)	2,413	753	3,167
Total profit (loss) attributable to the different categories of shares (thousands of euro)	(207)	(142)	(349)	2,413	1,776	4,189
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)	(0.01923)	(0.01923)		0.22404	0.24067	

13. SEGMENT INFORMATION

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.

- **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

³⁹ Loss caused by the negative performance of the securities portfolio held by the company as a result of the crisis in Ukraine and the resulting international tensions.

dryer, sealant barrier with getter function and filler containing getter species for OLED, optoelectronic, photonics and telephony 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 sector is evaluated according to its operating result; financial income and expenses, foreign exchange performance and income taxes are measured at the overall Group level and thus they are not allocated to the operating segments.

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

The "Not Allocated" 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 **income statement figures by operating segment** is provided below.

(thousands of euro)														
Consolidated statement of profit (loss)	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total	
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
Revenue	35,680	31,267	13,209	8,645	56,522	38,522	7,447	4,539	7,366	2,912	8	0	120,232	85,885
Cost of sales	(17,448)	(14,856)	(6,945)	(4,016)	(30,817)	(24,915)	(5,624)	(3,590)	(6,040)	(2,794)	(100)	(334)	(66,974)	(50,505)
Gross profit	18,232	16,411	6,264	4,629	25,705	13,607	1,823	949	1,326	118	(92)	(334)	53,258	35,380
<i>% on revenue</i>	<i>51.1%</i>	<i>52.5%</i>	<i>47.4%</i>	<i>53.5%</i>	<i>45.5%</i>	<i>35.3%</i>	<i>24.5%</i>	<i>20.9%</i>	<i>18.0%</i>	<i>4.1%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>44.3%</i>	<i>41.2%</i>
Total operating costs	(7,166)	(5,730)	(3,344)	(2,219)	(4,825)	(4,226)	(960)	(522)	(1,737)	(1,731)	(14,767)	(13,305)	(32,799)	(27,733)
Other income (expenses)	(5)	32	3	(1)	88	22	(10)	(1)	2	(17)	(229)	(138)	(151)	(103)
Operating profit (loss)	11,061	10,713	2,923	2,409	20,968	9,403	853	426	(409)	(1,630)	(15,088)	(13,777)	20,308	7,544
<i>% on revenue</i>	<i>31.0%</i>	<i>34.3%</i>	<i>22.1%</i>	<i>27.9%</i>	<i>37.1%</i>	<i>24.4%</i>	<i>11.5%</i>	<i>9.4%</i>	<i>-5.6%</i>	<i>-56.0%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>16.9%</i>	<i>8.8%</i>
Financial income													1,118	2,408
Financial expense													(14,410)	(1,099)
Impairment losses of financial receivables and other financial assets													(275)	(174)
Share of profit of equity-accounted investees													167	53
Exchange gains (losses)													(507)	(72)
Pre-tax profit (loss)													6,401	8,660
Income taxes													(6,750)	(4,471)
Profit (loss) for the period													(349)	4,189

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 **economic data relating to the first half of 2021** presented for comparative purposes, according to the new operating structure, highlighting the reclassifications with respect to the operating segments in place up to December 31, 2021.

(thousands of euro)																
Consolidated statement of profit (loss)	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total			
	1H 2021	Reclassifications 1H 2021 reclassified	1H 2021	Reclassifications 1H 2021 reclassified	1H 2021	Reclassifications 1H 2021 reclassified	1H 2021	Reclassifications 1H 2021 reclassified	1H 2021	Reclassifications 1H 2021 reclassified	1H 2021	Reclassifications 1H 2021 reclassified	1H 2021	Reclassifications 1H 2021 reclassified		
Revenue	38,203	1,064	31,207	8,645	0	8,645	38,522	5,603	(1,064)	4,539	2,912	0	0	85,885	0	85,885
Cost of sales	(14,429)	(427)	(14,856)	(4,054)	0	(4,056)	(24,915)	(4,017)	427	(3,590)	(2,796)	0	(334)	(30,505)	0	(30,505)
Gross profit	15,774	637	16,411	4,629	0	4,629	13,607	1,586	(637)	849	1,116	0	334	35,380	0	35,380
% on revenue	52.2%	38.9%	52.6%	33.5%	n.a.	33.3%	33.3%	28.3%	39.9%	4.7%	4.2%	n.a.	n.a.	41.2%	n.a.	41.2%
Total operating costs	(5,185)	(540)	(5,730)	(2,216)	0	(2,216)	(4,220)	(1,907)	540	(522)	(1,731)	0	(1,305)	(27,713)	0	(27,713)
Other income (expenses)	35	(14)	32	(1)	0	(1)	22	(6)	1	(17)	(136)	0	(136)	(103)	0	(103)
Operating profit (loss)	10,624	89	10,713	2,409	0	2,409	9,403	515	(89)	424	(1,630)	0	(13,777)	7,544	0	7,544
% on revenue	33.2%	8.4%	34.3%	27.9%	n.a.	27.9%	24.4%	9.2%	8.4%	9.4%	-36.0%	n.a.	n.a.	8.8%	n.a.	8.8%
Financial income														2,409	0	2,409
Financial expense														(1,099)	0	(1,099)
Impairment losses of financial receivables and other financial assets														(174)	0	(174)
Share of profit of equity-accounted investees														51	0	51
Exchange gains (losses)														(72)	0	(72)
Pre-tax profit (loss)														8,640	0	8,640
Income taxes														(4,471)	0	(4,471)
Profit (loss) for the period														4,169	0	4,169

Information on geographical segment

A breakdown of **consolidated revenue according to the location of the client** is provided below.

(thousands of euro)				<i>of which:</i>			
Geographical segment	1H 2022	%	1H 2021	%	Total difference	Total difference %	Change in consolidation scope
Italy	3,592	3.0%	2,432	2.8%	1,160	47.7%	813
Europe	23,864	19.8%	14,580	17.0%	9,284	63.7%	1,766
North America	70,428	58.6%	50,168	58.4%	20,260	40.4%	511
Japan	3,298	2.7%	4,967	5.8%	(1,669)	-33.6%	0
South Korea	1,115	0.9%	1,210	1.4%	(95)	-7.9%	0
China	12,836	10.7%	9,298	10.8%	3,538	38.1%	0
Other Asian countries	2,956	2.5%	2,549	3.0%	407	16.0%	0
Others	2,143	1.8%	681	0.8%	1,462	214.7%	329
Consolidated revenue	120,232	100.0%	85,885	100.0%	34,347	40.0%	3,419

The first half of 2022 shows a strong increase in sales in **North America**, mainly driven by the Medical Nitinol Division and to a lesser extent by the business of vacuum pumps and sintered materials for both medical and defence applications.

Sales in **Europe** are also growing, driven above all by the high vacuum division, also favoured by the change in the scope of consolidation, and by that of packaging, the latter also growing in **Italy** and in the **rest of the world** (in particular, South Africa).

The **Chinese market** is also seeing growth, thanks above all to sales of advanced solutions for the consumer electronics market (Chemicals Division). Only the revenues in **Japan** decreased, due to the different geographical distribution of the revenue from vacuum pumps.

A breakdown of **consolidated revenue according to the country of the Group company generating the revenue** is provided below.

(thousands of euro)

Country in which the Group's entity is located	1H 2022	%	1H 2021	%	Total difference
Italy	43,357	36.0%	30,117	35.1%	13,240
North America	74,854	62.3%	53,656	62.4%	21,198
South Korea	919	0.8%	747	0.9%	172
China	1,101	0.9%	1,360	1.6%	(259)
Other Asian countries	1	0.0%	5	0.0%	(4)
Consolidated revenue	120,232	100.0%	85,885	100.0%	34,347

The increase in revenues in **Italy** is a consequence of both the consolidation of growth in the packaging business and the change in the scope of consolidation (acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and purchase of the entire share capital of SAES RIAL Vacuum S.r.l. at the end of May 2022), as well as the excellent results recorded in the chemicals sector, favoured by the continuous increase in demand in the consumer electronics market.

The increase in revenues 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.

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment amounted to 90,034 thousand of euro as at June 30, 2022 and showed an increase of 5,485 thousand of euro compared to the restated value as at December 31, 2021.

The change that occurred during the current half year period is shown below.

(thousands of euro)

Property, plant and equipment	Land	Buildings	Plant and machinery	Under construction	Total
December 31, 2021	4,728	24,697	41,434	12,684	83,543
Restatement of 2021 figures (*)	0	0	1,006	0	1,006
December 31, 2021 - restated	4,728	24,697	42,440	12,684	84,549
Acquisitions	0	1,736	1,970	2,441	6,147
Disposals	0	(1)	(1)	(2)	(4)
Reclassifications	0	7,725	2,742	(10,467)	0
Change in consolidation scope	0	128	468	3	599
Depreciation	0	(1,131)	(3,667)	0	(4,798)
Impairment losses	0	(226)	(2)	0	(228)
Revaluations	0	0	0	0	0
Translation differences	308	1,212	1,759	490	3,769
June 30, 2022	5,036	34,140	45,709	5,149	90,034
December 31, 2021 - restated					
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)
Net book value	4,728	24,697	42,440	12,684	84,549
June 30, 2022					
Historical cost	5,178	63,982	165,356	5,521	240,037
Accumulated depreciation	0	(29,352)	(113,971)	0	(143,323)
Impairment losses	(142)	(490)	(5,676)	(372)	(6,680)
Net book value	5,036	34,140	45,709	5,149	90,034

(*) The opening balances have been restated with respect to the amounts of the consolidated financial statements as 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 the 2021 figures".

As at June 30, 2022, land and buildings were not burdened by mortgages or other guarantees.

In the first half of 2022, investments in property, plant and equipment were equal to 6,147 thousand of euro and included the finalisation of a new department to manufacture Nitinol piping at the Bethel plant of Memry Corporation, as well as investments in expansion of the production capacity of a number of existing lines, again in the SMA medical business. Please also note the significant 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 the High Vacuum, SMA Industrial and related productions of the new B!POD project, as well as the purchase of the emulsification pilot plant and other instrumentation specifically for R&D laboratories and investments for the renovation and modernisation of the corporate labs in Lainate.

The item "Change in consolidation scope" refers to the property, plant and equipment of SAES RIAL Vacuum S.r.l. at May 25, 2022, the date on which SAES Getters S.p.A., which already held 49% of the quota capital of the company, completed the acquisition of the remaining 51%: starting from that date, SAES RIAL Vacuum S.r.l. is wholly owned by the SAES Group and fully consolidated, rather than by the previously used equity method.

As reported in the Note no. 3, the property, plant and equipment of SAES RIAL Vacuum S.r.l. are provisionally included in the interim consolidated financial statements on the basis of the historical amounts present in the company's financial statements; the process of determining present values is still in progress and, as required by IFRS 3, will be completed within twelve months of acquisition of control.

Depreciation for the period, equal to -4,798 thousand of euro, is up compared to the first half of 2021 (-3,898 thousand of euro). The increase is mainly attributable to the effect of the difference in the scope of consolidation⁴⁰ (+40 thousand of euro), by the higher depreciation of Memry Corporation (in particular, depreciation of new plant and equipment both for the expansion of existing production capacity, both for the new Bethel tube department) and of the Parent (mainly as a result of the restructuring of both the laboratories and some areas for office use). Lastly, the higher depreciation (110 thousand of euro) on the capital gains of the property, plant and equipment resulting from the business combination of Strumenti Scientifici Cinel S.r.l., in compliance with the provisions of IFRS 3, should also be noted.

The impairment losses, totalling -228 thousand of euro, includes impairment losses resulting from the works for the expansion of the building of the US subsidiary SAES Smart Materials, Inc.

The translation differences (gains of +3,769 thousand of euro) relate to assets owned by the US companies and result from the appreciation of the US dollar as at June 30, 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. As at June 30, 2022, this item mainly included the investments yet to be completed in the Nitinol segment, both for the expansion of Memry Corporation's production capacity and for the finalisation of the above-mentioned new Bethel tube department. Finally, we report the advances and work in progress of the Parent related to the installation of the emulsification pilot plant and the investments for the renovation of the corporate labs in Lainate.

All the property, plant and equipment described in this paragraph are owned by the SAES Group. Please refer to Note no. 17 for more details on rights of use assets at June 30, 2022.

15. INTANGIBLE ASSETS

Intangible assets amounted to 10,753 thousand of euro as at June 30, 2022 and recorded a decrease of 430 thousand of euro compared to the restated value as at December 31, 2021.

The change that occurred during the current half year period is shown below.

⁴⁰ 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.

(thousands of euro)

Intangible assets	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Under construction	Total
December 31, 2021	0	3,313	322	828	27	4,490
Restatement of figures (*)	0	0	199	6,494	0	6,693
December 31, 2021 - restated	0	3,313	521	7,322	27	11,183
Acquisitions	0	87	0	122	39	248
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Change in consolidation scope	0	0	0	2	0	2
Amortization	0	(161)	(117)	(494)	0	(772)
Impairment losses	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Translation differences	0	24	19	49	0	92
June 30, 2022	0	3,263	423	7,001	66	10,753
December 31, 2021 - restated						
Historical cost	183	10,481	11,659	29,422	766	52,511
Accumulated amortisation	(183)	(6,542)	(8,641)	(21,940)	0	(37,306)
Impairment losses	0	(626)	(2,497)	(160)	(739)	(4,022)
Net book value	0	3,313	521	7,322	27	11,183
June 30, 2022						
Historical cost	183	10,844	11,796	30,862	805	54,490
Accumulated depreciation	(183)	(6,955)	(8,876)	(23,701)	0	(39,715)
Impairment losses	0	(626)	(2,497)	(160)	(739)	(4,022)
Net book value	0	3,263	423	7,001	66	10,753

(*) The opening balances have been restated with respect to the amounts of the consolidated financial statements as 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".

Investments in the period, of an insignificant amount, were equal to 248 thousand of euro and mainly consist of the capitalisable costs of the Parent related to the development phase⁴¹ of the new website for the BIPod project.

The item "Change in consolidation scope" refers to the intangible assets of SAES RIAL Vacuum S.r.l. at 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%: starting from that date, SAES RIAL Vacuum S.r.l. is wholly owned by the SAES Group and fully consolidated, rather than the equity method, previously used.

As reported in the Note no. 3 the intangible assets of SAES RIAL Vacuum S.r.l. are provisionally included in the interim consolidated financial statements on the basis of the historical amounts present in the company's financial statements; the process of determining present values and identifying any unrecognised intangible assets is still in progress and, as required by IFRS 3, will be completed within twelve months of the date from the acquisition of control.

Amortization for the period was equal to 772 thousand of euro, compared to 666 thousand of euro in the corresponding period of the previous year. The slight increase is attributable to the amortization of the intangible assets identified in relation to the business combination of Strumenti Scientifici Cinel S.r.l., in compliance with the provisions of IFRS 3 (277 thousand of euro).

The translation differences (gains of 92 thousand of euro) relate to the intangible assets owned by the US companies and result from the appreciation of the US dollar as at June 30, 2022 compared to the exchange rate of December 31, 2021.

All intangible assets are considered to have finite useful lives and are systematically amortised every year to account for their expected residual use.

⁴¹ In accordance with the provisions of SIC 32, the expenses incurred in the development phase of the content are excluded from the capitalisation.

16. GOODWILL

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

(thousands of euro)

<i>Cash Generating Units (CGUs)</i>	December 31, 2021	Restatement of 2021 figures (*)	December 31, 2021 - restated	Change in consolidation scope	Translation differences	June 30, 2022
SAES Industrial	945	0	945	0	0	945
SAES High Vacuum	16,331	(5,830)	10,501	5,415	0	15,916
SAES Medical Nitinol	37,185	0	37,185	0	3,187	40,372
Functional Acoustic Composites (SAES Chemicals)	0	0	0	0	0	0
SAES Packaging	0	0	0	0	0	0
Not allocated	0	0	0	0	0	0
Total goodwill	54,461	(5,830)	48,631	5,415	3,187	57,233

(*) Goodwill related to the CGU SAES High Vacuum has been restated respect to the amounts of the consolidated financial statement as 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 with respect to the restated value as at December 31, 2021 is attributable both to the full consolidation of SAES RIAL Vacuum S.r.l. (for further details on the calculation of goodwill, see Note no. 3), and to the effect exchange rates on goodwill in currencies other than the euro (related, in particular, to the appreciation of the dollar as at June 30, 2022, compared to the exchange rate as at December 31, 2021).

It should be noted that the amount of the goodwill deriving from the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. is to be considered provisional, pending the completion of the process of determining the present values of the net assets acquired.

The gross carrying amounts of goodwill and the related accumulated impairment losses as at June 30, 2022 and December 31, 2021 are shown below.

(thousands of euro)

<i>Cash Generating Units (CGUs)</i>	June 30, 2022			December 31, 2021		
	Gross value	Impairment losses	Net book value	Gross value	Impairment losses	Net book value
SAES Industrial	1,008	(63)	945	1,008	(63)	945
SAES High Vacuum (*)	15,916	0	15,916	10,501	0	10,501
SAES Medical Nitinol (**)	43,772	(3,400)	40,372	40,585	(3,400)	37,185
Functional Acoustic Composites (SAES Chemicals)	0	0	0	0	0	0
SAES Packaging	2,409	(2,409)	0	2,409	(2,409)	0
Not allocated	358	(358)	0	358	(358)	0
Total goodwill	63,463	(6,230)	57,233	54,861	(6,230)	48,631

(*) The difference between the gross value as at June 30, 2022 and December 31, 2021 is due to the full consolidation of SAES RIAL Vacuum S.r.l. for the first time.

(**) The difference between the gross value as at June 30, 2022 and December 31, 2021 is due to exchange differences on goodwill in currencies other than euro.

Impairment test

Pursuant to IAS 36, goodwill is not amortised but rather is tested for impairment annually or more often should any specific event take place that may lead to the assumption that there has been a reduction in the amount of goodwill.

With reference to the CGUs to which goodwill has been allocated, recoverability analysis was carried out as at June 30, 2022 as there were no indicators of impairment in relation to the goodwill recorded in the financial statements.

With reference to the other CGUs, no impairment indicators were identified, with the exception of the Packaging CGU, whose non-current assets had been impaired when the consolidated financial statements at December 31, 2021 were drawn up. For this CGU, the Management updated the forecasts to reflect the new income and cash generation expectations and, even in the presence of

an increase in the discount rate (WACC) at June 30, 2022, there was no need recognised further impairment losses.

17. RIGHT OF USE ASSETS

The right of use assets, resulting from leases, (rental or use of third-party asset contracts) amounted to 5,789 thousand of euro as at June 30, 2022, decreasing by 610 thousand of euro compared to December 31, 2021.

The change that occurred during the current half year period is shown below.

(thousands of euro)

Right of use assets	Buildings	Plant and machinery	Cars	Total
December 31, 2021	5,154	551	694	6,399
New lease agreements signed in the period	0	9	132	141
Early termination of lease agreements	0	0	0	0
Reclassifications	0	0	0	0
Change in consolidation scope	257	49	3	309
Depreciation	(972)	(124)	(176)	(1,272)
Impairment losses	0	0	0	0
Translation differences	202	4	6	212
June 30, 2022	4,641	489	659	5,789
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
Net book value	5,154	551	694	6,399
June 30, 2022				
Historical cost	10,215	892	1,475	12,582
Accumulated depreciation	(5,574)	(403)	(816)	(6,793)
Impairment losses	0	0	0	0
Net book value	4,641	489	659	5,789

The new leases agreements subscribed in the period mainly refer to the renewal of some rental agreements for the Parent's car fleet, as well as the signing of a new car rental agreement by the Italian branch of Memry Corporation.

The item "Change in consolidation scope" refers to leasing contracts on buildings, machinery and automobiles held by SAES RIAL Vacuum S.r.l. and already in place as of May 25, 2022, the date on which the acquisition of the entire quota capital was finalised by the Group and the company was fully consolidated, rather than using the previous equity method.

Depreciation for the period, equal to -1,272 thousand of euro, is slightly higher than that of the corresponding period of the previous year (-1,103 thousand of euro) mainly due to the different scope of consolidation (the change attributable to consolidation +124 thousand of euro of Strumenti Scientifici Cinel S.r.l. and to the full consolidation of SAES RIAL Vacuum S.r.l.).

The translation differences (gains of 212 thousand of euro) refer to rights of use of the US companies and are due to the appreciation of the US dollar as at June 30, 2022 compared to the exchange rate at December 31, 2021.

18. EQUITY-ACCOUNTED INVESTEEES

As at June 30, 2022 the item includes the share of equity attributable to the Group in the joint venture **Actuator Solutions GmbH** and **Flexterra, Inc**⁴².

With regard to **SAES RIAL Vacuum S.r.l.**, it should be noted that 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. it was fully consolidated, rather than using the previous equity method.

The following table shows the changes in this item during the first half of 2022.

(thousands of euro)

Equity-accounted investees	December 31, 2021	Acquisitions	Capital injections	Share of net profit (loss)	Share of other comprehensive profit (loss)	Dividends paid	Impairment losses	Change in consolidation scope	June 30, 2022
Actuator Solutions GmbH	0								0
SAES RIAL Vacuum S.r.l.	2,362			167				(2,529)	0
Flexterra	0			0					0
Total	2,362	0	0	167	0	0	0	(2,529)	0

The change in the period (totalling -2,362 thousand of euro) is a consequence of:

- 1) the adjustment of the amount of the equity investment to the stake pertaining to SAES (49%) in the profit achieved by **SAES RIAL Vacuum S.r.l.** in the period January 1 - May 25, 2022 (+167 thousand of euro);
- 2) 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 of euro).

In accordance with the provisions of IAS 28, it should be noted that SAES's share of both **Actuator Solutions GmbH's** (-192 thousand of euro) and **Flexterra's** (-456 thousand of euro)⁴³ loss in the first half of 2022 has not been recognised by the Group, as SAES's interests in both joint ventures had already been fully impaired and there is no legal or implicit obligation for the Group to recapitalise them to date.

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. It should be noted that the Alfmeier Präzision Group, of which SMA Holding is a part, is in the process of being sold⁴⁴, with the exclusion of SMA Holding from the scope of the transaction. Therefore the composition of the share capital of Actuator Solution GmbH 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 June 30, 2022.

(thousands of euro)

	Initial capital injections	Subsequent capital increases	Share of net profit (loss) for the period	Share of other comprehensive profit (loss)	Impairment losses	June 30, 2022
Actuator Solutions GmbH	13	9,388	(9,400)	(1)	0	0

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

⁴² Flexterra, Inc. (USA), in turn, consolidates its wholly owned subsidiary Flexterra Taiwan Co., Ltd.

⁴³ Total loss and other comprehensive income for the period.

⁴⁴ The sale transaction was finalised on July 29, 2022.

(thousands of euro)

Actuator Solutions GmbH	June 30, 2022	December 31, 2021
Statement of financial position	50%	50%
Non-current assets	3,185	2,654
Current assets	992	1,127
Total assets	4,177	3,781
Non-current liabilities	4,645	4,025
Current liabilities	1,846	1,878
Total liabilities	6,491	5,903
Share capital, reserves and retained earnings	(2,122)	(2,711)
Profit (loss) for the period	(192)	589
Other comprehensive profit (loss) for the period	0	0
Total equity	(2,314)	(2,122)

(thousands of euro)

Actuator Solutions GmbH	1H 2022	1H 2021
Statement of profit or loss	50%	50%
Revenue	1,549	3,575
Cost of sales	(1,149)	(2,515)
Gross profit	400	1,060
Total operating costs	(698)	(631)
Other income (expenses)	1	15
Operating profit (loss)	(297)	444
Interests and other financial income	101	189
Exchange gains (losses)	1	(5)
Income taxes	3	(2)
Profit (loss) for the period	(192)	626
Exchange differences from translation of financial statements in foreign currencies	0	0
Total profit (loss) for the period and other components of comprehensive income	(192)	626

Overall⁴⁵, Actuator Solutions GmbH recorded net revenues of 3,097 thousand of euro in the first half of 2022, compared to 7,151 thousand of euro in the corresponding period in 2021. Revenues fell by 56.7%, but the two periods are incomparable because at the beginning of the third quarter of 2021 Actuator Solutions sold a two production lines of actuators for the automotive seat comfort business to Alfmeier Präzision⁴⁶, renouncing sales, but receiving in exchange a commission on them equal to the margin that would have been realized if the production activity had continued. This transaction therefore reduced the revenues in absolute value for the current period, making the two half-year periods incomparable. Actuator Solutions GmbH's latest automotive seat comfort line is expected to be relocated by the end of 2022.

Generally speaking, pro-forming the revenues of the two periods and excluding the outsourcing of production, we note the decline in automotive sales, penalised by uncertainties on the supply chain, due to the conflict in Ukraine and the recent lockdowns in China, due to COVID. With regard to the fees generated by the application developments in the actuator sector, the increase in initial sales destined for the "intelligent" mattresses sector and the first sales to the SAES Group of components for the BIPOD project, were not sufficient, however, to compensate for the decline in revenues from COVID-19 rapid diagnostic test devices with the easing of the pandemic emergency.

The drop in sales led to a contraction in gross profit (from 2,121 thousand of euro in the first half of 2021 to 800 thousand of euro in the current half-year) and an operating loss (-592 thousand of euro, compared to an operating profit equal to 888 thousand of euro in the first half of 2021) with

⁴⁵ Values at 100%.

⁴⁶ Gentherm Group starting from July 29, 2022.

slightly higher operating expenses (from 1,262 thousand of euro to 1,393 thousand of euro) as they were penalized by non-recurring costs for severance (77 thousand of euro).

The first half of 2022 closes with a loss for the period of -384 thousand of euro, better than the operating loss (-592 thousand of euro) for the first half of 2022, thanks to the non-recurring income, equal to 300 thousand of euro, generated by the partial waiver by the SAES Group of the interest accrued on the loans granted to Actuator Solutions GmbH.

The SAES Group's share (equal to 50%) in the joint venture's loss for the first half of 2022 amounted to -192 thousand of euro but, as noted above, was not recognised by the Group, as SAES's investment had already been completely impaired and there was no legal or implicit obligation for recapitalisation by SAES to date, despite the joint venture's negative equity of just over 2 million euro⁴⁷.

As the value of the investment in Actuator Solutions GmbH at June 30, 2022 had been fully impaired and since there were no recapitalization obligations, it was not necessary to carry out any impairment testing.

Please refer to Note no. 22 for information on the recoverability of the financial receivable owed to the Group by the joint venture.

The following table provides the number of employees of the joint venture Actuator Solutions GmbH as at June 30, 2022 split by category, based on the percentage of ownership held by the Group (equal to 50%).

Actuator Solutions GmbH	June 30, 2022	December 31, 2021
	50%	50%
Managers	1	1
Employees and middle management	13	13
Workers	2	3
Total (*)	16	17

(*) The figure excludes personnel employed with contracts other than employment contracts, equal to 1 unit as of June 30, 2022 and equal to 1 unit 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.

SAES RIAL Vacuum S.r.l.

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 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 with the previously used equity method.

⁴⁷ Consolidated pro rata at 50%.

The following are the shares pertaining to the SAES Group in the assets and liabilities of SAES RIAL Vacuum S.r.l. as at May 25, 2022 and in the revenues and costs of the same company for the period January 1 - May 25, 2022.

(thousands 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
Share capital, reserves and retained earnings	969	759
Profit (loss) for the period	167	200
Other comprehensive profit (loss) for the period	0	10
Total equity	1.136	969

(*) Actuarial differences on the post-employment benefits (TFR), in accordance with the IAS 19.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	January 1 - May 25, 2022	1H 2021
Statement of profit or loss	49%	49%
Revenue	1.429	1.532
Cost of sales	(1.066)	(1.344)
Gross profit	363	188
Total operating costs	(130)	(167)
Other income (expenses)	8	52
Operating profit (loss)	241	73
Interests and other financial income	(5)	(6)
Exchange gains (losses)	(4)	(3)
Income taxes	(65)	(11)
Profit (loss) for the period	167	53
Actuarial gains (losses) on defined benefit plans, net of taxes	0	0
Total profit (loss) for the period and other components of comprehensive income	167	53

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 of euro.

The difference, equal to 1,393 thousand of euro, between the book value of the investment at May 25, 2022 (2,529 thousand of euro) and the amount of the share of the SAES Group in the company's net assets (1,136 thousand of euro) represents the implicit goodwill included in the book value of the investment.

It should be noted that 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. (quota capital equal to 49 thousand of euro). For further details, please see Note no. 22.

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

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

During the third quarter of 2021 SAES saw its stake in Flexterra, Inc. increase from 46.73% to 46.84%, following the repurchase by the joint venture of the shares previously owned by two small shareholders at a symbolic value of 2 US dollar (1 US dollar 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 amount of the investment as at June 30, 2022 is the initial overall contribution (8,146 thousand of euro, equal to 8,500 thousand of dollars) of SAES Getters International Luxembourg S.A. in the share capital of Flexterra, Inc., increased by the capital share increases in the final part of 2018 (for a total of 6,201 thousand of euro, corresponding to 7,100 thousand of dollars), adjusted for the SAES Group's share in the result and in other comprehensive income related to previous years from 2017 to end of 2020⁴⁸. The latter includes the expenses related to the issue of equity instruments, as well as the translation difference reserve arising from the conversion 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 of euro in 2018; -555 thousand of euro in 2019; -591 thousand of euro in 2020, with the consequent impairment of the amount of the equity investment).

Finally, it should be noted that the amount of the investment was also adjusted for the unrealized portion of the capital gain achieved by the SAES in 2019 with the sale to the Flexterra, Inc. joint venture of patents owned by the Group (-1,059 thousand of euro), as well as for the reversal of the

⁴⁸ Starting from January 1, 2021, SAES' share in the overall loss of the joint venture was not recognised by the Group as a liability, as the investment had been completely written off and as there were no legal or implicit recapitalisation obligations by the Group.

corresponding portion of amortization on the capital gain eliminated at the consolidated level (+266 thousand of euro, of which +228 thousand of euro relative to previous years and +38 thousand of euro for the first half of 2022).

(thousands of euro)

	Initial capital injections	Subsequent capital increases	Share of net profit (loss) for the period	Share of other comprehensive profit (loss)	Impairment losses	June 30, 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, revenues and costs.

(thousands of euro)

Flexterra	June 30, 2022	December 31, 2021
Statement of financial position	46.84%	46.84%
Non-current assets	5,554	5,425
Current assets	839	808
Total assets	6,393	6,233
Non-current liabilities	0	7
Current liabilities	3,099	2,476
Total liabilities	3,099	2,483
Share capital, reserves and retained earnings	3,577	5,154
Reserve for stock option plans	173	173
Profit (loss) for the period	(922)	(1,917)
Other comprehensive profit (loss) for the period (*)	466	340
Total equity	3,294	3,750

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

(thousands of euro)

Flexterra	1H 2022	1H 2021
Statement of profit or loss	46.84% (**)	46.73%
Revenue	0	2
Cost of sales	0	(1)
Gross profit	0	1
Total operating costs	(646)	(939)
Other income (expenses)	0	8
Operating profit (loss)	(646)	(930)
Interests and other financial income	(92)	(52)
Exchange gains (losses)	(192)	15
Income taxes	8	(15)
Profit (loss) for the period	(922)	(982)
Exchange differences from translation of financial statements in foreign currencies	466	147
Total profit (loss) for the period and other components of comprehensive income	(456)	(835)

(**) Investment equal to 46.73% in the first nine months of 2021, increased to 46.84% in the fourth quarter of 2021.

Overall⁴⁹, Flexterra closed the first half of 2022 with a consolidated loss of -1,969 thousand of euro, substantially in line with a loss of -2,102 thousand of euro in the corresponding period of 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 half-year with a significantly lower consolidated operating loss (mainly, lower personnel expense employed in research activities and in general and administrative activities, lower costs for materials used in development activities, as well as lower

⁴⁹ Values at 100%.

costs related to the management of patents and lower consultancy costs), but the improvement in the operating loss was largely partly offset by the higher financial interest accrued on convertible loans granted to the joint venture by the SAES Group⁵⁰ and exchange losses of the subsidiary Flexterra Taiwan Co., Ltd.

The SAES Group's share (46.84%) in the joint venture's loss for the first half of 2022 amounted to -922 thousand of euro (-982 thousand of euro in the first half of 2021), to which the other components of the statement of comprehensive income has to added, a positive amount of +466 thousand of euro from the translation differences generated by the translation into euro of other currency financial statements of Flexterra, Inc. and Flexterra Taiwan Co., Ltd. (+147 thousand of euro in the first half of 2021).

As already mentioned before, the share pertaining to SAES in the total loss of Flexterra in the first half of 2022 (-456 thousand of euro) was not recognized, as SAES' investment in the joint venture has already been written off and as there are to date no legal or implied obligations for its recapitalisation by the Group.

As the value of the investment in Flexterra at June 30, 2022 had been completely written off and as there were no recapitalization obligations, it was not necessary to carry out any impairment testing.

With regard to the recoverability of the financial receivable for the convertible loans granted by SAES Getters International Luxembourg S.A. to the joint venture, please refer to Note no. 22.

The following table provides the number of employees of the joint venture Flexterra as at June 30, 2022, broken down by category, based on the percentage of ownership held by the Group (equal to 46.84%).

Flexterra	June 30, 2022	December 31, 2021
	46.84%	46.73%
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.

19. INVESTMENTS IN OTHER COMPANIES

The item "Investments in other companies" as at June 30, 2022 amounts to a total of 1,466 thousand of euro and includes the investments made in the first half of the year 2020 in **the venture capital fund EUREKA!** and in the company **Cambridge Mechatronics Limited (CML)**.

These non-controlling interests that are not held for trading purposes are measured at fair value, in compliance with IFRS 9, while their changes are recognised in other comprehensive income, without reversal to profit or loss.

The following table shows the changes in this item during the first half of 2022

⁵⁰ It should be remembered that 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.

(thousands of euro)

Investments in other companies	December 31, 2021	Capital injections	Fair value measurement	Other changes	June 30, 2022
Eureka! Fund	298	148	(58)	(5)	383
Cambridge Mechatronics Limited	1,083	0	0	0	1,083
Total	1,381	148	(58)	(5)	1,466

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 half-year:

- on March 7, 2022, the payment of 49 thousand of euro 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 capacitors, capable of providing high power and very short charging times;
- on June 16, 2022, a payment of 99 thousand of euro was paid to continue the investment in the company Phononic Vibes S.r.l., already in the portfolio, and a further five Proof of Concept (POC) in collaboration with the National Research Council, the Polytechnic of Turin and the Italian Institute of Technology.

It should be noted that 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 of euro (column "Other changes"), therefore SAES' investment was diluted from 4.81% to 4.79%.

The fair value measurement of the investment in the EUREKA! Fund was negative and equal to -58 thousand of euro (representing the portion attributable to SAES in the management fees and other expenses incurred by the fund during the first half of 2022), recognised 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 miniaturized actuators based on shape memory alloy (SMA), a sector in which it holds several patents. These devices are used in various application fields that require maximum precision and accuracy even on small dimensions and, in particular, in cell phone cameras. The objective of the investment, for SAES, is to strengthen the partnership with CML, in order to grow its industrial SMA business.

Please note that, during the first half of 2022, the investment of SAES Getters International Luxembourg S.A. in Cambridge Mechatronics Limited was diluted from 0.86% to 0.83%, following:

- issue of new preferred ordinary shares in March 2022 after the completion of a new financing round;
- issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

At June 30, 2022, the investment in CML is measured at cost. In accordance with IFRS 9, the SAES Group has, in fact, assessed that the latter may represent an adequate estimate of fair value.

20. SECURITIES

The item “Securities” amounted to 152,833 thousand of euro as at June 30, 2022 compared to 166,542 thousand of euro as at December 31, 2021.

(thousands of euro)

Securities	June 30, 2022	December 31, 2021	Difference
Securities - classified under non-current assets	67,072	71,887	(4,815)
Securities - classified under current assets	85,761	94,655	(8,894)
Total	152,833	166,542	(13,709)

The following table provides the details of securities subscribed and their fair value as at June 30, 2022 compared to December 31, 2021.

Description	Details	Underwriting company	Initial investment	Value as at June 30, 2022 (thousands euro)	Value as at December 31, 2021 (thousands euro)
Bond portfolio "Buy & Hold"	portfolio with a conservative investment profile and mainly with high flexibility and liquidity	SAES Investments S.A.	Nominal value of bonds in portfolio: - June 30, 2022, 44.9 million of euro - December 31, 2021 53.4 million of euro	41,497	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 of euro as of June 30, 2022 - 18 million of euro as at December 31, 2021	25,575	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 of euro	27,668	30,242
Cardif Lux Vie Multiramio policy - 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 of euro 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 of euro	58,093	63,910
Total				152,833	166,542

(*) 25 thousands of euro of nominal value, in addition to the interest accrued for the year 2021 equal to 478 thousands of euro, for a total of 503 thousands of euro collected on January 25, 2022.

The decrease in the overall value of the portfolio compared to December 31, 2021 (-13,709 thousand of euro) is mainly attributable to the reduction in the fair value of the securities, caused by the conflict in Ukraine and the consequent international tensions.

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 to increase 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.

Finally, we note the collection of the residual portion⁵¹ of the Branch I policy 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 economic and financial results.

The "Buy & Hold" bond portfolio and the Dynamic Multi-Asset management (both managed through JP Morgan), were classified under non-current assets, being the subject of a guarantee for the above mentioned Lombard loan signed with JP Morgan at the end of December 2021. The other financial assets of the Group (Credit Link Certificates and Cardif Lux Vie Policy - Branch III, managed through Mediobanca), are classified under current assets.

With regard to the fair value measurement of the securities in the portfolio as at June 30, 2022, note that the fair value, calculated by an independent third party, coincides with the market prices on the reporting date for all securities listed in an active market (Level 1 of the fair value hierarchy) and, where there is no active market, the fair value has been calculated by using the most common measurement models and techniques available on the market or by referring to prices of comparable securities (Level 2 of the fair value hierarchy). In particular, the fair value used to measure the bond portfolio, the Dynamic Multi-Asset management and the Credit Linked Certificates was Level 1, whereas for the Cardif Policy was Level 2.

It should be noted that the performance of the Group's securities portfolio was slightly positive and equal to approximately +0.64% in the course of bimonthly July-August 2022.

21. DEFERRED TAX ASSETS AND LIABILITIES

Aa at June 30, 2022 the carrying amount of deferred tax assets and deferred tax liabilities was negative and equal to -1,821 thousand of euro, with an always negative restated amount of -1,666 thousand of euro as at December 31, 2021.

The related details are provided below.

(thousands of euro)				<i>of which:</i>
Deferred taxes	June 30, 2022	December 31, 2021 - restated	Difference	Change in consolidation scope
Deferred tax assets	9,243	9,243	0	5
Deferred tax liabilities (*)	(11,064)	(10,909)	(155)	0
Total	(1,821)	(1,666)	(155)	5

(*) Comparative amounts have been restated with respect to the values of the consolidated financial statements as 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".

⁵¹ 25 thousand of euro the nominal value, disposed of at the beginning of January 2022.

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

(thousands of euro)

Deferred taxes	June 30, 2022	December 31, 2021 - restated	Difference
Deferred tax assets	13,174	12,508	666
Deferred tax liabilities	(14,995)	(14,174)	(821)
Total	(1,821)	(1,666)	(155)

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.

Deferred tax assets	June 30, 2022		December 31, 2021 - restated	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Intercompany profit eliminations	20,249	5,600	22,010	5,541
Differences on depreciation/amortization and impairment losses	3,019	755	3,297	812
Severance indemnity	448	118	440	116
Impairment losses of trade and financial receivables	334	84	474	115
Inventories provisions	6,152	1,448	5,851	1,373
Accrual of provisions for risks and charges	68	1,191	416	100
Costs allocated on an accruals basis and deductible in cash	14,908	2,387	13,796	3,308
Deferred taxes on recoverable losses	1,674	402	1,673	401
Exchange differences and other	2,954	1,189	808	742
Total		13,174		12,508

The increase in deferred tax assets compared to the end of the previous year (+666 thousand of euro) is mainly related to the recognition of deferred tax assets in 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.

As at June 30, 2022 the Group had 180,146 thousand of euro in tax losses eligible to be carried forward, mainly related to the Parent, SAES Innovative Packaging S.r.l. and SAES Coated Films S.p.A., as well as the Luxembourg subsidiary SAES Getters International Luxembourg S.A. (as at December 31, 2021 the tax losses eligible to be carried forward were equal to 167,284 thousand of euro).

The tax losses eligible to be carried forward that were taken into account when calculating deferred tax assets were 1,673 thousand of euro (essentially in line with those at December 31, 2021) and related exclusively to SAES Coated Films S.p.A. The deferred tax assets on said tax losses (401 thousand of euro) have been recorded against their recovery deemed probable in future years, on the basis of the recoverability analyses carried out by the Directors, who have confirmed the assumptions of the 2021 financial statements, considered to be still valid.

(thousands of euro)

Deferred tax liabilities	June 30, 2022		December 31, 2021 - restated	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Undistributed profits of subsidiaries	(76,809)	(4,383)	(75,279)	(3,488)
Fair value gains on property, plant and equipment and intangible assets and differences in amortisation/depreciation	(43,578)	(10,424)	(39,324)	(9,373)
Fair value gains on securities	(5)	(1)	(4,634)	(1,156)
Post-employment benefits	(574)	(138)	(574)	(138)
Leases	(72)	(17)	(60)	(14)
Other	(135)	(32)	(23)	(5)
Total		(14,995)		(14,174)

The deferred tax liabilities recorded in the consolidated financial statements as at June 30, 2022, include, besides the provision for taxes due in the event of distribution of the profits and reserves of the subsidiaries for which a distribution is expected in a foreseeable future, also the liabilities calculated on the temporary differences on the capital gains identified at the time of the purchase price allocation of the US companies acquired in the past and of SAES Coated Films S.p.A., acquired more recently, as well as Strumenti Scientifici Cinel S.r.l., whose fair value measurement of the net assets acquired was completed during the current half-year.

The increase in deferred tax liabilities compared to December 31, 2021 (+821 thousand of euro) was mainly attributable to higher temporary differences between depreciation and amortization for tax purposes and accounting depreciation of the US companies and higher taxes due in the event of distribution of earnings and reserves of subsidiaries, partially offset by the release of deferred tax liabilities recognised last year on the fair value measurement⁵² of securities of SAES Investments S.A.

22. FINANCIAL RECEIVABLES FROM RELATED PARTIES

The item "Financial receivables from related parties" (nil at June 30, 2022 and equal to 50 thousand of euro as 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 receivable, totalling 9,540 thousand of euro⁵³, arising from the loans granted to the joint venture **Actuator Solutions GmbH** and the financial receivable, equal to 5,387 thousand of euro⁵⁴, related to the two convertible loans, respectively of the value of 3 million of dollars (granted in July 2020) and 2 million of dollars (disbursed in two tranches of equal amount in August 2021 and November 2021), to the joint venture **Flexterra, Inc.** were both fully written down as they were deemed difficult to recover.

The detailed are shown in the tables below.

Actuator Solutions GmbH

⁵² In particular, revaluation recognized for IFRS purposes, but not for the purposes of the statutory financial statements prepared in accordance with Luxembourg accounting principles.

⁵³ Consisting of 8,000 thousand of euro in principal amount and 1,540 thousand of euro in interest.

⁵⁴ Consisting of 5,813 thousand of euro principal amount and 574 thousand of euro interest.

Description	Currency	Principal (thousands of euro)	Timing of principal reimbursement	Interest rate	Value as at June 30, 2022 (*) (thousands of euro)	Value as at December 31, 2021 (*) (thousands 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	3,493	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	6,047	6,161
	EUR	1,000				
	EUR	1,000				
	EUR	1,000				
	EUR	500				
	EUR	500				
Total		8,000			9,540	9,761
Financial receivables from related parties provision					(9,540)	(9,761)
Total net of write-downs					0	0

(*) Including the interest portion. On December 31, 2021 SAES Nitinol S.r.l. and Actuator Solutions GmbH signed an agreement under which the payment of all interest accrued from 2016 to the end of the 2021 financial year was postponed to December 31, 2022.

On March 2022, SAES Nitinol S.r.l. waived for a total amount of 300 thousand euro, 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 euro granted in June 2021.

(**) Compared to December 31, 2021, the reduction in the bad debt provision (-221 thousand of euro) is attributable to:

- utilization of the bad debt provision following the partial waiver by SAES Nitinol S.r.l. interest accrued on loans granted to Actuator Solutions GmbH (-300 thousand of euro);
- increase in the provision against interest accrued in 2021 and written down because deemed difficult to recover (+79 thousand of euro).

It should be noted that, at the beginning of March 2022, SAES Nitinol S.r.l. partially waived, for a total amount of 300 thousand of euro, to a portion of the interest already accrued on the loans granted to the joint venture Actuator Solutions GmbH. The above waiver, in addition to the previous 500 thousand of euro granted in June 2021, had no effect on the consolidated financial statements, as the financial receivable related to the interest-bearing loan (both principal and interest) was already fully written-down as it was deemed difficult to recover.

Lastly, as at June 30, 2022 the financial receivable, equal to 79 thousand of euro, corresponding to the interest accrued during the current half-year, was written-down.

SAES RIAL Vacuum S.r.l.

Description	Currency	Principal (thousands of euro)	Timing of principal reimbursement	Interest rate	Value as at June 30, 2022 (*) (thousands of euro)	Value as at December 31, 2021 (**) (thousands of euro)
Loan disbursed in January 2016	EUR	49	flexible	3-month Euribor plus a 2.50% spread	0	50

(*) The loan was fully collected by SAES Getters S.p.A. on February 28, 2022.

(**) Including the interest portion (1 thousand of euro as of December 31, 2021 classified under current assets).

The financial receivable was fully collected by SAES Getters S.p.A. on February 28, 2022, the date on which SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loan granted by both the SAES Group (quota capital equal to 49 thousand of euro), and by the quotaholder Rodofil S.r.l. (quota capital equal to 51 thousand of euro).

Flexterra, Inc.

Description	Currency	Principal (thousands of dollars)	Timing of principal reimbursement (***)	Interest rate	Value as at June 30, 2022 (*) (thousands of euro)	Value as at December 31, 2021 (*) (thousands of euro)
Convertible note granted in July 2020	USD	3,000	expiring date November 2022 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	3,346	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 November 2022 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	1,030	909
	USD	1,000			1,011	891
Total					5,387	4,763
Financial receivables from related parties provision					(5,387)	(4,763)
Total net of write-downs					0	0

(*) Interest included.

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

(***) The maturity date of the first convertible loan was extended from July 2021 to November 2022, aligning it with that of the second convertible loan granted in August 2021.

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 a value of at least 6 million of dollars before the maturity date. In this case, SAES Getters International Luxembourg S.A. will receive a number of new shares equal to the quotient obtained by dividing the balance of the loan at the conversion date by a value of 80% of the price per share paid by other shareholders at the time of the capital increase.

The financial receivable corresponding to the interest accrued in the current half-year period was written-off as at June 30, 2022 (194 thousand of euro).

23. OTHER NON-CURRENT ASSETS

The item "Other non-current assets" amounted to 371 thousand of euro as at June 30, 2022 compared to 381 thousand of euro as at December 31, 2021 and included the deposits paid by the various Group companies, as part of their operations.

Finally, it should be noted that the deposit, equal to 1,100 thousand of euro, for the potential non-controlling equity investment in the packaging business, subsequently suspended due to a change in strategy, was cancelled at the end of the previous year, as it was assessed as unlikely to be recoverable.

24. OTHER FINANCIAL RECEIVABLES FROM THIRD PARTIES

The item "Other financial receivables from third parties" amounted to 1,618 thousand of euro as at June 30, 2022 and was equal to 1,424 thousand of euro as at December 31, 2021.

Description	Currency	Principal (thousands of euro)	Timing of principal reimbursement (***)	Interest rate	Value as at June 30, 2022 (*) (thousands of euro)	Value as at December 31, 2021 (*) (thousands of euro)
Convertible loan disbursed in July 2021	EUR	first tranche - paid in July 2021: 800 thousand of euro	December 31, 2024 or earlier, upon the occurrence of certain significant events (**)	6% annual fixed rate	1,618	1,424
		subsequent monthly tranches, corresponding to the costs incurred for the development of the prototypes: 740 thousand of euro in total				
Total					1,618	1,424
Other financial receivables from third parties provision					0	0
Total net of write-downs					1,618	1,424

(*) Interest included.

(**) Relevant events include Rapitag's receivership, liquidation, change of control of more than 50% or waiver by one of the Founding Shareholders.

(***) Extensible deadline by agreement between the parties.

This item refers to the convertible loan, inclusive of interest, granted by SAES Getters S.p.A. to the German company Rapitag GmbH, based in Munich, in July 2021.

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 granted by the Parent in two tranches, the first of which, amounting to 800 thousand of euro, transferred upon signature of the agreement, to finance the company's operations; the second (totalling 740 thousand of euro), paid in five successive instalments for an amount of 148

thousand of euro each, corresponding to the progress of the prototyping activity carried out through the joint venture Actuator Solutions GmbH. At December 31, 2021, only the first four calls were issued by SAES, while the cash-out of the last call was made at the beginning of January 2022.

The financing agreement provides that Rapitag will use it exclusively for the creation of the tags SMA shape memory alloy wires supplied by SAES.

Expiring on December 31, 2024, the loan can be extended by agreement between the parties and accrues an annual interest of 6%. The loan may be repaid before the maturity date upon the occurrence of certain significant events, including receivership, liquidation of Rapitag, change of control of more than 50% or waiver by one of the Founding Shareholders.

SAES will have the right to convert its receivable into new Rapitag shares (conversion shares) at any time between July 1, 2022 and June 30, 2023 or upon the occurrence of a qualified share capital increase of at least 500 thousand of euro, as well as on the maturity date. The price of each conversion share will be calculated by dividing the value of the company prior to the last share capital increase, net of a discount coefficient, by the number of shares outstanding before the share capital increase.

25. INVENTORIES

The inventories amounted to 44,104 thousand of euro as at June 30, 2022, with an increase of 8,712 thousand of euro compared to December 31, 2021.

The following table shows the breakdown of inventory as reported at June 30, 2022 compared with December 31, 2021.

(thousands of euro)				<i>of which:</i>
Inventories	June 30, 2022	December 21, 2021	Difference	Change in consolidation scope
Raw, ancillary and consumable materials	16,333	11,395	4,938	252
Work in progress and semi-finished products	17,326	15,566	1,760	1,170
Finished products and goods	10,445	8,431	2,014	341
Total	44,104	35,392	8,712	1,763

Excluding the exchange rate effect (increase of +2,052 thousand of euro) and the difference related to the scope of consolidation⁵⁵ (increase of +1,763 thousand of euro), inventories increased by 4,897 thousand of euro: to the increasing volumes of raw material stocks in the Lainate plant, for the launch of the new B!POD project, and to the increased stocks of Chemicals and High Vacuum finished products in the Avezzano production unit, to cope with deliveries in the second half of the year, add up the growing volumes of raw materials in the packaging business, related to the increase in demand.

Inventories is stated net of the allowance for inventory write-down, which, during the first half of 2022, underwent the changes shown in the table below.

⁵⁵ 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.

(thousands of euro)

Allowance for inventory write-down	
December 31, 2021	4,369
Accrual	441
Release to profit or loss	(222)
Utilization	(296)
Change in consolidation scope	0
Translation differences	246
June 30, 2022	4,538

The accrual (+441 thousand of euro) was mainly related to the write-down of raw materials, semi-finished products and finished goods characterised by slow-moving or no longer used in the production process, in particular by the Parent and by the US affiliates SAES Smart Materials, Inc. and Spectra-Mat, Inc.

The release to profit or loss (-222 thousand of euro) was a consequence of a recall into production of warehouse codes that were written-down in the previous year in the Nitinol medical sector.

The utilization (-296 thousand of euro) is related to the scrapping of items that had already been written-down in previous reporting periods mainly by the US related companies Spectra-Mat, Inc., SAES Smart Materials, Inc. and Memry Corporation.

The translation differences (+246 thousand of euro) are due to the US related companies and are a consequence of the appreciation of the US dollar as at June 30, 2022 compared to December 31, 2021.

Since the direct exposure of the Group in Russia, Ukraine and Belarus is marginal, it should be noted that dedicated and additional adjustments on the net book value of inventories were not included as a result of the conflict in Ukraine.

26. TRADE RECEIVABLES

Trade receivables, shown net of the bad debt provision, were equal to 39,114 thousand of euro as at June 30, 2022 and increased by 9,500 thousand of euro compared to December 31, 2021.

Not including the positive exchange rate effect (+2,102 thousand of euro) and the change in the scope of consolidation⁵⁶ (+1,387 thousand of euro), the increase (+6,011 thousand of euro) is mainly a consequence of higher sales in the medical business of Nitinol and in that of packaging in the first half of 2022, compared to the last months of 2021.

The breakdown of the item in question as at June 30, 2022 and December 31, 2021 is shown in the following table.

⁵⁶ 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.

(thousands of euro)

Trade receivables	June 30, 2022	December 31 2021	Difference	<i>of which:</i> Change in consolidation scope
Trade receivables - Gross value	39,726	30,019	9,707	1,387
Trade receivables - Bad debt provision	(612)	(405)	(207)	0
Contract assets	0	0	0	0
Net book value	39,114	29,614	9,500	1,387

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

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

(thousands of euro)

Bad debt provision	June 30, 2022	December 31 2021
Opening balance	405	345
Accrual	200	72
Release to profit or loss	0	(3)
Utilization	0	(12)
Change in consolidation scope	0	0
Translation differences	7	3
Closing balance	612	405

The accrual (+200 thousand of euro) was mainly related to the write-down of specific credit positions of the Parent, Spectra-Mat, Inc., and Strumenti Scientifici Cinel S.r.l., estimated by Management as unrecoverable.

This item also includes the generic write-down recognized as at June 30, 2022 (+9 thousand of euro), made according to the Expected Credit Loss model envisaged by IFRS 9 and based on the calculation of the expected average non-recoverability using historic and geographical indicators.

As the Group's activities in Russia, Ukraine and Belarus are marginal, it should be noted that no impairment losses on credit exposure were recognised as at June 30, 2022 as a result of the conflict in Ukraine.

The following table provides a breakdown of trade receivables, by those not yet due and past due as at June 30, 2022, compared with the end of the previous year.

(thousands of euro)

Ageing	Total	Not yet due	Due not written down					Due written down
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
June 30, 2022	39,726	27,638	7,275	2,209	999	984	9	612
December 31, 2021	30,019	21,689	5,952	1,393	457	87	36	405

Receivables past due more than 30 days and not written down, since they are considered recoverable, represent an insignificant percentage if compared to the total trade receivables, and are constantly monitored. The greater incidence of these receivables in relation to total trade receivables (from 6.6% as at December 31, 2021 to 10.6% as at June 30, 2022) is mainly attributable to the Parent and the American subsidiary Memry Corporation and is a physiological consequence of the increase in sales in the first half of 2022, compared to the last months of 2021.

The table below illustrates the calculation of the average number of days for the Group to collect trade receivables after sale (Days of Sales Outstanding, or DSO), as at June 30, 2022 and December 31, 2021, respectively.

	June 30, 2022 (***)	December 31, 2021 (**)	Difference
Days of Sales Outstanding - DSO (*)	62	56	6

(*) DSO is an average collection time indicator for trade receivables and it is calculated as follow:

Trade receivables / Annualized 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 the period July 1, 2021 - June 30, 2022.

The slight worsening of the DSO at June 30, 2022 compared to December 31, 2021 is mainly attributable to the US subsidiaries Memry Corporation (delay in the payment of a specific position, then collected in August) and Spectra-Mat, Inc. (deferments of payment granted to an important customer), as well as the full consolidation of SAES RIAL Vacuum S.r.l., whose average collection time is slightly longer than that of the Group.

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

27. OTHER RECEIVABLES 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 3,154 thousand of euro as at June 30, 2022, compared to 3,455 thousand of euro as at December 31, 2021.

A breakdown of this item is provided below.

(thousands of euro)

Other receivables and other current assets	June 30, 2022	December 31, 2021	Difference	<i>of which:</i> Change in consolidation scope
VAT	638	833	(195)	134
Social security	15	2	13	7
Personnel	17	11	6	0
Public grants	0	84	(84)	0
Other	28	23	5	0
Total other receivables	698	953	(255)	141
Accrued income	0	0	0	0
Prepaid expenses	2,456	2,502	(46)	0
Total other current assets	2,456	2,502	(46)	0
Total other receivables and other current assets	3,154	3,455	(301)	141

The decrease in "VAT" was mainly due to offsetting by the Parent of the assets generated in 2021 against other taxes and contributions relating to the first half-year of 2022. These decreases were partially offset by the assets generated in SAES Getters S.p.A. and SAES Coated Films S.p.A. during the current period, especially due to the surplus of the taxable purchasing transactions over sales transactions and not yet subject to offsetting.

The item "Public grants" was zero as at June 30, 2022, at the end of last year it was instead composed of accrued assets of the Parent in grants for research projects underway.

During the first half of the year, income from public funding amounted to 441 thousand of euro (385 thousand of euro in the first half of 2021 and 1,411 thousand of euro over the entire 2021 year).

The item "Prepaid expenses", equal to 2,456 thousand of euro against 2,502 thousand of euro as at December 31, 2021, is mainly related to those cost items (in particular, insurance costs and costs for IT service, as well as costs related to patent management) that were paid in advance but pertain to a future period. This item is substantially in line with December 31, 2021 because the generalised decrease at all US subsidiaries, linked to the passage of time, was offset by an increase at the Parent, caused by the advance payment of consultancy and related IT costs for the implementation of new information systems that were not present at the end of last year.

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

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 financial 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 of euro.

(thousands of euro)

Granting body	Reason for the grant	Amount received in 1 st Half 2022
INPS	Grants for sit in disadvantaged areas - "Decontribuzione Sud" (art. 27 of D.L. 104/2020).	424
Ministry of small and medium-sized enterprises	"Nuova Sabatini" - Financing for the purchase of new machinery, plant and equipment by small and medium-sized enterprises.	19

For the purposes of the aforementioned obligations, in relation to any other contributions received that fall within the specified cases, please refer to the National Register of State Aids, which can be publicly consulted.

28. CURRENT TAX ASSETS

The item "Current tax assets" shows a balance of 2,516 thousand of euro as at June 30, 2022 and compares with a balance of 2,608 thousand of euro as 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) of the Group companies with local authorities. The slight reduction compared to December 31, 2021 (-92 thousand of euro) is mainly due to the use by the Parent of the tax assets for investments in research and development in offsetting with other taxes, only partially offset by higher tax advances paid by the subsidiary SAES Smart Materials, Inc.

29. CASH AND CASH EQUIVALENTS

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

The following table shows a breakdown of this item as at June 30, 2022 and December 31, 2021.

(thousands of euro)				<i>of which:</i>
Cash and cash equivalents	June 30, 2022	December 31, 2021	Difference	Change in consolidation scope
Bank accounts	35,127	29,509	5,618	463
Petty cash	8	9	(1)	0
Total	35,135	29,518	5,617	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 “Bank accounts” is shown net of the impairment loss, equal to -29 thousand of euro, 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. As at December 31, 2021, the impairment loss amounted to -27 thousand of euro and the slight increase of the expected credit losses at June 30, 2022 (2 thousand of euro) 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 slightly down.

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 flow (Note no. 43).

At June 30, 2022 the Group has unused credit lines equal to 36.6 million of euro compared to 49.7 million of euro as at December 31, 2021. The decrease is mainly due to the higher utilization of revolving cash credit lines (for more details, please refer to Note no. 41).

Financial debt

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

(thousands of euro)

	Notes	June 30, 2022	December 31, 2021
A. Cash	29	35,135	29,518
B. Cash equivalents		0	0
C. Other current financial assets	20	85,761	94,665
D. Cash and cash equivalents (A + B + C)		120,896	124,183
E. Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial liabilities)	35/40/41	(77,891)	(63,955)
F. Current portion of non-current financial liabilities	(*) 31/32	(2,332)	(2,518)
G. Current financial debt (E + F)		(80,223)	(66,473)
H. Current net financial position (G + D)		40,673	57,710
I. Non-current financial liabilities (excluding the current portion and debt instruments)	(**) 31/32/35	(56,297)	(56,269)
J. Debt instruments		0	0
K. Trade payables and other non-current payables		0	0
L. Non-current financial liabilities (I + J + K)		(56,297)	(56,269)
M. Total financial debt (H + L)		(15,624)	1,441

(*) Of which 2,233 thousands of euro relating to current lease liabilities.

(**) Of which 3,669 thousands of euro relating to non-current lease liabilities.

30. EQUITY

The equity attributable to the owners of the Parent was equal to 255,749 thousand of euro as at June 30, 2022, up by 2,229 thousand of euro compared to December 31, 2021, mainly due to the exchange rate differences deriving from the translation of financial statements in foreign currencies (+11,166 thousand of euro), partially offset by the dividends distributed by SAES Getters S.p.A. (-8,530 thousand of euro) and by the consolidated loss for the period (-349 thousand of euro).

Lastly, please note the negative change (-58 thousand of euro) in the fair value of equity investments in other companies⁵⁷ (in particular, investment in the EUREKA! venture capital fund, for details of this please refer to Note no. 19).

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

Share Capital

As at June 30, 2022 the share capital, fully subscribed and paid-up, amounted to 12,220 thousand of euro 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 notional carrying amount per share was 0.554196 euro as at June 30, 2022, unchanged from December 31, 2021.

Please refer to the Report on corporate governance and ownership structure for 2021 and 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).

Please note that, as indicated in the Report on corporate governance and ownership structure for 2021 financial year, each share is entitled to a proportional part of the net income 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 financial 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' Meeting has resolved to distribute will be allocated among all shares in such a way to ensure that savings shares are entitled to a total dividend that is 3% of the 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 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

⁵⁷ In compliance with IFRS 9, non-controlling interests not held for trading are measured at fair value, with recognition of the changes in other comprehensive income, without reclassification to the profit or loss.

The item amounts to 25,724 thousand of euro as at June 30, 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 of euro at June 30, 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 finalized 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 of euro.

The table below shows the breakdown of the share capital, indicating the number of outstanding shares and the treasury shares at June 30, 2022 (both unchanged since December 31, 2021).

	June 30, 2022
Ordinary outstanding shares	10,771,350
Treasury shares	3,900,000
Total ordinary shares	14,671,350
Savings outstanding shares	7,378,619
Total outstanding savings shares	7,378,619
Total shares	22,049,969

The treasury shares held as at June 30, 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).

	June 30, 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 of euro, plus accessory charges for 3.7 million of euro. As provided by the international accounting standards, the total cost (93.4 million of euro) of the treasury shares purchase, including additional charges, was reported as a negative component of equity.

Legal reserve

This item corresponds to the Parent's legal reserve of 2,444 thousand of euro as at June 30, 2022, 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 rate differences arising from the translation of financial statements in foreign currencies. The translation reserve had a positive balance of 23,470 thousand of euro as at June 30, 2022, against a positive balance of 12,304 thousand of euro as at December 31, 2021.

The increase, equal to +11,166 thousand of euro, is due exclusively to the overall effect on the consolidated shareholders' equity of the conversion into euro of the financial statements in foreign currency of the fully consolidated foreign subsidiaries. The positive change in the first half of 2022 is mainly attributable to the US subsidiaries and is a consequence of the appreciation of the dollar at the end of June, 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 of euro) and Law no. 342 of November 21, 2000 (1,576 thousand of euro) and the reserve for realigning the statutory and fiscal values of the company's assets pursuant to the application of Law Decree 104/2020, converted into Law no. 126 of October 13, 2020 (equivalent to 1,573 thousand of euro) 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 of euro and 49 thousand of euro, 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 shareholders of the 2021 dividend, approved by the Parent's Shareholders' Meeting (-8,530 thousand of euro) and the carrying forward of the 2021 consolidated profit (+12,797 thousand of euro), in addition to the fair value relative to the equity investments in other companies (-58 thousand of euro).

31. FINANCIAL LIABILITIES

As at June 30, 2022, financial liabilities amounted to 52,270 thousand of euro, a decrease of -38 thousand of euro compared to December 31, 2021.

The following table shows the changes in the financial liabilities during the first half of 2022.

(thousands of euro)

Financial liabilities	
December 31, 2021	52,308
New loans	0
Change in consolidation scope	0
Accrued interest	58
Repayment of the principal amount	(63)
Interest payments	(58)
Translation differences on foreign currency loans	25
June 30, 2022	52,270

The item "Repayment of the principal amount" corresponds to the reimbursements 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 25 thousand of euro): only 0.5% 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 has increased following the appreciation of the dollar at June 30, 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”.

(thousands of euro)

Financial liabilities	June 30, 2022	December 31, 2021	Difference
Less than 1 year	99	109	(10)
Current portion of financial liabilities	99	109	(10)
Between 1 and 2 years	52,097	52,087	10
Between 2 and 3 years	74	89	(15)
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	52,171	52,199	(28)
Total	52,270	52,308	(38)

The following table shows the details of loans held by the Group companies.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at June 30, 2022 (thousands of euro)	Value as at December 31, 2021 (thousands of euro)
Memry Corporation <i>Soft financing granted by the State of Connecticut</i>	USD	1 st tranche = 2 millions of dollars 2 nd tranche = 0.8 millions of dollars	monthly with last deadline March 1, 2025	n.a.	2.00%	2.00%	266	285
Strumenti Scientifici Ciel S.r.l. <i>Intesa Sanpaolo</i>	EUR	75 (thousands of euro)	monthly with last deadline July 2, 2022	n.a.	1-month Euribor plus a spread of 1.35%	0.81%	3	22
SAES Investments S.A. <i>J.P. Morgan Bank Luxembourg S.A.</i>	EUR	52 (millions of euro)	single solution with contractual expiry (December 28, 2023)	n.a.	0.21%	0.21%	52,001	52,001

Covenants

It should be noted that none of the loans outstanding as at June 30, 2022 are subject to compliance with economic-financial guarantee clauses.

32. LEASE LIABILITIES

At June 30, 2022 the “Lease liabilities” amounted to 5,902 thousand of euro, compared to 6,479 thousand of euro as at December 31, 2021, and reflect the obligation to pay the lease payments and corresponds to the present value of future payments.

Liabilities with a maturity of less than one year are included under current liabilities.

(thousands of euro)

	June 30, 2022	December 31, 2021	Difference	<i>of which:</i> Change in consolidation scope
Lease liabilities - current	2,233	2,409	(176)	73
Lease liabilities - non-current	3,669	4,070	(401)	236
Total lease liabilities	5,902	6,479	(577)	309

The change compared to the end of last year is mainly due to the payment of rent and interests during the current half-year (-1,335 thousand of euro), only partially offset by the renewal of existing contracts and the signing of new contracts (+141 thousand of euro).

The following table shows the changes in the leases liabilities during the first half of 2022.

(thousands of euro)

Leases liabilities	
December 31, 2021	6,479
New leases signed during the poeriod	141
Early termination of leases	0
Change in consolidation scope	309
Interest on financial liabilities	95
Repayments of financial liabilities	(1,240)
Interest expenses paid	(95)
Translation differences on foreign currency leases	213
June 30, 2022	5,902

The item "Change in consolidation scope" refers to the financial liabilities of SAES RIAL Vacuum S.r.l. related to the lease agreements on buildings, machinery and cars already signed as 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 signed during the first half of 2022, please note the renewal of contracts for the Parent's car fleet and the signing of a new car rental agreement by the Italian branch of Memry Corporation. For details on other leases signed in the first half of 2022, please refer to Note no. 17.

The following table shows the breakdown of leases liabilities by contractual maturity.

Lease liabilities	June 30, 2022	December 31, 2021	Difference	<i>of which:</i>
				Change in consolidation scope
Less than 1 year	2,233	2,409	(176)	73
Lease liabilities - current	2,233	2,409	(176)	73
Between 1 and 2 years	1,504	1,558	(54)	73
Between 2 and 3 years	969	1,120	(151)	44
Between 3 and 4 years	686	662	24	43
Between 4 and 5 years	479	515	(36)	42
Over 5 years	31	215	(184)	34
Lease liabilities - non-current	3,669	4,070	(401)	236
Lease liabilities	5,902	6,479	(577)	309

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 of euro (discounted amount).

	June 30, 2022	
	Potential cash flows for leases (undiscounted)	Potential cash flows for leases (discounted)
(thousands of euro)		
Extension option not included in lease liabilities	3,144	2,697

The average weighted incremental borrowing rate (IBR) applied to the financial liabilities recognized during the first half of 2022 amounted to 2.50%.

33. SEVERANCE INDEMNITIES AND OTHER EMPLOYEE BENEFITS (classified under non-current liabilities)

It should be noted that the 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 and intended for Executive Directors and some strategic employees of the Parent.

The breakdown of this item and its changes during the period are as follows.

(thousands of euro)

Severance indemnities and other employee benefits	Employee severance indemnities	Other employee benefits	Phantom shares	Total
December 31, 2021	6,037	2,988	1,530	10,555
Accrual (release) to the income statement	363	939	418	1,720
Indemnities paid	(82)	0	0	(82)
Change in consolidation scope	237	0	0	237
Other changes	0	0	0	0
Translation differences	0	125	0	125
June 30, 2022	6,555	4,052	1,948	12,555

With regard to **defined benefit plans**, the amounts recognized in the profit or loss are broken down as follows.

(thousands of euro)			<i>of which:</i>
	June 30, 2022	June 30, 2021	Change in consolidation scope
Financial expenses	224	221	
Current service cost	1,116	910	56
Release to profit or loss	(38)	(185)	0
Expected return on plan assets	0	0	0
Recognized past service costs	0	0	0
Total amounts recognised in profit or loss	1,302	946	56

The slight increase in the item "Current service cost" is mainly due to fluctuations in the period, as well as to the change in the scope of consolidation⁵⁸.

In the current half year, the item "Release to profit or loss" refers exclusively to the non-competition agreement of an employee of the subsidiary SAES Coated Films S.p.A., transferred to the Parent's workforce. As at June 30, 2021, this item mainly referred to the long-term monetary incentive plan of an employee of the Parent, whose employment with the Group was terminated prior to the expiry of the plan.

The changes in defined benefit plans during the period are provided below.

⁵⁸ 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.

(thousands of euro)

	December 31, 2021	Financial expenses	Current service cost	Benefits paid	Actuarial (gains) losses on obligations	Release to the income statement	Change in consolidation scope	Translation differences	June 30, 2022
Present value of defined benefit obligations	9,025	224	1,116	(82)	0	(38)	237	125	10,607
Fair value of plan assets	0	0	0	0	0	0	0	0	0
Costs not yet recognized deriving from past obligations	0	0	0	0	0	0	0	0	0
Value recognized for obligations under defined benefit plans	9,025	224	1,116	(82)	0	(38)	237	125	10,607
Phantom shares	1,530	0	418	0	0	0	0	0	1,948
Severance indemnities and other employee benefits	10,555	224	1,534	(82)	0	(38)	237	125	12,555

The item “Change in consolidation scope” refers to the payable for staff leaving indemnities (TFR) which was 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 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.

In regard to the Italian companies of the Group, the **Staff leaving indemnity (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 companies with more than 50 employees, the liability associated with severance indemnity for past years of employment continues to be considered a defined benefit plan and is consequently measured using actuarial assumptions. The portion paid to pension funds is instead considered a defined contribution plan and therefore it is not discounted.

The item “Other employee benefits” includes the provision for **long-term cash incentive plans (Long-Term Incentive Plan - LTIP)**, signed by Executive Directors and by some employees of the Group, 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’s objectives.

The aim of these plans is to further strengthen the alignment over time of individual interests to corporate interests and, consequently, to the shareholders’ interests. The final payment of the long-term incentive is always subject to the creation of value in a medium to long term, rewarding the achievement of performance objectives over time. The performance review is based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship/position with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes at the expiry date of the plan.

These plans fall within the category of other long-term employee benefits and the present value of the related obligation is only updated annually, at the end of each year.

At the end of 2018, the Shareholders’ Meeting of SAES Getters S.p.A. approved the adoption of a **bonus plan based on phantom shares**, targeting Executive Directors and a number of key managers. The plan involves the free assignment to beneficiaries of a specific number of phantom shares which, under the terms and conditions of the plan, give them the right to receive a cash incentive, dependent on the increase in the stock market price of the shares on a date in which certain pre-established events are due to take place, with respect to the assignment value.⁵⁹ 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

⁵⁹ The assignment value is the weighted average of official share prices recorded on trading days in the thirty-six months before the assignment date.

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 strategic executives 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 1,760,562⁶⁰. The plan aims to remunerate the beneficiaries in relation to the increased capitalization of the company, for retention purposes and a greater alignment between performance and the Company shareholders' interests.

The table below shows the summary of the assignments of phantom shares made by the Board of Directors of SAES Getters S.p.A., on the proposal of the Remuneration and Appointments Committee, from the date of adoption of the plan to June 30, 2022.

	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		1,662,753	

(*) Of which no. 880,282 phantom shares assigned to the Executive Directors.

The liabilities relating to the phantom shares plan (1,948 thousand of euro as at June 30, 2022 compared with 1,530 thousand of euro as at December 31, 2021) were evaluated by an independent actuary following the Risk Neutral definition. Please refer to the Consolidated Financial Statements at December 31, 2021 for more information on the economic-financial assumptions made at June 30, 2022 for an estimate of the fair value of the phantom shares, since they are the same used in the previous year.

The following table shows the **number of employees** by category.

Group's employees	June 30, 2022	December 31, 2021	Average June 30, 2022	Average June 30, 2021
Managers	106	102	106	96
Employees and middle management	367	344	367	325
Workers	692	655	691	594
Total (*)	1,165	1,101	1,164	1,015

(*) The figure does not include the employees of the joint ventures for which please refer to the Note no. 18.

The number of employees as at June 30, 2022 was equal to 1,165 units (of which 627 abroad) and compares with 1,101 employees as 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 phase), as well as in relation to the Parent (mainly, increase in the production staff at the Avezzano plant). The acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. resulted in an increase in employees of 30 units.

This figure does not include the staff employed in Group companies with contracts other than employment contracts, equal to 86 units (68 units as at December 31, 2021, with an increase of 18 units, following the greater use of temporary work at the Parent's Avezzano plant).

⁶⁰ Of which 880,282 phantom shares reserved for Executive Directors.

The increase in the average number of employees in the first half of 2022 (1,164 units) compared to the first half of last year (1,015 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 consolidation of Strumenti Scientifici Cinel S.r.l. (acquisition completed in July 2021) was equal to +34 units, while that related to the first full consolidation of SAES RIAL Vacuum S.r.l. (purchase of the entire quota capital at the end of May 2022) was equal to +28 units.

34. PROVISIONS FOR RISKS AND CHARGES

The “Provisions for risks and charges” amounted to 226 thousand of euro as at June 30, 2022 compared to 416 thousand of euro as at December 31, 2021.

(thousands of euro)

Provision for risks and charges	June 30, 2022	December 31, 2021	Difference
Customer returns	76	245	(169)
Other	150	171	(21)
Total	226	416	(190)

The following table shows the breakdown and the changes in these provisions compared to December 31, 2021.

(thousands of euro)

Provision for risks and charges	December 31, 2021	Increase	Utilization	Released to profit or loss	Change in consolidation scope	Translation differences	June 30, 2022
Customer returns	245	0	(182)	0	0	13	76
Other	171	1	(34)	0	0	12	150
Total	416	1	(216)	0	0	25	226

The **provision for customer returns** is recognized 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. As at June 30, 2022, this provision was recorded exclusively by the manufacturing subsidiaries in the USA.

The item **“Other”** as at June 30, 2022, includes the implicit obligations of Spectra-Mat, Inc., calculated on the basis of the agreements made with the local authorities, in connection with the expenses to be incurred to monitor the pollution levels at the site in which it operates (128 thousand of euro in the first half of 2022 compared to 150 thousand of euro as at December 31, 2021).

Lastly, this item also include a provision (10 thousand of euro) 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.

(thousands of euro)

Provision for risks and charges	Current provisions	Non-current provisions	June 30, 2022	Current provisions	Non-current provisions	December 31, 2021
Customer returns	62	14	76	232	13	245
Other	10	140	150	10	161	171
Total	72	154	226	242	174	416

35. OTHER FINANCIAL LIABILITIES

As at June 30, 2022, "Other financial liabilities" amounted to 464 thousand of euro compared to 20 thousand of euro on December 31, 2021.

(thousands of euro)

	June 30, 2022	December 31, 2021	Difference
Other financial liabilities - current	7	20	(13)
Other financial liabilities - non-current	457	0	457
Other financial liabilities	464	20	444

Other current financial liabilities 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 from the third anniversary following the closing date (i.e. starting from May 25, 2025).

The following table shows the changes in the other financial liabilities in the first half of 2022.

(thousands of euro)	December 31, 2021	Increase	Payments	Change in consolidation scope	Translation differences	June 30, 2022
Bank commissions	20	95	(108)	0	0	7
Other financial liabilities - current	20	95	(108)	0	0	7
Deferred payment SAES RIAL Vacuum S.r.l.	0	1	0	456	0	457
Other financial liabilities - non-current	0	1	0	456	0	457

36. TRADE PAYABLES

Trade payables amounted to 17,077 thousand of euro as at June 30, 2022, an increase of 3,797 thousand of euro compared to December 31, 2021.

(thousands of euro)	June 30, 2022	December 31, 2021	Difference	<i>of which:</i> Change in consolidation scope
Trade payables	17,077	13,280	3,797	1,019
Total	17,077	13,280	3,797	1,019

The increase is mainly attributable to higher purchases of raw materials, in anticipation of future sales and strategic stocks of materials, in addition to trade payables related to the launch of the new B!POD project.

The positive effect of exchange rates compared to December 31, 2021 generated an increase in the item equal to +528 thousand of euro, 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 of euro.

Trade payables do not bear interest and are due within twelve months.

The following table provides a breakdown of trade payables into those not yet due and past due as at June 30, 2022 compared with December 31, 2021.

(thousands of euro)

Aging of trade payables	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2022	17,077	16,642	235	48	63	33	56
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 total weight of payables more than 30 days overdue on the total trade payables is unchanged compared to December 31, 2021. 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. OTHER PAYABLES

The item “Other payables” includes amounts that are not strictly classified as trade payables and which amounted to 12,727 thousand of euro as at June 30, 2022, compared to 12,864 thousand of euro as at December 31, 2021.

The table below shows the detail of the other payables, compared with the end of the previous year.

(thousands of euro)				<i>of which:</i>
Other payables	June 30, 2022	December 31, 2021	Difference	Change in consolidation scope
Employees (vacation, wages, etc.)	8,129	6,348	1,781	292
Social security bodies	1,576	2,102	(526)	41
Withholdings and tax (excluding income taxes)	921	1,573	(652)	0
Other	2,101	2,841	(601)	49
Total	12,727	12,864	(137)	382

The item “**Employees**” is mainly made up of the provisions for holidays accrued but not taken and for additional monthly pay, as well as of the payable for the staff leaving indemnity not yet paid to personnel who had left before the end of the half-year and of the monthly salaries for June and not yet paid at June 30, 2022.

The increase compared to December 31, 2021 was mainly due to the increased holiday provisions that will be used during the summer as well as to the higher accruals for the additional monthly salaries of the Group’s Italian companies (on the other hand, additional monthly salaries were fully paid as at December 31, 2021), in addition to the change in the consolidation scope (acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022). Lastly, of the opposite sign, the three-year monetary incentive plans which expired on December 31, 2021 and paid during the current half-year (541 thousand of euro) should be noted.

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 the payables to the treasury fund operated by the INPS and to the pension funds under the reformed staff leaving indemnity legislation.

The decrease was mainly due to the fact that as at December 31, 2021, this item also included the liability for the social security (INPS) retentions on the thirteenth month’s pay, paid in January 2022.

The item “**Withholdings and tax**” primarily consists of the amounts owed by the Italian companies to the Treasury in connection with the withholding taxes on the wages of employees and consultants, the amounts due to the tax authorities for VAT and the local tax payables by the US related companies on top of income taxes.

The decrease was mainly due to the fact that as at December 31, 2021, this item included the liability for IRPEF withholding taxes on the thirteenth month's pay, paid in January 2022.

The item "Other" mainly includes payables of the Parent for both fixed and variable Directors' remuneration (1,467 thousand of euro), and for advances received by SAES Getters S.p.A. for government grants for research (192 thousand of euro). The item also includes the negative differences deriving from the valuation of long-term contracts in the high vacuum sector, with the aim of adjusting the revenues invoiced on the contracts in compliance with the principle of economic and temporal competence, in application of the assessment criterion based on the progress of the costs incurred, compared to the total costs estimated on the contract.

The decrease compared to the end of last year is due to the fact that as at December 31, 2021, the item included higher payables to the Executive Directors for the variable remuneration accrued for the entire 2021 period (subsequently paid in the first half of 2022), whilst at June 30, 2022 the same amount refers to the half year only.

Please note that there are no accrued payables due after more than five years.

38. CURRENT INCOME TAX LIABILITIES

This item consists of liabilities for income taxes associated with the Group's foreign subsidiaries and of the IRES liability of the newly acquired SAES RIAL Vacuum S.r.l., as well as the IRAP (regional production tax) payable for the Italian companies, when applicable. With regard to the IRES⁶¹ (corporate income tax), the other Italian companies 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 IRES recognized in the financial statements as at June 30, 2022.

It is also reported that the item includes the payable of the Parent to the tax authority for the IRES on the income subject to separate taxation of the foreign subsidiary SAES Getters International Luxembourg S.A., in application of provisions regarding subsidiaries (known as "CFC Legislation" dictated by art. 167, paragraph 5-bis et seq. of the Consolidated Law on Income Tax).

Finally, it should be noted that as at June 30, 2022 the item also included the residual liability (amounting to 16 thousand of euro) for the 3% substitute tax related to the realignment of the tax value of some assets of the Parent carried out at the end of the 2020 financial year, in application of Law Decree 104/2020.

As at June 30, 2022, the income taxes amounted to 406 thousand of euro and include tax obligations accrued during the year, net of advance payments. The slight decrease compared to the tax payable as at December 31, 2021 (change equal to -384 thousand of euro) is mainly attributable to the American subsidiary Memry Corporation and derives from the different timing of payment of the advances⁶² as at June 30 compared to December 31.

39. PAYABLES FOR EMPLOYEE BENEFITS (classified under current liabilities)

As at June 30, 2022, the item "Payables for employee benefits" amounted to 3,266 thousand of euro, compared to 5,092 thousand of euro at December 31, 2021, and includes the provisions for

⁶¹ 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).

⁶² It should be noted that the tax advances are calculated by the US subsidiaries by applying the forecast method.

employee bonuses of the Group for the first half of 2022 (mainly relating to the Parent and the American subsidiaries⁶³).

(thousands of euro)

Payables for employee benefits	June 30, 2022	December 31, 2021	Difference
Bonus	3,266	5,092	(1,826)
Total	3,266	5,092	(1,826)

The following table shows the changes in this item compared to December 31, 2021.

(thousands of euro)

Payables for employee benefits	December 31, 2021	Increase	Utilization	Released to profit or loss	Change in consolidation scope	Translation differences	June 30, 2022
Bonus	5,092	3,247	(5,169)	(108)	0	204	3,266
Total	5,092	3,247	(5,169)	(108)	0	204	3,266

The change compared to December 31, 2021 was mainly due to the provisions made for the bonuses accrued in the period and to the payment of the variable remuneration accrued in the last year, carried out in the first half of 2022, right after the approval of the financial statements by the Shareholders' Meeting.

Provisions for employee bonuses are recognized under current liabilities.

40. DERIVATIVE FINANCIAL INSTRUMENTS

As at June 30, 2022 the item "Derivative financial instruments" recorded a negative net balance of 354 thousand of euro compared to a positive net balance of 9 thousand of euro as 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 derivative are measured at fair value and the relative gains or losses deriving from such valuation are directly charged to the profit or loss.

In order to protect the Group's profit for the 2022 from the exchange rate fluctuation, on November 29, 2021, **forward contracts were taken out on the US dollar** for a notional amount of 9 million of dollars, with an average forward exchange rate of 1.1369 to the euro. These contracts, with maturity throughout 2022, covered approximately 80% of the net flows in dollars estimated for the Parent for that year, and as at December 31, 2021 they had a positive fair value of 9 thousand of euro.

As at June 30, 2022, the contracts still outstanding have a notional amount of 4.5 million US dollars, with an average forward exchange rate of 1.1398 against the euro. The relative fair value as at June 30, 2022 was negative for 354 thousand of euro.

⁶³ 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.

The following table provides a breakdown of the forward contracts in place at June 30, 2022 and December 31, 2021 and their fair value as at the same date.

Currency	June 30, 2022		December 31, 2021	
	Notional (currency)	Fair value (thousands of euro)	Notional (currency)	Fair value (thousands of euro)
thousands of USD	4,500	(354)	9,000	9
	Total	(354)	Total	9

The Group enters into derivative contracts with various counterparties, primarily leading financial institutions and it uses the following hierarchy to determine and document the fair value of its financial instruments:

- Level 1 – (unadjusted) prices listed on an active market for identical assets or liabilities;
- Level 2 – other techniques for which all inputs with a significant effect on the fair value reported may be observed, either directly or indirectly;
- Level 3 – techniques that use inputs with a significant effect on the fair value reported that are not based on observable market data.

As at December 31, 2021 the derivative contracts held by the Group belonged to Level 2 of the fair value hierarchy; in fact, the fair value was calculated by an independent third party on the basis of market data, such as exchange rates curves.

There were no transfers from one level to another during the current period.

41. BANK LOANS AND BORROWINGS

As at June 30, 2022, “Bank loans and borrowings” amounted to 77,530 thousand of euro compared to 63,935 thousand of euro as at December 31, 2021.

Details and changes during the period are provided below.

(thousands of euro)	December 31, 2021	Increase	Decrease	Other income statement accruals	Transaction differences	Change in consolidation scope	Reclassifications	June 30, 2022
“Hot money” financing	42,025	83,500	(83,049)	44	0	0	0	42,520
Import financing	1,644	0	(870)	11	0	0	0	785
Financing for advance invoices	0	47	0	0	0	402	0	449
Revolving credit lines (RCF)	20,008	167,500	(154,637)	140	0	0	0	33,011
Bank overdrafts	258	507	0	0	0	0	0	765
Bank loans and borrowings	63,935	251,554	(238,556)	195	0	402	0	77,530

Bank loans and borrowings consisted of short-term liabilities owed by the Parent and of the subsidiary SAES Coated Films S.p.A. in the form of “hot money” financing (42,520 thousand of euro as at June 30, 2022 compared to 42,025 thousand of euro as at December 31, 2021), whose average interest rate, spread included, was around 0.23%.

The item also includes the following uses of revolving credit lines:

- for an amount of 16,006 thousand of euro, of the revolving credit line taken out with Unicredit S.p.A. in March 2020, with an average interest rate, spread included, of around 0.67% (used as at December 31, 2021 for 10,004 thousand of euro);
- for an amount of 17,005 thousand of euro, 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 0.58% (used as at December 31, 2021 for 10,004 thousand of euro).

For the covenants in place on the two aforementioned revolving credit lines, please refer to the specific paragraph below.

Lastly, please note that the item includes both the liabilities of SAES RIAL Vacuum S.r.l. (449 thousand of euro as at June 30, 2022⁶⁴) related to **financing for advance invoices**, and those of SAES Coated Films S.p.A. (785 thousand of euro as at June 30, 2022 compared to 1,644 thousand of euro as at December 31, 2021) related to **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. (765 thousand of euro as at June 30, 2022, compared to 258 thousand of euro as 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 of euro and with a fixed duration of 36 months.

Both the credit lines provide for compliance with only one financial covenant (positive consolidated net financial position) subject to half-yearly verification. As better shown in the table below, as at June 30, 2022 this covenant had been met for both credit lines.

		Covenant	RCF Unicredit (*)	RCF Intesa (**)
			June 30, 2022	June 30, 2021
Net financial position	thousands of euro	> 0	57,704	57,350

(*) Net financial position calculated by excluding derivative financial instruments, other non-current financial receivables from third parties and leases liabilities.

(**) Net financial position calculated by excluding other non-current financial receivables from third parties and leases liabilities.

42. OTHER CURRENT LIABILITIES

The item "Other current liabilities" amounts to 3,773 thousand of euro as at June 30, 2022 and compares with a balance of 2,573 thousand of euro as at December 31, 2021.

This item may be broken down as follows.

(thousands of euro)				of which:
	June 30, 2022	December 31, 2021	Difference	Change in consolidation scope
Other liabilities	159	162	(3)	0
Customer contracts	3,614	2,411	1,203	13
Total other current liabilities	3,773	2,573	1,200	13

The item "Other liabilities" includes deferred amounts for public capital grants granted in previous years to the Parent, for the investments made to expand the enhancement of production lines at the Avezzano facility.

The item "Customer contracts" relates to sales revenue received from customers pertaining to future years. The increase compared to December 31, 2021 is mainly related to the higher advances

⁶⁴ It should be noted that SAES RIAL Vacuum S.r.l. was included in the scope with the line-by-line consolidation method starting from May 25, 2022, the date on which SAES Getters S.p.A. acquired its entire capital stock.

collected by the Parent and by the Italian subsidiaries Strumenti Scientifici Cinel S.r.l. and SAES Coated Films S.p.A.

Please note that there are no accrued liabilities due after more than five years.

43. STATEMENT OF CASH FLOWS

The cash flows deriving from **operating activities** were positive in the first-half of 2022 for 10,550 thousand of euro, a significant increase compared to slightly positive cash flows of 429 thousand of euro in the corresponding period of the previous year: this increase in **self-financing**, in line with that recorded in the consolidated EBITDA, was only partially offset by the higher tax payments, related in particular to the higher taxable income of the US subsidiaries.

With regard to **the net working capital**, the following are noted:

- 1) the increase in **trade receivables**, as a result of higher sales in the Medical Nitinol and Packaging Divisions in the first half of 2022, compared to the last months of 2021;
- 2) the increase in **inventories**, concentrated both in the Parent (launch of the new B!POD project in Lainate and greater stocks of Chemicals and High Vacuum finished products in the Avezzano production unit, to meet future sales, also in light of the production stoppage in the summer period), and in SAES Coated Films S.p.A. (higher stocks of raw materials following an increase in demand);
- 3) the increase in trade receivables and inventory is partially offset by the increase in **trade payables**, mainly attributable to higher purchases of raw materials, in anticipation of future sales and strategic stocks of materials, in addition to trade payables related to the launch of the new project B!POD.

Finally, it should be noted that the **change in the scope of consolidation**, following the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l., resulted in an increase in net working capital of 2,131 thousand of euro (trade receivables of +1,387 thousand of euro; inventory of +1,763 thousand of euro; trade payables of -1,019 thousand of euro).

The **exchange rate effect**, almost exclusively attributable to the appreciation of the US dollar, instead led to an increase in net working capital of 3,627 thousand of euro.

Investing activities used cash for 10,184 thousand of euro (-6,943 thousand of euro in the corresponding period of 2021).

In the first half of 2022 the cash outlay for **investments in property, plant and equipment** was equal to 6,147 thousand of euro (-8,137 thousand of euro in the corresponding period of 2021); on the other hand, **investments in intangible assets** were not significant (-248 thousand of euro compared to -116 thousand of euro as at June 30, 2021).

Investments in property, plant and equipment in the period 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 the High Vacuum, SMA Industrial and related productions of the new B!POD project, as well as the purchase of the emulsification pilot plant and other instrumentation specifically for R&D laboratories and investments for the renovation and modernisation of the corporate labs in Lainate.

Investments in intangible assets in the period mainly consist of the capitalisable costs of the Parent related to the development phase of the new website for the B!POD project.

Please refer to Notes no. 14 and no. 15 for further details.

With regard to the **disposals of property, plant and equipment and intangible assets**, revenues from the disposal of assets were of an insignificant amount both in the current half year (+4 thousand of euro) and in the first half of 2021 (+6 thousand of euro).

Again in regard to investing activities, please note that the payments for investment of securities by the Luxembourg related company SAES Investments S.A. (for further information on the changes in securities please see Note no. 20), net of disposals in the period, amounted to a total of -283 thousand of euro⁶⁵ (net income of +156 thousand of euro as at June 30, 2021), as well as coupon income, net of management commissions on the securities portfolio, of 870 thousand of euro (+1,187 thousand of euro as at June 30, 2021).

Lastly, please note **investments in the EUREKA! venture capital** fund during the period totalled 143 thousand of euro (-40 thousand of euro as at June 30, 2021), as well as the outlay, net of cash and cash equivalents acquired, equal to 4,287 thousand of euro⁶⁶, 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 of euro, including both the principal and the interest).

The balance of **financing activities** was positive for 2,354 thousand of euro against a negative balance of -1,095 thousand of euro in the corresponding period of the previous period.

Financial management for the period was characterised by:

- the **payment of dividends** (-8,530 thousand of euro, compared with 7,440 thousand of euro as at June 30, 2021);
- the opening, net of repayments, of both short-term and long-term **loans** and the payment of the related interest (+12,370 thousand of euro, compared to +7,554 thousand of euro as at June 30, 2021);
- the last tranche of the **loan** granted last year **to the German company Rapitag GmbH** (-148 thousand of euro);
- the payment of financial liabilities for **leasing contracts** and related interest (-1,335 thousand of euro, compared to -1,186 thousand of euro as at June 30, 2021).

The **exchange rate effect** was positive for 2.4 million of euro (again positive for 1.2 million of euro in the first half of 2021), mainly due to the effect of the appreciation of both the renminbi and the dollar as at June 30, 2022, compared to the end of 2021, on cash and cash equivalents in these currencies held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and by the US subsidiaries.

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)

	June 30, 2022	December 31, 2021	June 30, 2021
Cash and cash equivalents	35,135	29,518	24,419
Cash and cash equivalents from Consolidated Statement of Financial Position	35,135	29,518	24,419
Write-downs of other financial assets (pursuant to IFRS 9)	29	26	18
Bank overdrafts (includes in "Bank debts")	(765)	(258)	(143)
Cash and cash equivalents from Consolidated Cash Flows Statement	34,399	29,286	24,294

The following table shows the reconciliation between the balances of the liabilities arising from financial transactions as at June 30, 2022 and December 31, 2021, with the changes arising from cash flows and from non-cash flows.

⁶⁵ Purchases of securities in the portfolio amounted to 12,787 thousand of euro, net of disposals amounting to 12,504 thousand of euro.

⁶⁶ Cash and cash equivalents transferred at the closing date of 4,750 thousand of euro, net of the cash and cash equivalents acquired of 463 thousand of euro.

(thousands of euro)	December 31, 2021	Cash flows	Non-cash flows				June 30, 2022	
			Change in consolidation scope	Translation differences	Change in fair value	Other changes		Reclassifications (*)
Financial debts	52,199	0	0	17	0	0	(45)	52,171
Leases liabilities	4,070	0	236	106	0	110	(853)	3,669
Other financial liabilities	0	0	456	0	0	1	0	457
Non-current liabilities, deriving from financial transactions	56,269	0	692	123	0	111	(898)	56,297
Derivative financial instruments measured at fair value	0	0	0	0	363	0	(9)	354
Current portion of non-current financial liabilities	109	(121)	0	8	0	58	45	99
Other financial liabilities	20	(108)	0	0	0	95	0	7
Leases liabilities	2,409	(1,335)	73	107	0	126	853	2,233
Bank loans and borrowings	63,935	12,998	402	0	0	195	0	77,530
Current liabilities, deriving from financial transactions	66,473	11,434	475	115	363	474	889	80,223

(*) The total of the "Reclassifications" column differs from zero due to the reclassification of the item "Derivatives financial instruments measured at fair value" from liabilities to statement of financial position assets.

The "Other changes" column includes the allocation of interest accrued in the half-year on loans (both short-term and long-term) and on leases, in addition to the new obligations arising from the leases stipulated during the period and the effect on the income statement, 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).

44. FINANCIAL RISKS

For the financial risks to which the SAES Group is exposed and for the mitigation actions undertaken in relation to these risks, please refer to the paragraph "Main risks and uncertainties to which the Group is exposed" in the Report on Operations.

45. CONTINGENT ASSETS/LIABILITIES AND COMMITMENTS

The table below shows the guarantees that the Group has granted to third parties.

(thousands of euro)

Guarantees given by the Group	June 30, 2022	December 31, 2021	Difference
Guarantees	10,962	10,335	627

The increase compared to December 31, 2021 is mainly attributable to the subscription by the Italian subsidiaries Strumenti Scientifici Cinel S.r.l. and SAES Coated Films S.p.A. of sureties in favour of suppliers.

The table below shows the information on the contractual commitments for the use of third-party assets that fall outside the range of application of IFRS 16.

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
June 30, 2022	499	637	0	1,136
December 31, 2021	502	717	21	1,240

In order to help understanding of the future cash-out related to lease agreements in place as at June 30, 2022, the table below provides information on the non-discounted future cash flows.

(thousands of euro)

Cash flows for leases (not discounted)	June 30, 2022	December 31, 2021	Difference
Less than 1 year	2,440	2,595	(155)
Cash flows for leases (not discounted) - current	2,440	2,595	(155)
Between 1 and 2 years	1,689	1,742	(53)
Between 2 and 3 years	1,105	1,297	(192)
Between 3 and 4 years	769	733	36
Between 4 and 5 years	530	576	(46)
Over 5 years	36	238	(202)
Cash Flows for leases (not discounted) - non-current	4,129	4,586	(457)
Total	6,569	7,181	(612)

In addition to that indicated in the initial table, it should be noted that the Group's financial assets classified as non-current assets (fair value of 67,072 thousand of euro as at June 30, 2022) represent a guarantee for the Lombard loan subscribed at the end of the 2021 financial year by SAES Investments S.A. with JP Morgan for an amount of 52 million of euro (for additional details, please refer to Notes no. 20 and no. 31).

On June 23, 2020, the Group finalized an agreement with EUREKA! Venture SGR S.p.A. under which SAES has invested in the venture capital fund EUREKA! Fund I - Technology Transfer, a closed-end alternative mutual investment fund, qualified as a EuVECA fund, pursuant to EU Regulation 345/2013. The maximum commitment of SAES is 3 million of euro, to be paid out in instalments, according to the investment opportunities that the Fund will identify over time. SAES' residual commitment at June 30, 2022 was equal to 2.4 million of euro, against capital contributions already finalized equal to 0.6 million of euro⁶⁷ (for further details, see the paragraph on "Consolidation scope" of Note no. 1 and Note no. 19).

Finally, please note that 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. 22.

46. RELATED PARTY TRANSACTIONS

Related parties are identified in accordance with IAS 24.

Related parties are the following as at June 30, 2022:

- **S.G.G. Holding S.p.A.**, relative majority shareholder that as at June 30, 2022 held 34.44%⁶⁸ 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 approximately 2.4 million of euro.

- **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 the first half of 2022 the SAES Group had a commercial relationship (in particular, the 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.

⁶⁷ Amounts net of the repayments recognized by the fund following the capital injections made by the new investors on occasions of closings after the first one.

⁶⁸ no. 5,018,486 ordinary shares held by S.G.G. Holding had accrued the voting rights increase 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.).

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 the first half of 2022).

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. 22. As at June 30, 2022, the financial liabilities of Actuator Solutions GmbH towards SAES Nitinol S.r.l. were equal to a total of 9.5 million of euro, including 1.5 million of euro interest accrued and not yet paid.

It should be noted that, at the beginning of March 2022, SAES Nitinol S.r.l. waived (total amount of the waiver equal to 300 thousand of euro, which is added to the waiver of 500 thousand of euro 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 receivable related to the interest-bearing loan (both principal and interest) was already fully written down as at December 31, 2021.

Furthermore, in parallel with the last financial year, as at June 30, 2022 the financial receivable corresponding to the interest accrued in the half-year period was additionally impaired (79 thousand of euro) as it was deemed difficult to recover by SAES management.

Lastly, please note that on July 2, 2021, SAES Getters S.p.A. subscribed a convertible loan worth 1.5 million of euro in favour of the German company Rapitag GmbH with expiry on December 31, 2024: 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 International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the development, production and the commercialisation of materials and devices used in flexible displays.

- **Flexterra Taiwan Co., Ltd.**, a company established at the beginning of 2017, wholly owned by the joint venture Flexterra, Inc.

With regard to Flexterra, Inc. and its subsidiary, the SAES Group provides administrative, legal, 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.

Finally, SAES Getters International Luxembourg S.A. subscribed two convertible loans in favour of the joint venture Flexterra, Inc., respectively of the amount of 3 million of dollars (granted on July 16, 2020) and of 2 million of dollars (the first tranche of 1 million of 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. 22). As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP). As at June 30, 2022, the financial liability of Flexterra, Inc. towards SAES Getters International Luxembourg S.A. amounted to a total of 5.4 million of euro, including 0.6 million of euro in interest accrued and not yet paid.

The financial receivable related to the convertible loan (both principal and interest) was already fully written off as at December 31, 2021 and an additional impairment was made on the financial receivable as at June 30, 2022, corresponding to the interest accrued in the current half-year (194 thousand of euro), since SAES management believes it is unlikely to be recovered.

- **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 managers with key responsibilities are the Group Human Resources Manager and the Group Research Lab Manager.⁶⁹

Their close relatives are also considered related parties. In this respect, please note that Ginevra della Porta and Lorenzo della Porta, children of Massimo della Porta, were employed by SAES

⁶⁹ Please note that the *Group Legal/Compliance & Internal Audit Manager* terminated his employment with SAES Getters S.p.A. on May 31, 2021.

Getters S.p.A. and SAES Coated Films S.p.A., while Livia della Porta, the daughter of the non-executive Director Luigi Lorenzo della Porta, was employed by the Parent in June 2022.

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, it should be noted that 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 using the previous equity method 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 is an onerous contract in place for the granting of a non-exclusive user license for the use of the SAES brand and name, without territorial limitations.

Lastly, a loan of 49 thousand of euro⁷⁰, 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. 22).

The following tables show the total amounts of the related party transactions at June 30, 2022 compared with those at June 30, 2021 (for the economic values) and December 31, 2021 (for the asset values).

(thousands of euro)

	1H 2022								June 30, 2022			
	Revenue	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Financial income (expenses)	Impairment losses of financial receivables	Trade receivables	Trade payable	Financial receivables from related parties	Provision for bad debts of financial receivables from related parties
SAES RIAL Vacuum S.r.l. (***)	100	(118)	0	4 (*)	4 (*)	0	0	0	n.a.	n.a.	n.a.	n.a.
Actuator Solutions GmbH	0	(121)	20 (*)	0	21 (*)	0	79	(79)	41	(70)	9,540 (**)	(9,540)
Flecterra, Inc.	0	0	18 (*)	0	25 (*)	0	194	(194)	45	0	5,387 (***)	(5,387)
Total	100	(239)	38	4	50	0	273	(273)	86	(70)	14,927	(14,927)

(*) 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.

(thousands of euro)

	1H 2021								December 31, 2021			
	Revenue	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Financial income (expenses)	Impairment losses of financial receivables	Trade receivables	Trade payables	Financial receivables from related parties	Provision for bad debts of financial receivables from related parties
SAES RIAL Vacuum S.r.l.	517	(152)	0	5 (*)	5 (*)	1	0	0	64	(56)	50	0
Actuator Solutions GmbH	213	0	20 (*)	0	21 (*)	0	79	(79)	41	0	9,761 (**)	(9,761)
Flecterra, Inc.	0	0	20 (*)	0	38 (*)	0	100	(100)	119	0	4,763 (***)	(4,763)
Total	730	(152)	40	5	64	1	179	(179)	224	(56)	14,574	(14,524)

(*) Costs recovery.

(**) 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. 45) in favour of the joint ventures.

⁷⁰ As at December 31, 2021, the financial receivable due to SAES Getters S.p.A. from the joint venture SAES RIAL Vacuum S.r.l. was equal to 50 thousand of euro (49 thousand of euro in principal and 1 thousand of euro in interest).

(thousands of euro)

Guarantees given by the Group	June 30, 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, SAES RIAL Vacuum S.r.l. it was fully consolidated.

The following table shows the remuneration of key managers as identified above.⁷¹

(thousands of euro)

Total remuneration to key management	1H 2022	1H 2021
Short-term employee benefits	2,036	2,027
Post-employment benefits	749	712
Other long-term benefits	338	196
Termination benefits	0	280
Share-based payments	201	74
Total	3,324	3,289

The item “**Short-term employee benefits**” mainly consists of fixed and variable remuneration of the key managers. The amount as at June 30, 2022 was in line with the corresponding period of the previous year.

The increase in the item “**Other long-term benefits**” is due to the fact that the first half of 2021 included the release to the profit or loss of the amount set aside for the long-term monetary incentive plan of a Parent's executive with strategic responsibility, who left the workforce before the end of the plan.

The item “**Termination benefits**” in the first half of last financial year included severance costs relating to the above mentioned key manager of the Parent in 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 consequence of the updating of the financial assumptions for the purposes of the assessment of the present value of the phantom shares assigned as at June 30, 2022 (for further details please refer to Note no. 33).

As at June 30, 2022, liabilities to managers with key responsibilities, as defined above, were equal to 3,464 thousand of euro, to be compared with liabilities of 3,716 thousand of euro as at December 31, 2021. The reduction is mainly related to:

- the lower provisions for variable remuneration (as at June 30, 2022 the provision refers to only six months, while it referred to the entire year as at December 31, 2021) and
- the payment, during the first half of 2022, of the three-year monetary incentive plan of a strategic employee of the Parent which expires on December 31, 2021, only partially offset by the provision relating to the first half of 2022 for the three-year monetary incentive plans and the non-competition agreement of the Executive Directors, as well as by the greater payable for phantom shares.

⁷¹ We have included the remuneration received by Ginevra della Porta, Lorenzo della Porta and Livia della Porta under the terms of their employment contracts with the SAES Group.

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that also in the first half of 2022, all related-party transactions fell within ordinary operations and were settled at economic and financial standard market conditions.

47. EVENTS AFTER THE REPORTING PERIOD

In order to simplify the structure of the Group, 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 as at June 30, 2022) are no longer usable. It should be noted that no deferred tax assets are recognised on these tax losses.

As already highlighted in the paragraph "Research, Development and Innovation", 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 an economic contribution, according to a specific Regulation.

For SAES there is also the possibility of entering the share capital of start-ups, subscribing to a stake that can reach a maximum of 15% of the capital.

The start of operational activities is scheduled for October 2022, while the application phase is already active.

The goal of SAES, via RedZone, is to develop and grow innovative ideas in the field of advanced functional materials, working side by side as a technological and industrial partner supporting start-ups in the initial development phase in the role of technological and industrial partner.

On July 26, 2022, SAES Getters S.p.A. signed an amendment **to the convertible loan granted to the German company Rapitag GmbH** (Munich) in the mid-year of 2021. In particular, the contractual amendment provides for the payment of two further loan tranches up to a maximum total amount of 300 thousand euro, of which the first (equal to 150 thousand of euro) paid on July 27, 2022 and the second (equal to 150 thousand of euro) conditional on the achievement of certain commercial milestones by Rapitag by the end of 2022 financial year. Furthermore, the amendment provides for the extension by one year of both the maturity date (December 31, 2025) and the conversion period (July 2, 2022 - July 1, 2024). The annual interest of 6% remains confirmed.

Regarding the completed **investment in the EUREKA! venture capital fund**, on August 28, 2022 a **payment of 48 thousand euro was made**, including both the portion of commissions and management fees, and the complete investment made from the fund in the start-up NOVAC S.r.l.⁷²

It should be noted that the performance **of the Group's securities portfolio**, consisting mainly of buy-and-hold assets, was slightly positive and equal to approximately +0.64% in January 2022.

The Board of Directors of SAES Getters S.p.A. on September 12, 2022 approved at the same time the Interim Consolidated Financial Statements as at June 30, 2022, and **the merger by incorporation into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l.**

⁷²NOVAC 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.

(formerly SAES Getters International Luxembourg S.A.). On the same date, the merger plan was also approved by the subsidiary's Board of Directors.

The transaction constitutes the natural completion of the aforementioned transfer to Italy of the headquarters of the Luxembourg subsidiary SAES Getters International Luxembourg S.A., completed on July 1, 2022 with registration in the Milan Companies Register and the change of the company name to SAES International S.r.l. The merger will make it possible to shorten the chain of control of the SAES Group, allowing the Parent to directly hold the equity investments currently owned by SAES International S.r.l. and reducing the number of the Group's legal entities and the related administrative costs.

The merger decision is expected to be taken by the by the relevant bodies of the two companies involved in the transaction by mid-October 2022.

As a result of the proposed merger, the merging company (SAES Getters S.p.A.) will combine the assets and liabilities of the merged company (SAES International S.r.l.) with its own and will cancel the amount of its investment against the equity of the merged company. Since this is a transaction between parties under common control, the accounting standard IFRS 3 will not apply. Similarly, the merger will not have any patrimonial, economic and financial impact on the consolidated financial statements of the SAES Group, nor does it envisage any exchange, since the company being merged is already wholly owned by SAES Getters S.p.A.

Pursuant to Article 2504-*bis*, paragraph 2, of the Italian Civil Code, the legal effects of the merger will be produced from the date established in the merger deed which, as of now, is identified with the end of the accounting day of December 30, 2022, provided that, by that date, the last of the registrations required by Article 2504 of the Italian Civil Code has been carried out. For accounting and tax purposes only, the merger transaction will be backdated to January 1, 2022.

The merger plan, accompanied by the documentation required by current legislation, will be filed for registration with the Milan Company Register, sent to Consob, and made available to the public at the registered office and through publication on the company website (www.saesgetters.com), in accordance with the procedures and terms set forth in the combined provisions of Articles 2501-ter, paragraphs 3 and 4, 2501-septies and 2505 of the Italian Civil Code and Article 70 of Consob Regulation no. 11971 of May 15, 1999 and subsequent amendments and additions.

Pursuant to Article 2505, paragraph 3, of the Italian Civil Code, the shareholders of the merging company who represent at least 5% of the share capital may request that the decision to approve the merger by the merging company itself be adopted in the form of the shareholders' meeting, by sending a specific application addressed to SAES Getters S.p.A. within eight days from the filing of the merger plan.

No new **further forward sale contracts** were entered into after June 30, 2022.

Lainate (MI), September 12, 2022

on behalf of the Board of Directors
Mr Massimo della Porta
Chairman

CERTIFICATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned, Giulio Canale, in his position as Vice President and Managing Director and in his capacity of Officer responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., confirms, also in accordance with the provisions of article 154-bis, paragraphs 3 and 4 of Legislative decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the application

of the administrative and accounting procedures adopted in the preparation of the Interim Consolidated Financial Statements for the period January 1 - June 30, 2022.

2. To that end, note the following:

- Regarding the Administrative - Accounting Control Model of the SAES Group and its implementation, the provisions of paragraph 2 of the Certification of the consolidated financial statements of the SAES Group for the financial period ended on December 31, 2021 are confirmed since no changes were made.
- With regard to the results of the internal confirmation process for the accounting period from January 1 to June 30, 2022, it is confirmed that the controls illustrated in the aforementioned paragraph were also put in place and checked for the Interim Consolidated Financial Statements.
- As of today's date, the Manager responsible had received all the representation letters requested, signed by the General Manager/Financial Controller of the subsidiaries involved in the processes chosen as significant following the risk assessment.

The correct application of the administrative-accounting control system was confirmed by the positive result of the inspections carried out by the Internal Audit Department in its support of the Manager responsible for the preparation of the corporate financial reports.

3. The following is also confirmed:

3.1. The Interim Consolidated Financial Statements as at June 30, 2022:

- a) were drawn up in accordance with the applicable international accounting standards recognised in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of July 19, 2002 and more especially, by IAS 34 revised - Interim Financial Reporting;
- b) correspond to the accounting books and records;
- c) provide a true and faithful account of the capital, financial position and operating results of the issuer and the group of enterprises included in the consolidation.

3.2. The Interim report on operations includes a reliable analysis of the performance and operating result and the situation of the group of enterprises included in the consolidation, along with a description of the main risks and uncertainties that it is exposed to.

Lainate (MI), September 12, 2022

Vice President and Managing Director and
Manager responsible for the preparation of the corporate financial reports
Giulio Canale

REPORT OF THE AUDITING FIRM ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2022



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

*To the shareholders of
SAES Getters S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the SAES Getters Group, comprising the statement of financial position as at 30 June 2022, the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto.

The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be



SAES Getters Group

*Report on review of condensed interim consolidated financial statements
30 June 2022*

identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the SAES Getters Group as at and for the six months ended 30 June 2022 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other matters

The 2021 annual and condensed interim consolidated financial statements were respectively audited and reviewed by other auditors, who expressed an unmodified opinion and an unmodified conclusion thereon on 29 March 2022 and 10 September 2021, respectively.

Milan, 12 September 2022

KPMG S.p.A.

(signed on the original)

Daniele Urso
Director of Audit

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